

SK TELECOM CO LTD  
Form 6-K  
January 28, 2010

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF DECEMBER 2009

COMMISSION FILE NUMBER 333-04906

SK Telecom Co., Ltd.  
*(Translation of registrant's name into English)*  
11, Euljiro2-ga, Jung-gu  
Seoul 100-999, Korea  
*(Address of principal executive offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_

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QUARTERLY BUSINESS REPORT

(From January 1, 2009 to September 30, 2009)

THIS IS A SUMMARY OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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Attachment: Korean GAAP Non-consolidated Financial Statements

**Table of Contents****I. COMPANY OVERVIEW****1. Company Overview**

A. Corporate Legal Business Name: SK Telecom Co., Ltd. (The Company )

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

(1) Address: 11 Euljiro 2-ga, Jung-gu, Seoul, Korea

(2) Phone: +82-2-6100-2114

(3) Website: <http://www.sktelecom.com>

D. Corporate Purpose of the Company

**Business Objectives**

1. Information and communication business

2. Handset sales and lease business

3. New media business

4. Advertisement business

5. Communication sales business

6. Personal property and real property lease business

7. Research and technology development related to Clause 1 through 4

8. Overseas business and trading business related to Clause 1 through 4

9. Manufacturing and distribution business related to Clause 1 through 4

10. Tourism

11. Electronic financial business

12. Motion picture business (Production, Importation, Distribution, Screening)

13. Any business or undertaking incidental or conducive to the attainment of the objects above

E. Credit Ratings

(1) Corporate Bonds

| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| June 13, 2006             | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 21, 2006             | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 22, 2006             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| September 1, 2006         | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| September 1, 2006         | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| September 1, 2006         | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |

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October 27, 2006      Corporate bond      AAA      Korea Information Services,  
Inc.      Current rating

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| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| October 27, 2006          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| May 29, 2007              | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 14, 2007             | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 27, 2007             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| November 5, 2007          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| November 5, 2007          | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| November 5, 2007          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| February 20, 2008         | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| February 21, 2008         | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| February 21, 2008         | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| June 3, 2008              | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 17, 2008             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| June 30, 2008             | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| October 20, 2008          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| October 20, 2008          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| October 20, 2008          | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| January 13, 2009          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| January 13, 2009          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| January 13, 2009          | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| February 23, 2009         | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| February 23, 2009         | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| February 23, 2009         | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |

\* Rating definition: AAA  
The certainty of principal and interest payment is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation

conditions.

(2) Commercial Paper ( CP )

| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| June 13, 2006             | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 21, 2006             | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 22, 2006             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |

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| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| September 1, 2006         | CP                       | A1                   | Korea Ratings   | Regular rating               |
| December 27, 2006         | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| December 27, 2006         | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
| May 29, 2007              | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 14, 2007             | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 27, 2007             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| November 5, 2007          | CP                       | A1                   | Korea Ratings   | Regular rating               |
| November 5, 2007          | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| November 5, 2007          | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
| June 3, 2008              | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 16, 2008             | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 17, 2008             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| October 20, 2008          | CP                       | A1                   | Korea Ratings   | Regular rating               |
| October 20, 2008          | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
| October 20, 2008          | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 24, 2009             | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 26, 2009             | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 30, 2009             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |

\* Rating definition: A1  
Timely repayment capability is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.

## (3) International Credit Ratings

| <b>Date of credit rating</b> | <b>Subject of rating</b> | <b>Credit rating of securities</b> | <b>Credit rating company (Credit rating range)</b> | <b>Rating type</b> |
|------------------------------|--------------------------|------------------------------------|--|--------------------|
|------------------------------|--------------------------|------------------------------------|--|--------------------|

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|               |                                  |    |                  |                |
|---------------|----------------------------------|----|------------------|----------------|
| July 9, 2007  | Global Bonds                     | A  | Fitch (England)  | Current rating |
| July 9, 2007  | Global Bonds                     | A2 | Moody s (U.S.A.) | Current rating |
| July 9, 2007  | Global Bonds                     | A  | S&P (U.S.A.)     | Current rating |
| April 7, 2009 | Offshore<br>Convertible<br>Bonds | A  | Fitch (England)  | Current rating |
| April 7, 2009 | Offshore<br>Convertible<br>Bonds | A2 | Moody s (U.S.A.) | Current rating |
| April 7, 2009 | Offshore<br>Convertible<br>Bonds | A  | S&P (U.S.A.)     | Current rating |

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**2. Company History**

A. Location of Headquarters

- 22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)
- 16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)
- 267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)
- 99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)
- 11 Euljiro 2-ga, Jung-gu, Seoul (December 13, 2004)

B. Significant Changes in Management

At the 25th General Shareholders Meeting held on March 13, 2009, Man Won Jung was elected as the Representative Director and Jae Won Chey was elected as an Executive Director while Hyun Chin Lim was re-elected as an independent Director. Executive Directors Young Ho Park and Shin Bae Kim resigned from the Board on March 12, and on March 13, respectively.

C. Other Important Matters related to Management Activities

(1) Resolution to issue registered offshore unsecured convertible bonds.

In accordance with the resolution of the Board of Directors on March 13, 2009, the Company decided to issue offshore registered, unsecured convertible bonds in order to refinance its maturing offshore unsecured convertible bonds (maturity date: May 27, 2009) originally issued in May of 2004. Details related to the said offshore unsecured convertible bonds to be issued are as follows:

|   |   |
|---|---|
| <b>Face value of the Convertible Bonds ( CB )</b> | US\$ 332,528,000 (Won 460, 019 million)                   |
| <b>Interest and Payment Terms of the CB</b>       | Coupon Rate of 1.75% payable semi-annually                |
| <b>Maturity of the CB</b>                         | April 7, 2014   |
| <b>Conversion Price and Ratio</b>                 | Won 230,010 per share, 100%                               |
| <b>Shares to be Converted</b>                     | Registered Common (Treasury) Shares issued by the Company |
| <b>Conversion Period</b>                          | From May 18, 2009 to March 28, 2014                       |

(2) Acquisition of fixed-line network business and related ancillary businesses of SK Networks

In accordance with the resolution of the Board of Directors on May 21, 2009, the Company decided to acquire fixed-line network business and related ancillary businesses (including all assets, liabilities and other rights and obligations related to such businesses) of SK Networks. Through the acquisition, the Company intends to increase the efficiency of its network utilization and provide optimal services by internalizing mobile phone transmission lines. Acquisition price was Won 892,850 million. As of September 30, 2009, the assets and liabilities of the businesses being acquired amounted to Won 646,413 million and Won 620,154 million, respectively. Revenue from the businesses being acquired in 2008 was Won 416,533 million. SK Networks approved the acquisition in its shareholders meeting held on July 6, 2009. The acquisition closed, and the

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acquisition price was paid, on September 30, 2009.

(3) Purchase of SK Broadband shares

On July 21, 2009, the Company purchased 47,187,105 shares of SK Broadband's common stock in its rights offering, at Won 5,000 per share (aggregate purchase price of Won 235,935,525,000), to increase competitiveness of the Company's and its affiliates' businesses. The Company's equity interest in SK Broadband increased from 43.4% to 50.6%.

(4) Payment of interim dividends

In accordance with the resolution of the Board of Directors on July 23, 2009, the Company decided to pay interim dividends as follows:

(a) Dividend amount: Won 1,000 per share (aggregate dividend amount of 72,345,003,000)

(b) Market dividend rate: 0.57%

(c) Record date: June 30, 2009

(d) Dividend payment date: within 20 days from the date of the resolution of the Board of Directors

(5) Sale of SK C&C Shares

In accordance with the resolution of the Board of Directors on September 18, 2009, the Company decided to sell common shares of SK C&C Co., Ltd. (SK C&C) held by the Company in the initial public offering of SK C&C's common shares on the KRX KOSPI Market. The Company expects to sell 10,500,000 shares of SK C&C at Won 30,000 per share (aggregate sale price of Won 315,000 million), pursuant to the final offering price and amount as disclosed on November 2, 2009. After the sale, the Company's equity stake in SK C&C will decrease from 30.0% to 9.0%.

(6) Sale of China Unicom Shares

In accordance with the resolution of the Board of Directors on September 25, 2009, the Company sold all common shares of China Unicom (HongKong) Limited (China Unicom) held by the Company (899,745,075 shares) to China Unicom on November 5, 2009 at HK\$11.105 per share, amounting to an aggregate sale price of HK\$9,991,669,058.

**Table of Contents****3. Total Number of Shares**

## A. Total number of shares

(As of September 30, 2009)

(Unit: shares)

| Classification                                     | Common shares | Share type | Total       | Remarks |
|--|---------------|------------|-------------|---------|
| <b>I. Total number of authorized shares</b>        | 220,000,000   |            | 220,000,000 |         |
| <b>II. Total number of shares issued to date</b>   | 89,278,946    |            | 89,278,946  |         |
| <b>III. Total number of shares retired to date</b> | 8,533,235     |            | 8,533,235   |         |
| <b>1. Capital reduction</b>                        |               |            |             |         |
| <b>2. Share cancellation</b>                       | 8,533,235     |            | 8,533,235   |         |
| <b>3. Redeemed shares</b>                          |               |            |             |         |
| <b>4. Others</b>                                   |               |            |             |         |
| <b>IV. Total number of shares (II-III)</b>         | 80,745,711    |            | 80,745,711  |         |
| <b>V. Number of treasury shares</b>                | 8,400,708     |            | 8,400,708   |         |
| <b>VI. Number of shares outstanding (IV-V)</b>     | 72,345,003    |            | 72,345,003  |         |

\* On January 9, 2009, the Company purchased (using retained earnings) and cancelled 448,000 common shares. As the result of such retirement of common shares, the total number of outstanding shares decreased to 80,745,711.

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## B. Treasury Stock

## (1) Acquisitions and Dispositions of Treasury Stocks

(As of September 30, 2009)

(Unit: Shares)

| Acquisition methods  | Type of shares   | At the beginning of period | Acquired (+)         | Changes Disposed (-) | Retired (-) | At the end of period   | Remarks |
|--|------------------|----------------------------|----------------------|----------------------|-------------|------------------------|---------|
| <b>Direct acquisition</b>  |                  |                            |                      |                      |             |                        |         |
| <b>pursuant to Article 165-2 of the relevant Act <sup>1</sup></b>                        | Common shares    | 4,704,828                  | 179,200 <sub>2</sub> |                      | 448,000     | 4,436,028              |         |
|  | Preferred shares |                            |                      |                      |             |                        |         |
| <b>based on reasons other than those stipulated in Article 165-2 of the relevant Act</b> | Common shares    | 77,970                     |                      |                      |             | 77,970                 |         |
|  | Preferred shares |                            |                      |                      |             |                        |         |
| <b>Sub-total</b>   | Common shares    | 4,782,798                  | 179,200              |                      | 448,000     | 4,513,998 <sub>3</sub> |         |
|  | Preferred shares |                            |                      |                      |             |                        |         |
| <b>Indirect acquisition through trust and other agreements</b>                           | Common shares    | 3,886,710                  |                      |                      |             | 3,886,710              |         |
|  | Preferred shares |                            |                      |                      |             |                        |         |
| <b>Total</b>   | Common shares    | 8,669,508                  | 179,200              |                      | 448,000     | 8,400,708              |         |
|  | Preferred shares |                            |                      |                      |             |                        |         |

<sup>1</sup> The relevant Act in the above table refers to Financial Investment Services and Capital Markets Act of Korea ( FSCMA )

<sup>2</sup> The 179,200 common shares

directly  
acquired  
pursuant to  
Article 165-2 of  
the FSCMA  
were acquired  
for the purpose  
of retirement;  
the retirement of  
such stock was  
completed on  
January 9, 2009.

<sup>3</sup> Of the  
4,513,998  
shares of  
directly  
acquired  
treasury stock,  
1,999,997  
shares were  
deposited with  
Korea Securities  
Depository to be  
issued upon  
conversion of  
the Company's  
offshore  
convertible  
bonds. (As of  
June 30, 2009)

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## (2) Retirement of Treasury Stock

(Unit: in millions of Won, Shares)

| Retired Date    | Retirement Purpose           | Type of Share    | Quantity         | Monetary Amount              | Acquisition Period                 | Remarks |
|-----------------|------------------------------|------------------|------------------|------------------------------|------------------------------------|---------|
|                 |                              |                  | Retired (shares) | Retired (in millions of Won) | of Retired Shares                  |         |
| January 9, 2009 | Stabilization of Share Price | Common           | 448,000          | 92,476                       | December 2, 2008 - January 7, 2009 |         |
| <b>Total</b>    |                              | Common Preferred | 448,000          | 92,476                       |                                    |         |

## (3) Execution of Trust Agreements relating to Treasury Stocks, Etc.

(Amounts: in millions of Won)

| Category Specified Money Trust  | At Start of Period |                     | Executed (+) |                     | Cancelled (-) |                     | At End of Period |                     | Remark   |
|---|--------------------|---------------------|--------------|---------------------|---------------|---------------------|------------------|---------------------|--|
|   | Amount             | No. of Transactions | Amount       | No. of Transactions | Amount        | No. of Transactions | Amount           | No. of Transactions |  |
| Trust   | 982,000            | 4                   |              |                     |               |                     | 982,000          | 4                   | 1. Extension Date: Oct. 26, 2007<br>Extension Amount: Won 631,200        |
| Trust Contracts with Asset Management Companies Acquisition Contracts with Investment Companies |                    |                     |              |                     |               |                     |                  |                     | 2. Extension Date: October 29, 2007<br><br>Extension Amount: Won 350,800 |
| <b>Total</b>  | 982,000            | 4                   |              |                     |               |                     | 982,000          | 4                   |  |

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**Table of Contents****4. Status of Voting Rights**

(As of September 30, 2009)

(Unit: shares)

| <b>Classification</b>  |                 | <b>Number of shares</b> | <b>Remarks</b>  |
|--|-----------------|-------------------------|-----------------|
| <b>Total outstanding shares (A)</b>  | Common share    | 80,745,711              |                 |
|  | Preferred share |                         |                 |
| <b>Number of shares without voting rights (B)</b>                              | Common share    | 8,400,708               | Treasury shares |
|  | Preferred share |                         |                 |
| <b>Shares with restricted voting rights under the Korean law (C)</b>           |                 |                         |                 |
| <b>Shares with reestablished voting rights (D)</b>                             |                 |                         |                 |
| <b>The number of shares with exercisable voting rights (E = A - B - C + D)</b> | Common share    | 72,345,003              |                 |
|  | Preferred share |                         |                 |

**5. Dividends and Others**

## A. Dividends

(1) Distribution of cash dividends was approved during the 22nd General Meeting of Shareholders held on March 10, 2006.

Distribution of cash dividends per share of Won 8,000 (exclusive of interim dividend of Won 1,000) was approved.

(2) Distribution of interim dividends of Won 1,000 was approved during the 270th Board of Directors Meeting on July 28, 2006.

(3) Distribution of cash dividends was approved during the 23rd General Meeting of Shareholders held on March 9, 2007.

Distribution of cash dividends per share of Won 7,000 (exclusive of an interim dividend of Won 1,000) was approved.

(4) Distribution of interim dividends of Won 1,000 was approved during the 283rd Board of Directors Meeting on July 27, 2007.

(5) Distribution of cash dividends was approved during the 24th General Meeting of Shareholders held on March 14, 2008.

Distribution of cash dividends per share Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

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(6) Distribution of interim dividends of Won 1,000 was approved during the 295th Board of Directors Meeting on July 18, 2008.

(7) Distribution of cash dividends was approved during the 25th General Meeting of Shareholders held on March 13, 2009.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

(8) Distribution of interim dividends of Won 1,000 was approved during the 305th Board of Directors Meeting on July 23, 2009.

B. Dividends for the Last 3 Fiscal Years

(Unit: in millions of Won, except per share value)

| <b>Classification</b>                               | <b>As of and for<br/>the nine months<br/>ended<br/>September 30,<br/>2009</b> | <b>As of and for<br/>the year ended<br/>December 31,<br/>2008</b> | <b>As of and for the<br/>year ended<br/>December 31,<br/>2007</b> |
|---|---|---|---|
| Par value per share (Won)                           | 500   | 500   | 500   |
| Current Period's net income                         | 1,044,104   | 1,277,658   | 1,642,451   |
| Net income per share (Won)                          | 14,432  | 17,559  | 22,607  |
| Total cash dividend                                 | 72,345  | 681,996   | 682,379   |
| Total stock dividends                               |   |   |   |
| Percentage of cash dividend to available income (%) | 6.9   | 53.4  | 41.5  |
| Cash dividend yield ratio (%)                       |   |   |   |
| Common share  | 0.5   | 4.5   | 3.8   |
| Preferred share                                     |   |   |   |
| Stock dividend yield ratio (%)                      |   |   |   |
| Common share  |   |   |   |
| Preferred share                                     |   |   |   |
| Cash dividend per share (Won)                       |   |   |   |
| Common share  | 1,000   | 9,400   | 9,400   |
| Preferred share                                     |   |   |   |
| Stock dividend per share (share)                    |   |   |   |
| Common share  |   |   |   |
| Preferred share                                     |   |   |   |

\* Total cash dividend of Won 681,996 million for the year ended December 31, 2008 includes the total interim dividend amount of Won 72,793 million, and the cash dividend

amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

\* Total cash  
dividend of  
Won  
682,379 million  
for the year  
ended  
December 31,  
2007 includes  
the total interim  
dividend  
amount of Won  
72,667 million,  
and the cash  
dividend  
amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

**Table of Contents****II. BUSINESS****1. Business Overview****A. Industry Characteristics**

As of September 30, 2009, the number of domestic mobile phone subscribers reached 47.5 million and, with more than 95% penetration rate, the Korean mobile communication market can be considered to have reached its maturation stage. However, considering the number of European countries with penetration rates exceeding 100%, additional future growth of the domestic market may be possible.

The Korean mobile communications market continues to improve with the help of advances in network-related technology evidenced by the world's first commercialization of CDMA2000 1x, CDMA 1x EV-DO, and the development of highly advanced handsets that enables the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite DMB, digital home services and other related contents.

**B. Growth Potential**

(Unit: 1,000 persons)

| Classification        | As of              | 2008          | As of December 31, |               | 2005          |
|-----------------------|--------------------|---------------|--------------------|---------------|---------------|
|                       | September 30, 2009 |               | 2007               | 2006          |               |
| Number of subscribers | SK Telecom         | 24,074        | 21,968             | 20,271        | 19,530        |
|                       | Others (KT, LGT)   | 23,454        | 21,529             | 19,926        | 18,812        |
|                       | <b>Total</b>       | <b>47,528</b> | <b>43,497</b>      | <b>40,197</b> | <b>38,342</b> |

(Source: Korea Communications Commission website)

**C. Domestic and Overseas Market Conditions**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Although demand has primarily been in the domestic market, as the business territory expands to overseas market, the size of overseas sales is expected to grow in the near future. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Historical market share of the Company

(As of September 30, 2009)

(Unit: %)

| Classification                | As of              | As of December 31, |      |      |
|-------------------------------|--------------------|--------------------|------|------|
|                               | September 30, 2009 | 2008               | 2007 | 2006 |
| Mobile communication services | 50.6               | 50.5               | 50.5 | 50.4 |

Comparative market share

(As of September 30, 2009)

(Unit: %)

| Classification | SK      | KTF     | LG      |
|----------------|---------|---------|---------|
|                | Telecom | Telecom | Telecom |
| Market share   | 50.6    | 31.3    | 18.1    |

(Source: Korea Communications Commission website)

**Table of Contents****2. Major Products & Services**

## A. Updates on Major Products and Services

(Unit: in millions of Won, %)

| <b>Business fields</b>               | <b>Sales type</b> | <b>Item</b>          | <b>Specific Usage</b> | <b>Major trademarks</b> | <b>Sales amount (ratio)</b> |
|--------------------------------------|-------------------|----------------------|-----------------------|-------------------------|-----------------------------|
| <b>Information and communication</b> | Services          | Mobile communication | Mobile Phone          | June, NATE and others   | 8,841,353(98.2%)            |
|                                      |                   | Others               |                       | Others                  | 157,622(1.8%)               |

## B. Price Fluctuation Trend of Major Products and Services

Based on the Company's Basic Plan for monthly subscription, the basic service fee is Won 13,000 per month and the usage fee is Won 20 per 10 seconds. These rates are the same as the rates for 2007 and 2008. Based on the Company's Standard Plan, launched in April 2008, the basic service fee is Won 12,000 per month and the usage fee is Won 18 per 10 seconds.

**3. Investment Status**

## A. Investment in Progress

(Unit: in 100 millions of Won)

| <b>Business field</b> | <b>Classification</b>     | <b>Investment period</b> | <b>Subject of investment</b> | <b>Investment effect</b>                                       | <b>Amount</b>            |                         |                          |
|-----------------------|---------------------------|--------------------------|------------------------------|--|--------------------------|-------------------------|--------------------------|
|                       |                           |                          |                              |  | <b>Total investments</b> | <b>already invested</b> | <b>Future investment</b> |
| Network/Common        | Upgrade/ New installation | 2009                     | Network, systems and others  | Capacity increase and quality improvement; systems improvement | To be determined         | 9,552                   | To be determined         |
| <b>Total</b>          |                           |                          |                              |  | -                        | To be determined        | To be determined         |

## B. Future Investment Plan

(Unit: in 100 millions of Won)

| <b>Business field</b> | <b>Expected investment amount</b> | <b>Asset type</b> | <b>Amount</b>    | <b>Expected investment for each year</b> |                  |                  | <b>Investment effect</b>  |
|-----------------------|-----------------------------------|-------------------|------------------|--|------------------|------------------|---|
|                       |                                   |                   |                  | <b>2009</b>                              | <b>2010</b>      | <b>2011</b>      |   |
| Network/Common        | Network, systems and others       | To be determined  | To be determined | To be determined                         | To be determined | To be determined | Upgrades to the existing services and provision of new services |
| <b>Total</b>          |                                   |                   | To be determined | To be determined                         | To be determined | To be determined | Upgrades to the existing services and provision of new services |

**4. Revenues**

(Unit: in millions of Won)

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| Business field                | Sales type | Item                 | For the nine months ended September 30, |            |            |            |            |
|-------------------------------|------------|----------------------|---|------------|------------|------------|------------|
|                               |            |                      | 2009                                    | 2008       | 2007       |            |            |
| Information and communication | Services   | Mobile communication | Export                                  |            |            |            |            |
|                               |            |                      | Domestic                                | 8,841,353  | 11,492,832 | 11,083,821 |            |
|                               |            |                      |   | Subtotal   | 8,841,353  | 11,492,832 | 11,083,821 |
|                               | Others     | Export               | 2,107                                   | 5,855      | 4,101      |            |            |
|                               |            | Domestic             | 157,622                                 | 175,975    | 197,979    |            |            |
|                               |            | Subtotal             | 159,729                                 | 181,830    | 202,080    |            |            |
|                               |            | Export               | 2,107                                   | 5,855      | 4,101      |            |            |
|                               | Total      | Domestic             | 8,998,974                               | 11,668,807 | 11,281,800 |            |            |
|                               |            | Total                | 9,001,081                               | 11,674,662 | 11,285,901 |            |            |

**5. Derivative Transactions**

In order to hedge risks related to fluctuations in currency exchange rates and interest rates, the Company enters into currency swap contracts and interest rate swap contracts. The gain or loss generated from the derivatives contracts is recognized as the gains/losses for the current period or other comprehensive income/loss, in accordance with Korean GAAP. Fair value of our derivatives is calculated using our transaction bank's valuations. In accordance with the derivatives contracts, our estimated gain/loss on the date of expiration is zero.

**A. Currency Swap**

- (1) Purpose of Contracts: Hedging of risks related to fluctuations in currency exchange rates and interest rates
- (2) Contract Terms

**Currency swap contract applying cash flow risk hedge accounting**

The Company has entered into a currency swap contract with three banks including Citibank in order to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (face amounts totaling US\$ 300,000,000) issued on April 1, 2004. As of September 30, 2009, in connection with the unsettled foreign currency swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 2,873,422,000 (excluding tax effect totaling Won 1,351,488,000 and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling Won 11,881,481,000) was accounted for as accumulated other comprehensive loss.

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In addition, the Company has entered into a currency and interest rate swap contract with Calyon to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated floating rate long-term borrowings with face amounts totaling US\$ 100,000,000 borrowed on October 10, 2006. As of September 30, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 3,212,546,000 (excluding tax effect totaling Won 464,245,000 and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 24,070 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including HSBC in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (56-2) with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of September 30, 2009, in connection with this unsettled currency and interest rate swap contracts, an accumulated gain on valuation of derivatives amounting to Won 1,552,346,000 (net of tax effect totaling Won 1,088,803,000 and foreign exchange translation loss arising from unguaranteed Japanese yen dominated bonds totaling Won 60,807,071,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including DBS in order to hedge the foreign currency risk and interest rate risk of U.S. dollar denominated floating rate bonds with face amounts totaling US\$ 150,000,000 issued on November 20, 2008. As of September 30, 2008, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 4,682,551,000 (net of tax effect totaling Won 1,320,719,000 and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling Won 38,792,218,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with Mizuho Corporate Bank in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (59-2) with face amounts totaling JPY 3,000,000,000 issued on January 22, 2009. As of September 30, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 2,593,250,000 (net of tax effect totaling Won 731,429,000 and foreign exchange translation gain arising from unguaranteed Japanese yen dominated bonds totaling Won 6,563,023,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with The Bank of Tokyo-Mitsubishi in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (60-2) with face amounts totaling JPY 5,000,000,000 issued on March 5, 2009. As of September 30, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 1,839,905,000 (net of tax effect totaling Won 518,948,000 and foreign exchange translation gain arising from unguaranteed Japanese yen

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dominated bonds totaling Won 12,665,286,000) was accounted for as accumulated other comprehensive gain.

Currency swap, contract to which the fair value hedge accounting is applied

The Company has entered into a currency swap contract with nine banks including Hana Bank in order to hedge the foreign exchange risk of the Company's holdings of common shares of China Unicom. In connection with this unsettled currency swap contract, gains on valuation of currency swaps of Won 42,397,044,000 and losses on valuation of currency swaps of Won 109,933,905,000 for the nine months ended September 30, 2009 and September 30, 2008, respectively, were charged to current operations.

Currency swap contract to which the hedge accounting is not applied

In addition, the Company has entered into a currency swap contract with three banks including Morgan Stanley to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (with face amounts totaling US\$400,000,000) issued on July 20, 2007. In connection with this unsettled foreign currency swap contract, a loss on valuation of currency swap of Won 66,000,978,000 and a gain on valuation of currency swap of Won 131,299,127,000 for the nine months ended September 30, 2009 and September 30, 2008, respectively, were charged to current operations.

**B. Interest Rate Swap**

(1) Purpose of Contracts: Hedging of risks related to fluctuations in interest rates

(2) Contract Terms

Interest rate swap contract to which the cash flow risk hedge accounting is applied:

The Company has entered into an interest rate swap contract with Shinhan Bank to hedge the interest rate risk of discounted bill with face amounts totaling Won 200,000 million borrowed on June 29, 2006. As of September 30, 2009, in connection with unsettled interest rate swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 1,409,091,000 (net of tax effect totaling Won 397,436,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into an interest rate swap contract with three banks including Nonghyup Bank in order to hedge the interest rate risk of long-term floating rate borrowings (totaling Won 500 billion) borrowed between July 28, 2008 and August 13, 2008. As of September 30, 2009, in connection with unsettled interest rate swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 11,016,545,000 (net of tax effect totaling Won 3,107,231,000) was accounted for as accumulated other comprehensive loss.

Interest rate swap contract to which the hedge accounting is not applied



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The Company has entered into an interest rate swap contract with two banks including DBS in order to hedge the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with this unsettled interest rate swap contract, loss on valuation of interest rate swap of Won 4,123,478,000 for the nine months ended September 30, 2009 was charged to current operations.

**C. Currency Option**

(1) Purpose of Contracts: Currency Exchange Rate Risk Hedging

(2) Contract Terms

Currency option contract to which the hedge accounting is not applied

The Company has entered into a currency put option contract with Calyon bank to hedge the foreign currency risk of US\$50,000,000 deposit maturing on July 14, 2009. In connection with this unsettled currency put option contract to which the hedge accounting is not applied, a gain on valuation of currency option of Won 1,013,855,000 for the six months ended June 30, 2009 was accreted to current operations.

**6. Major Contracts**

| <b>Category</b> | <b>Vendor</b>          | <b>Start Date</b> | <b>Completion Date</b> | <b>Contract Title</b>                                | <b>Contract Amount (Won 100M)</b> |
|-----------------|------------------------|-------------------|------------------------|--|-----------------------------------|
| <b>Service</b>  | SK C&C.                | Feb. 26, 2009     | December 31, 2009      | 2009 IT SM Contract                                  | 2,079                             |
| <b>Product</b>  | TU Media, Ltd.         | Feb. 23, 2009     | December 31, 2009      | 2009 Satellite DMB Service Collaboration Contract    | 1,008                             |
| <b>Product</b>  | SK E&C                 | Mar. 19, 2009     | December 31, 2009      | 2009 Cell Site Facility Construction (Seoul Area)    | 510                               |
| <b>Product</b>  | SK E&C                 | Mar. 19, 2009     | December 31, 2009      | 2009 RF Switching Facility Construction (Seoul Area) | 414                               |
| <b>Service</b>  | SK Marketing & Company | July 1, 2009      | December 31, 2009      | 2009 2H Membership Collaboration Program             | 395                               |
|                 |                        |                   | Subtotal               |  | 4,406                             |

\* Selected among contracts exceeding Won 30 billion and classified by product and service.

**Table of Contents****7. R&D Investments**

(Unit: in thousands of Won)

| Category  | For the nine<br>months ended<br>September 30,<br>2009 | For the year<br>ended<br>December<br>31, 2008 | For the year<br>ended<br>December<br>31, 2007 | Remarks |
|---|---|---|---|---------|
| Raw material  | 31,622  | 89,176  | 96,217  |         |
| Labor   | 38,838,305  | 38,062,791                                    | 39,388,760                                    |         |
| Depreciation  | 95,962,398  | 138,511,764                                   | 129,208,262                                   |         |
| Commissioned service  | 50,539,633  | 85,836,738                                    | 90,363,645                                    |         |
| Others  | 28,378,379  | 34,539,984                                    | 37,609,969                                    |         |
| <b>Total R&amp;D costs</b>  | <b>213,750,337</b>                                    | <b>297,040,453</b>                            | <b>296,666,853</b>                            |         |
| Accounting Sales and<br>administrative expenses   | 212,314,543   | 293,443,380                                   | 288,519,863                                   |         |
| Development expenses (Intangible<br>assets)   | 1,435,794   | 3,597,072                                     | 8,146,990                                     |         |
| <b>R&amp;D cost / sales amount ratio<br/>(Total R&amp;D costs / Current sales<br/>amount×100)</b> | <b>2.37%</b>  | <b>2.54%</b>                                  | <b>2.63%</b>                                  |         |

**8. Other information relating to investment decisions****A. Trademark Policies**

The Company manages its corporate brand and other product brands such as T in a comprehensive way to protect and increase their value.

The Company's Brand Management Council in charge of overseeing its systematic corporate branding operates full time to execute decisions involving major brands and operates Brandnet, an intranet system to manage corporate brands which provide solutions including licensing of the brands and downloading of the Company logos.

**B. Business-related Intellectual Properties**

The Company owns intellectual property rights to the design of alphabet T. The rights are based on domestic trademark laws and the Company has proprietary and exclusive use of the trademark for 10 years and the rights are renewable. The designed alphabet T is registered in all business categories (total of 45) and is being used as the primary brand of the Company.

**Table of Contents****III. FINANCIAL INFORMATION****1. Unaudited Summary Financial Information (Non-consolidated)**

(Unit: in millions of Won)

| Classification / Fiscal Year                          | As of and for<br>the nine<br>months ended<br>September 30, | As of and for the year ended December 31, |              |              |              |
|---|--|---|--------------|--------------|--------------|
|   | 2009   | 2008                                      | 2007         | 2006         | 2005         |
| <b>Current assets</b>                                 | 5,955,585  | 3,990,503                                 | 4,094,059    | 4,189,325    | 4,172,485    |
| <b>Quick assets</b>                                   | 5,940,059  | 3,976,576                                 | 4,075,378    | 4,172,887    | 4,166,500    |
| <b>Inventory</b>                                      | 15,527   | 13,927                                    | 18,681       | 16,438       | 5,985        |
| <b>Non-current assets</b>                             | 13,615,287   | 14,626,992                                | 14,038,451   | 11,624,728   | 10,349,191   |
| <b>Investments</b>                                    | 4,590,892  | 5,668,127                                 | 5,940,045    | 3,547,942    | 2,366,760    |
| <b>Property and Equipment</b>                         | 5,109,730  | 4,698,214                                 | 4,594,413    | 4,418,112    | 4,595,884    |
| <b>Intangible assets</b>                              | 2,687,791  | 2,941,592                                 | 3,174,942    | 3,405,158    | 3,386,547    |
| <b>Other non-current assets</b>                       | 1,226,874  | 1,319,059                                 | 329,051      | 253,516      |              |
| <b>Total assets</b>                                   | 19,570,872   | 18,617,495                                | 18,132,510   | 15,814,053   | 14,521,676   |
| <b>Current liabilities</b>                            | 3,408,106  | 3,412,490                                 | 2,484,548    | 2,985,620    | 2,747,268    |
| <b>Non-current liabilities</b>                        | 5,466,661  | 4,475,998                                 | 4,221,016    | 3,522,006    | 3,516,528    |
| <b>Total liabilities</b>                              | 8,874,766  | 7,888,488                                 | 6,705,564    | 6,507,626    | 6,263,796    |
| <b>Capital</b>  | 44,639   | 44,639                                    | 44,639       | 44,639       | 44,639       |
| <b>Capital surplus</b>                                | 3,032,006  | 2,957,095                                 | 2,954,829    | 2,962,699    | 2,966,198    |
| <b>Capital adjustment</b>                             | (-)2,720,883   | (-)2,147,530                              | (-)2,072,486 | (-)2,019,568 | (-)2,022,817 |
| <b>Other Cumulative Profit and<br/>Loss</b>           | 625,288  | 373,784                                   | 1,594,099    | 473,904      |              |
| <b>Retained earnings</b>                              | 9,715,055  | 9,501,018                                 | 8,905,865    | 7,844,753    | 7,269,861    |
| <b>Total stockholders equity</b>                      | 10,696,106   | 10,729,007                                | 11,426,946   | 9,306,427    | 8,257,881    |
| <b>Sales</b>  | 9,001,081  | 11,674,662                                | 11,285,900   | 10,650,952   | 10,161,129   |
| <b>Operating Profit (or Loss)</b>                     | 1,736,191  | 2,059,896                                 | 2,171,543    | 2,584,370    | 2,653,570    |
| <b>Profit (or Loss) from<br/>continuing operation</b> | 1,044,104  | 1,277,658                                 | 1,642,451    | 1,446,598    | 1,871,380    |
| <b>Current Period's Net Profit (or<br/>Loss)</b>      | 1,044,104  | 1,277,658                                 | 1,642,451    | 1,446,598    | 1,871,380    |

(Unit: Won)

| Classification / Fiscal Year      | For the nine<br>months<br>ended<br>September 30, | For the year ended December 31, |        |        |        |
|-----------------------------------|--|---------------------------------|--------|--------|--------|
|                                   | 2009   | 2008                            | 2007   | 2006   | 2005   |
| <b>Earnings per share</b>         | 14,432   | 17,559                          | 22,607 | 19,734 | 25,421 |
| <b>Diluted earnings per share</b> | 14,248   | 17,395                          | 22,289 | 19,458 | 25,015 |



Table of Contents**2. Unaudited Summary Financial Information (Consolidated)**

(Unit: in millions of Won)

| Classification / Fiscal Year                                 | As of and for the year ended December 31, |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|
|  | 2008                                      | 2007         | 2006         | 2005         | 2004         |
| <b>Current assets</b>  | 5,422,447                                 | 4,813,072    | 4,663,962    | 4,598,580    | 4,390,692    |
| <b>Quick assets</b>  | 5,387,473                                 | 4,766,020    | 4,644,184    | 4,590,796    | 4,338,371    |
| <b>Inventory</b>   | 34,974                                    | 47,052       | 19,778       | 7,784        | 52,321       |
| <b>Non-current assets</b>                                    | 17,051,224                                | 14,235,863   | 11,576,006   | 10,106,193   | 9,892,665    |
| <b>Investments</b>   | 4,025,429                                 | 5,446,711    | 3,236,783    | 1,989,934    | 1,665,841    |
| <b>Property and Equipment</b>                                | 7,437,689                                 | 4,969,353    | 4,507,335    | 4,663,369    | 4,703,922    |
| <b>Intangible assets</b>                                     | 3,978,145                                 | 3,433,962    | 3,518,411    | 3,452,889    | 3,522,903    |
| <b>Other non-current assets</b>                              | 1,609,961                                 | 385,836      | 313,477      |              |              |
| <b>Total assets</b>  | 22,473,671                                | 19,048,935   | 16,239,968   | 14,704,772   | 14,283,358   |
| <b>Current liabilities</b>                                   | 4,628,821                                 | 3,016,874    | 3,208,416    | 2,863,373    | 3,066,893    |
| <b>Non-current liabilities</b>                               | 6,020,410                                 | 4,344,428    | 3,548,464    | 3,513,860    | 4,010,721    |
| <b>Total liabilities</b>                                     | 10,649,231                                | 7,361,302    | 6,756,880    | 6,377,233    | 7,077,614    |
| <b>Capital</b>   | 44,639                                    | 44,639       | 44,639       | 44,639       | 44,639       |
| <b>Capital surplus</b>                                       | 2,958,854                                 | 2,956,106    | 2,950,327    | 2,954,840    | 2,968,301    |
| <b>Capital adjustment</b>                                    | (-)2,159,389                              | (-)2,072,723 | (-)2,019,567 | (-)2,048,515 | (-)2,058,292 |
| <b>Other Cumulative Profit/Loss</b>                          | 356,192                                   | 1,591,258    | 490,010      |              |              |
| <b>Retained earnings</b>                                     | 9,448,185                                 | 8,914,970    | 7,847,434    | 7,267,649    | 6,152,898    |
| <b>Total stockholders equity</b>                             | 11,824,440                                | 19,048,935   | 9,483,088    | 8,327,540    | 7,205,743    |
| <b>Sales</b>   | 14,020,984                                | 11,863,357   | 11,027,977   | 10,721,820   | 10,570,615   |
| <b>Operating Profit (or Loss)</b>                            | 1,752,468                                 | 2,101,955    | 2,621,132    | 2,670,616    | 2,439,749    |
| <b>Profit (or Loss) from continuing operation before tax</b> | 972,338                                   | 1,562,265    | 1,449,552    | 1,868,307    | 1,493,414    |
| <b>Current Period's Net Profit before tax</b>                | 972,338                                   | 1,562,265    | 1,449,552    | 1,868,307    | 1,493,414    |

(Unit: Won)

| Classification / Fiscal Year                           | For the year ended December 31, |        |        |        |        |
|--|---------------------------------|--------|--------|--------|--------|
|  | 2008                            | 2007   | 2006   | 2005   | 2004   |
| <b>Earnings per share in Majority Interest</b>         | 16,707                          | 22,696 | 19,801 | 25,443 | 20,261 |
| <b>Diluted earnings per share in Majority Interest</b> | 16,559                          | 22,375 | 19,523 | 25,036 | 20,092 |

**Table of Contents****IV. AUDITOR'S OPINION****1. Auditor**

**Nine months ended  
September 30, 2009**

Deloitte Anjin LLC

**2008**

Deloitte Anjin LLC

**Year ended December 31,**

**2007**

Deloitte Anjin LLC

**2006**

Deloitte Anjin LLC

**2. Audit Opinion****Term****Auditor's opinion****Issues noted**

**Nine months ended**

**September 30, 2009**

No material violation of accounting standards

**Nine months ended**

**September 30, 2008**

No material violation of accounting standards

**Year ended December 31,  
2008**

Unqualified

**Year ended December 31,  
2007**

Unqualified

**3. Remuneration for Independent Auditors for the Past Three Fiscal Years****A. Audit Contracts**

(Unit: in thousands of Won)

| <b>Term</b>                                     | <b>Auditors</b>    | <b>Contents</b>  | <b>Fee</b> | <b>Total hours</b> |
|---|--------------------|--|------------|--------------------|
| <b>Nine months ended<br/>September 30, 2009</b> | Deloitte Anjin LLC | Semi-annual review<br>Quarterly review<br>Non-consolidated financial<br>statements audit<br>Consolidated financial statements<br>audit | 1,275,000  | 13,709             |
| <b>Year ended December 31,<br/>2008</b>         | Deloitte Anjin LLC | Semi-annual review<br>Quarterly review<br>Non-consolidated financial<br>statements audit<br>Consolidated financial statements<br>audit | 1,310,097  | 13,346             |
| <b>Year ended December 31,<br/>2007</b>         | Deloitte Anjin LLC | Semi-annual review<br>Quarterly review<br>Non-consolidated financial<br>statements audit<br>Consolidated financial statements<br>audit | 1,066,318  | 11,468             |

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## B. Non-Audit Services Contract with External Auditors

(Unit: in thousands of Won)

| <b>Term</b>               | <b>Contract date</b> | <b>Service provided</b>  | <b>Service duration</b> | <b>Fee</b> |
|---------------------------|----------------------|--|-------------------------|------------|
| <b>Nine months ended</b>  | May 13, 2009         |  | 30                      |            |
|                           |                      | Tax consulting   | days                    | 40,000     |
| <b>September 30, 2009</b> | May 22, 2009         | Tax consulting   | 10                      |            |
|                           |                      | Tax consulting   | days                    | 10,000     |
|                           | May 22, 2009         |  | 20                      |            |
|                           |                      | Tax adjustment for fiscal year 2008                              | days                    | 34,000     |
|                           | May 22, 2009         | Review of deferred corporate income tax for 1Q and 2Q            | 10                      |            |
|                           |                      |  | days                    | 14,000     |
|                           | September 14, 2009   | Review of quarterly tax adjustments                              | 5 days                  | 7,000      |
|                           | September 14, 2009   |  | 20                      |            |
|                           |                      | Tax consulting   | days                    | 20,000     |
| <b>Year ended</b>         | November 20, 2007    |  | 60                      |            |
|                           |                      | Set up services for agency tax manual                            | days                    | 48,000     |
| <b>December 31, 2008</b>  | March 3, 2008        |  | 10                      |            |
|                           |                      | Tax adjustment for fiscal year 2007                              | days                    | 33,000     |
|                           | May 15, 2008         | Tax consulting   | 5 days                  | 7,500      |
|                           | June 24, 2008        | Foreign tax consulting re indirect taxes                         | 4 days                  | 6,000      |
|                           | August 13, 2008      |  | 10                      |            |
|                           |                      | Tax consulting   | days                    | 9,400      |
|                           | November 1, 2008     | Tax consulting   | 4 days                  | 5,000      |
|                           | November 19, 2008    |  | 10                      |            |
|                           |                      | Tax consulting   | days                    | 10,800     |
|                           | November 19, 2008    | Review of deferred corporate income tax for 1Q and 2Q            | 10                      |            |
|                           |                      |  | days                    | 18,000     |
|                           | December 24, 2008    | Review of deferred corporate income tax for 3Q                   | 3 days                  | 6,000      |
|                           | December 24, 2008    | Tax consulting   | 3 days                  | 3,600      |
|                           | December 24, 2008    | Tax consulting   | 3 days                  | 3,000      |
| <b>Year ended</b>         | March 30, 2007       |  | 10                      |            |
|                           |                      | Tax adjustment for fiscal year 2006                              | days                    | 30,000     |
| <b>December 31, 2007</b>  | September 28, 2007   | Tax consulting for denial of deductions for corporate income tax | 1 day                   | 2,000      |
|                           | September 28, 2007   | Review of deferred corporate income tax for 1Q and 2Q            | 6 days                  | 10,000     |
|                           | September 28, 2007   | Tax consulting   | 5 days                  | 9,000      |
|                           | December 31, 2007    | Review of deferred corporate income tax for 3Q                   | 2 days                  | 5,000      |
|                           | December 31, 2007    | Tax consulting   | 3 days                  | 3,000      |

**Table of Contents****V. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS AND AFFILIATED COMPANIES****1. Board of Directors****A. Overview of Board of Directors Composition**

The Company's Board of Directors is comprised of eight members: five non-executive independent directors and three executive directors. Within the Board, there are five Committees: Non-executive independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

**B. Significant Activities of the Board of Directors**

| <b>Meeting</b>   | <b>Date</b>          | <b>Agenda</b>   | <b>Approval</b>   |
|--|----------------------|---|---|
| <b>300<sup>th</sup></b><br><b>(the first</b><br><b>meeting of</b><br><b>2009)</b>  | January 22,<br>2009  | Financial Statements for the year ended December 31, 2008<br>Annual Business Report for the year ended December 31, 2008<br>Annual Business Plan and Budgeting for FY 2009<br>Issuance of Corporate Bonds   | Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed                            |
| <b>301<sup>st</sup></b><br><b>(the second</b><br><b>meeting of</b><br><b>2009)</b> | February 17,<br>2009 | Convocation of the 2 <sup>nd</sup> General Meeting of Shareholders<br>Partnership Agreement with Offshore Private Equity Fund   | Approved as<br>proposed<br>Approved as<br>proposed  |
| <b>302<sup>nd</sup></b><br><b>(the third</b><br><b>meeting of</b><br><b>2009)</b>  | March 13, 2009       | Election of the Representative Director<br>Revision to the Regulations for the Board of Directors<br>Appointment of Chairman of the Board of Directors<br>Long-term Financing Plan for Foreign Currency<br>Issuance of Offshore Convertible Bonds and Transfer of Treasury<br>Shares in relation thereto<br>Asset Management Transaction with Affiliated Company (SK<br>Securities) | Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed |
| <b>303<sup>rd</sup></b><br><b>(the fourth</b><br><b>meeting of</b><br><b>2009)</b> | May 21, 2009         | Election of Committee Members<br>Resolution on Business Acquisition from SK Networks<br>Resolution on Purchase of Investment Securities (SK Broadband)  | Approved as<br>proposed<br>Approved as<br>proposed<br>Approved as<br>proposed   |
| <b>304<sup>th</sup></b>  | June 19, 2009        |   |   |



(the fifth  
meeting of  
2009)

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| <b>Meeting</b>  | <b>Date</b>        | <b>Agenda</b>   | <b>Approval</b>                              |
|---|--------------------|---|--|
| <b>305<sup>th</sup></b><br><b>(the sixth meeting of 2009)</b>   | July 23, 2009      | Proposal for Interim Dividend   | Approved as proposed                         |
| <b>306<sup>th</sup></b><br><b>(the seventh meeting of 2009)</b> | August 14, 2009    | Revision of Accounting Principles   | Approved as proposed                         |
| <b>307<sup>th</sup></b><br><b>(the eighth meeting of 2009)</b>  | September 18, 2009 | Asset Management Transaction with Affiliated Company (SK Securities)<br><br>Sale of SK C&C Shares | Approved as proposed<br>Approved as proposed |
| <b>308<sup>th</sup></b><br><b>(the ninth meeting of 2009)</b>   | September 25, 2009 | Sale of China Unicom Shares   | Approved as proposed                         |
| <b>309<sup>th</sup></b><br><b>(the tenth meeting of 2009)</b>   | October 16, 2009   | Strategic Alliance relating to China Cyworld  | Approved as proposed                         |

| <b>Meetings</b>                                       | <b>Dates</b>       | <b>Independent Directors Attended</b> | <b>Description</b> |
|---|--------------------|---------------------------------------|--------------------|
| <b>The first meeting of 2009 (300<sup>th</sup>)</b>   | January 22, 2009   | 5 / 5                                 |                    |
| <b>The second meeting of 2009 (301<sup>st</sup>)</b>  | February 17, 2009  | 5 / 5                                 |                    |
| <b>The third meeting of 2009 (302<sup>nd</sup>)</b>   | March 13, 2009     | 5 / 5                                 |                    |
| <b>The fourth meeting of 2009 (303<sup>rd</sup>)</b>  | May 21, 2009       | 5 / 5                                 |                    |
| <b>The fifth meeting of 2009 (304<sup>th</sup>)</b>   | June 19, 2009      | 5 / 5                                 |                    |
| <b>The sixth meeting of 2009 (305<sup>th</sup>)</b>   | July 23, 2009      | 4 / 5                                 |                    |
| <b>The seventh meeting of 2009 (306<sup>th</sup>)</b> | August 14, 2009    | 5 / 5                                 |                    |
| <b>The eighth meeting of 2009 (307<sup>th</sup>)</b>  | September 18, 2009 | 5 / 5                                 |                    |
| <b>The ninth meeting of 2009 (308<sup>th</sup>)</b>   | September 25, 2009 | 5 / 5                                 |                    |
| <b>The tenth meeting of 2009 (309<sup>th</sup>)</b>   | October 16, 2009   | 5 / 5                                 |                    |

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## C. Committees within Board of Directors

## (1) Committee Structure

## a) Non-executive Independent Director Nomination Committee

(As of September 30, 2009)

| Number of<br>Persons | Members                   |  | Remarks |
|----------------------|---------------------------|--|---------|
|                      | Executive Directors       | Non-executive Independent<br>Directors |         |
| 4                    | Man Won Jung, Sung Min Ha | Rak Yong Uhm, Jae Ho Cho               |         |

\* The Non-executive Independent Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation and Korean Commercial Code.

## b) Audit Committee

(As of September 30, 2009)

| Number of<br>Persons | Members             |   | Remarks |
|----------------------|---------------------|---|---------|
|                      | Executive Directors | Non-executive Independent<br>Directors  |         |
| 3                    |                     | Dal Sup Shim, Hyun Chin Lim, Jae Ho Cho |         |

\* The Audit Committee is a committee established under the provisions of the Articles of Incorporation and Korean Commercial Code.

## c) Compensation Review Committee

(As of September 30, 2009)

| Number of<br>Persons | Members             |                                     |
|----------------------|---------------------|-------------------------------------|
|                      | Executive Directors | Non-executive Independent Directors |

5

Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho

\* The Compensation Review Committee is a committee established by the resolution of the Board of Directors.  
 d) Capex Review Committee  
 (As of September 30, 2009)

| Number of Persons | Executive Directors | Members                                     |                       | Remarks |
|-------------------|---------------------|---|-----------------------|---------|
|                   |                     | Non-executive                               | Independent Directors |         |
| 4                 | Sung Min Ha         | Dal Sup Shim, Rak Yong Uhm, Jay Young Chung |                       |         |
|                   |                     | 25  |                       |         |

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- \* The Capex Review Committee is a committee established by the resolution of the Board of Directors.  
e) Corporate Citizenship Committee  
(As of September 30, 2009)

| Number of Persons | Executive Directors | Members       |                                | Remarks |
|-------------------|---------------------|---------------|--------------------------------|---------|
|                   |                     | Non-executive | Independent Directors          |         |
| 4                 | Sung Min Ha         | Rak Yong Uhm, | Hyun Chin Lim, Jay Young Chung |         |

- \* The Corporate Citizenship Committee is a committee established by the resolution of the Board of Directors.

(2) Activities of the Committees of the Board of Directors (As of September 30, 2009)

| Committee Name  | Date of Activity  | Agenda   | Approval             | Non-executive Independent Directors |                                     |
|---|-------------------|--|----------------------|-------------------------------------|-------------------------------------|
|   |                   |  |                      | Dal Sup Shim<br>(Attendance: 100%)  | Hyun Chin Lim<br>(Attendance: 100%) |
|   |                   |  |                      | Vote                                |                                     |
| Non-executive Independent Director Nomination Committee | February 17, 2009 | 25th General Meeting of Shareholders: Proposal to nominate an Independent Director Hyun Chin Lim | Approved as Proposed | For                                 | For                                 |
|   | June 19, 2009     | Proposal to nominate the Head of Committee Man Won Jung  | Approved as Proposed | For                                 | For                                 |

**Non-executive Independent Directors**  
**Rak Yong      Jay Yung**

| <b>Committee Name</b> | <b>Date of Activity</b> | <b>Agenda</b>   | <b>Approval</b>      | <b>Dal Sup Shim<br/>(Attendance: 100%)</b> | <b>Uhm<br/>(Attendance: 100%)<br/>Vote</b> | <b>Chung<br/>(Attendance: 100%)</b> |
|-----------------------|-------------------------|---|----------------------|--|--|-------------------------------------|
| CapEx Committee       | January 21, 2009        | CapEx plan for 2009                                     | Approved as proposed | For  | For  | For                                 |
|                       | June 19, 2009           | Proposal to nominate the Head of Committee Rak Yong Uhm | Approved as proposed | For  | For  | For                                 |

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| Committee Name                | Date of Activity | Agenda   | Approval             | Non-executive Independent Directors |                                    |                                     |                                      |                                  |
|-------------------------------|------------------|--|----------------------|-------------------------------------|------------------------------------|-------------------------------------|--------------------------------------|----------------------------------|
|                               |                  |  |                      | Dal Sup Shim<br>(Attendance: 100%)  | Rak Yong Uhm<br>(Attendance: 100%) | Hyun Chin Lim<br>(Attendance: 100%) | Jay Yung Chung<br>(Attendance: 100%) | Jae Ho Cho<br>(Attendance: 100%) |
| Compensation Review Committee | June 19, 2009    | Proposal to nominate the Head of Committee Hyun Chin Lim | Approved as proposed | For                                 | For                                | For                                 | For                                  | For                              |

| Committee Name                  | Date of Activity | Agenda   | Approval             | Non-executive Independent Directors |                                     |                                      |
|---------------------------------|------------------|--|----------------------|-------------------------------------|-------------------------------------|--------------------------------------|
|                                 |                  |  |                      | Rak Yong Uhm<br>(Attendance: 100%)  | Hyun Chin Lim<br>(Attendance: 100%) | Jay Yung Chung<br>(Attendance: 100%) |
| Corporate Citizenship Committee | June 19, 2009    | Proposal to nominate the Head of Committee Jay Young Chung | Approved as proposed | For                                 | For                                 | For                                  |

**D. Directors Independence**

On February 17, 2009, in the notice of the annual General Meeting of Shareholders, background information on Jae Won Chey, Man Won Jung, Hyun Chin Lim, candidates for the Board of Directors, was publicly disclosed. There was no other nomination by shareholders. For the election of the Independent directors, the Company has established the Non-executive Independent Director Nomination Committee, which is currently in operation. In the 25th General Meeting of Shareholders held on February 17, 2009, the Committee nominated the Independent director candidates.

| Name         | Independent Director | Remarks  |
|--------------|----------------------|--|
| Man Won Jung | No                   | o During the 303 <sup>rd</sup> meeting of the Board of the Directors held on May 21 <sup>st</sup> , 2009, the Non-Executive Independent Director Nomination Committee was established. |
| Sung Min Ha  | No                   | o Director Shin Bae Kim submitted his resignation on March 13, 2009.   |
| Rak Yong Uhm | Yes                  | o Director Man Won Jung was elected on May 21, 2009.   |
| Jae Ho Cho   | Yes                  |  |

**2. Audit System**

The Company's Audit Committee consists of three non-executive independent directors, Dal Sup Shim, Hyun Chin Lim and Jae Ho Cho.

Major activities of the Audit Committee are as follows.

| Meeting | Date             | Agenda                        | Approval | Remarks |
|---------|------------------|-------------------------------|----------|---------|
|         | January 21, 2009 | o Issuance of corporate bonds |          |         |

The first  
meeting of 2009

- o B2B Contract with TU Media      Approved as proposed
- o Evaluation of Internal Accounting  
Controls based on the opinion of the      Approved as proposed  
members of Audit Committee
- o 2<sup>nd</sup> half 2008 Management Audit  
Results
- o Reports on Internal Accounting  
Management system

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| <b>Meeting</b>              | <b>Date</b>       | <b>Agenda</b>  | <b>Approval</b>  | <b>Remarks</b> |
|-----------------------------|-------------------|--|--|----------------|
| The second meeting of 2009  | February 16, 2009 | <ul style="list-style-type: none"> <li>o Reports on 2008 Korean GAAP Audit</li> <li>o Report on Review of Internal Accounting Management System</li> <li>o 2009 Management Audit Plan</li> <li>o Auditor's Report for Fiscal Year 2008</li> <li>o Evaluation of Internal Accounting Management System Operation</li> <li>o Appointment of Auditor for FY 2009-2011</li> <li>o Construction of Mobile Phone Facilities for 2009</li> </ul>              | <ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul> |                |
| The third meeting of 2009   | March 13, 2009    | <ul style="list-style-type: none"> <li>o Purchase of Mobile Phone Relay Device for 2009</li> <li>o Construction of Mobile Phone Facilities for 2009</li> <li>o 2009 2Q Transactions with SK C&amp;C Co., Ltd.</li> <li>o Long-term Financing Plan for Foreign Currency</li> <li>o Issuance of Offshore Convertible Bonds and Transfer of Treasury Shares</li> <li>o Asset Management Transaction with Affiliated Company (SK Securities)</li> </ul>    | <ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul>                               |                |
| The fourth meeting of 2009  | April 23, 2009    | <ul style="list-style-type: none"> <li>o Audit Plan for 2009</li> <li>o Auditor Fees for 2009</li> <li>o Re-approval of entire Auditor Services for 2009</li> </ul>  | <ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul>   |                |
| The fifth meeting of 2009   | May 19, 2009      | <ul style="list-style-type: none"> <li>o Proposal for entering into an Agency Agreement with SK Marketing &amp; Company for 2009</li> </ul>  | <ul style="list-style-type: none"> <li>Approved as proposed</li> </ul>   |                |
| The sixth meeting of 2009   | June 19, 2009     | <ul style="list-style-type: none"> <li>o Proposal to nominate the Chairman of the Committee</li> <li>o Proposal for purchase of Mobile Phone Relay Device for 2009</li> <li>o Proposal for construction of Mobile Phone Facilities for 2009</li> <li>o Proposal for 2009 3Q transactions with SK C&amp;C Co., Ltd.</li> <li>o Asset Management Transaction with Affiliated Company (SK Securities)</li> <li>o Reports on 2008 US GAAP Audit</li> </ul> | <ul style="list-style-type: none"> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> <li>Approved as proposed</li> </ul> |                |
| The seventh meeting of 2009 | July 23, 2009     | <ul style="list-style-type: none"> <li>o Proposal for Operation Services of T map Navigation</li> </ul>  | <ul style="list-style-type: none"> <li>Approved as proposed</li> </ul>   |                |

|                            |                    |   |   |
|----------------------------|--------------------|---|---|
| meeting of 2009            |                    | <ul style="list-style-type: none"> <li>o Interim Dividends Plan</li> <li>o Interim Closing of Accounts for Six Months ended 2009</li> </ul>   |   |
| The eighth meeting of 2009 | August 13, 2009    | <ul style="list-style-type: none"> <li>o Construction of Mobile Phone Facilities for 2009</li> <li>o Purchase of Mobile Phone Relay Device for 2009</li> <li>o Amendment of the leasing contract of electronic telecommunication facilities</li> <li>o Reports on internal accounting management system for the 1<sup>st</sup> half of 2009</li> <li>o Revision of accounting rules</li> <li>o Management audit results for the 1st half of 2009</li> </ul> | <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> |
| The ninth meeting of 2009  | September 17, 2009 | <ul style="list-style-type: none"> <li>o Transactions with SK C&amp;C in the 4<sup>th</sup> quarter of 2009</li> <li>o Asset Management Transaction with Affiliated Company (SK Securities)</li> </ul>  | Approved as proposed  |
| The tenth meeting of 2009  | October 15, 2009   | <ul style="list-style-type: none"> <li>o Agency agreement relating to outdoor advertisements</li> </ul>   | Approved as proposed  |

\* The line items that do not show approval are for reporting purpose only.

### 3. Shareholders Exercises of Voting Rights

#### A. Voting System and Exercise of Minority Shareholders Rights

Pursuant to the Articles of Incorporation as shown below, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

| Articles of Incorporation  | Description  |
|--|--|
| Article 32 (3) (Election of Directors)   | Cumulative voting under Article 382-2 of the Korean Commercial Code will not be applied for the election of directors.   |
| Article 4 of the 12 <sup>th</sup> Supplement to the Articles of Incorporation (Interim Regulation) | Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003. |

Also, neither written or electronic voting system nor minority shareholder rights is applicable.

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## A. Capital Investments between Affiliated Companies

(As of September 30, 2009)

\* Based on common shares

| Investing company                 | Invested companies |               |               |               |              |               |               |                |
|-----------------------------------|--------------------|---------------|---------------|---------------|--------------|---------------|---------------|----------------|
|                                   | SK Corporation     | SK Energy     | SK Networks   | SK Telecom    | SK Chemicals | SKC           | SK E&C        | SK Shipping    |
| SK Corporation                    |                    | 33.40%        | 39.98%        | 23.22%        |              | 42.50%        | 40.02%        | 72.13%         |
| SK Energy                         |                    |               |               |               |              |               |               |                |
| SK Networks                       |                    |               |               |               |              |               |               | 17.71%         |
| SK Telecom                        |                    |               |               |               |              |               |               |                |
| SK Chemicals                      |                    |               |               |               |              |               | 18.03%        |                |
| SKC                               |                    |               |               |               |              |               |               | 10.16%         |
| SK E&C                            |                    |               |               |               |              |               |               |                |
| SK Securities                     |                    |               |               |               |              |               |               |                |
| SK C&C                            | 31.82%             |               |               |               |              |               |               |                |
| SK Telink                         |                    |               |               |               |              |               |               |                |
| SK E&S                            |                    |               |               |               |              |               |               |                |
| SK D&D                            |                    |               |               |               |              |               |               |                |
| SK Communications                 |                    |               |               |               |              |               |               |                |
| SK Broadband                      |                    |               |               |               |              |               |               |                |
| SK Marketing & Company            |                    |               |               |               |              |               |               |                |
| SK Gas                            |                    |               |               |               |              |               |               |                |
| SK Telesys                        |                    |               |               |               |              |               |               |                |
| <b>Total affiliated companies</b> | <b>31.82%</b>      | <b>33.40%</b> | <b>39.98%</b> | <b>23.22%</b> | <b>0.00%</b> | <b>42.50%</b> | <b>58.05%</b> | <b>100.00%</b> |

| Investing companies | Invested companies |            |        |        |        |            |          |         |
|---------------------|--------------------|------------|--------|--------|--------|------------|----------|---------|
|                     | SK Securities      | Walkerhill | SK E&S | SK Gas | SK C&C | SK K-Power | SK DOPCO | SK CCES |
| SK Corporation      |                    |            | 67.55% | 45.53% |        | 65.00%     |          |         |
| SK Energy           |                    |            |        |        |        |            | 38.28%   |         |
| SK Networks         | 22.71%             | 50.37%     |        |        | 15.00% |            | 4.61%    |         |
| SK Telecom          |                    |            |        |        | 30.00% |            |          |         |
| SK Chemicals        |                    | 0.25%      |        |        |        |            |          |         |
| SKC                 | 7.73%              | 7.50%      |        |        |        |            |          |         |
| SK E&C              |                    |            |        |        |        |            |          |         |

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| Investing companies               | SK                    |               | Invested companies |               |               |               |               |                |
|-----------------------------------|-----------------------|---------------|--------------------|---------------|---------------|---------------|---------------|----------------|
|                                   | Securities Walkerhill | E&S           | SK Gas             | SK C&C        | K-Power       | DOPCO         | CCES          |                |
| SK Securities                     |                       |               |                    |               |               |               |               |                |
| SK C&C                            |                       | 32.45%        |                    |               |               |               |               |                |
| SK Telink                         |                       |               |                    |               |               |               |               |                |
| SK E&S                            |                       |               |                    |               |               |               | 100.00%       |                |
| SK D&D                            |                       |               |                    |               |               |               |               |                |
| SK Communications                 |                       |               |                    |               |               |               |               |                |
| SK Broadband                      |                       |               |                    |               |               |               |               |                |
| SK Marketing & Company            |                       |               |                    |               |               |               |               |                |
| SK Gas                            |                       |               |                    |               |               |               |               |                |
| SK Telesys                        |                       |               |                    |               |               |               |               |                |
| <b>Total affiliated companies</b> | <b>30.44%</b>         | <b>58.12%</b> | <b>100.00%</b>     | <b>45.53%</b> | <b>45.00%</b> | <b>65.00%</b> | <b>42.89%</b> | <b>100.00%</b> |

  

| Investing companies               | YN             |                 | Invested companies |               |               |                |                  |                  |
|-----------------------------------|----------------|-----------------|--------------------|---------------|---------------|----------------|------------------|------------------|
|                                   | Energy         | Daehan City Gas | SK Sci-tech        | SK NJC        | SK Telink     | Busan City Gas | Jeonnam City Gas | Gangwon City Gas |
| SK Corporation                    |                |                 |                    |               |               |                |                  |                  |
| SK Energy                         |                |                 |                    |               |               |                |                  |                  |
| SK Networks                       |                |                 |                    |               |               |                |                  |                  |
| SK Telecom                        |                |                 |                    |               | 90.77%        |                |                  |                  |
| SK Chemicals                      |                |                 | 50.00%             | 60.00%        |               |                |                  |                  |
| SKC                               |                |                 |                    |               |               |                |                  |                  |
| SK E&C                            |                |                 |                    |               |               |                |                  |                  |
| SK Securities                     |                |                 |                    |               |               |                |                  |                  |
| SK C&C                            |                |                 |                    |               |               |                |                  |                  |
| SK Telink                         |                |                 |                    |               |               |                |                  |                  |
| SK E&S                            | 100.00%        | 47.62%          |                    |               |               | 40.00%         | 100.00%          | 100.00%          |
| SK D&D                            |                |                 |                    |               |               |                |                  |                  |
| SK Communications                 |                |                 |                    |               |               |                |                  |                  |
| SK Broadband                      |                |                 |                    |               |               |                |                  |                  |
| SK Marketing & Company            |                |                 |                    |               |               |                |                  |                  |
| SK Gas                            |                |                 |                    |               |               |                |                  |                  |
| SK Telesys                        |                |                 |                    |               |               |                |                  |                  |
| <b>Total affiliated companies</b> | <b>100.00%</b> | <b>47.62%</b>   | <b>50.00%</b>      | <b>60.00%</b> | <b>90.77%</b> | <b>40.00%</b>  | <b>100.00%</b>   | <b>100.00%</b>   |

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|                               | Invested companies     |              |             |           |            |              |                               |              |
|-------------------------------|------------------------|--------------|-------------|-----------|------------|--------------|-------------------------------|--------------|
|                               | OK<br>Cashbag          | Chungnam     | SK          |           |            |              |                               | Encar        |
| Investing companies           | GBES                   | Service      | City Gas    | Wyverns   | Infosec    | MRO<br>Korea | SK<br>Telesys                 | network      |
| SK Corporation                |                        |              |             |           |            |              |                               | 87.50%       |
| SK Energy                     |                        |              |             |           |            | 51.00%       |                               |              |
| SK Networks                   |                        |              |             |           |            |              |                               |              |
| SK Telecom                    |                        |              |             | 99.99%    |            |              |                               |              |
| SK Chemicals                  |                        |              |             |           |            |              |                               |              |
| SKC                           |                        |              |             |           |            |              | 77.13%                        |              |
| SK E&C                        |                        |              |             |           |            |              |                               |              |
| SK Securities                 |                        |              |             |           |            |              |                               |              |
| SK C&C                        |                        |              |             |           | 100.00%    |              |                               |              |
| SK Telink                     |                        |              |             |           |            |              |                               |              |
| SK E&S                        | 100.00%                |              | 100.00%     |           |            |              |                               |              |
| SK D&D                        |                        |              |             |           |            |              |                               |              |
| SK Communications             |                        |              |             |           |            |              |                               |              |
| SK Broadband                  |                        |              |             |           |            |              |                               |              |
| SK Marketing &<br>Company     |                        | 100.00%      |             |           |            |              |                               |              |
| SK Gas                        |                        |              |             |           |            |              |                               |              |
| SK Telesys                    |                        |              |             |           |            |              |                               |              |
| Total affiliated<br>companies | 100.00%                | 100.00%      | 100.00%     | 99.99%    | 100.00%    | 51.00%       | 77.13%                        | 87.50%       |
|                               | Invested companies     |              |             |           |            |              |                               |              |
|                               | F&U<br>Credit<br>Info. | TU<br>Paxnet | SK<br>Media | SK<br>D&D | SK<br>Utis |              | Loen<br>Netruck Entertainment | Independence |
| Investing companies           |                        |              |             |           |            |              |                               |              |
| SK Corporation                |                        |              |             |           |            |              |                               |              |
| SK Energy                     |                        |              |             |           |            | 33.67%       |                               |              |
| SK Networks                   |                        |              |             |           |            |              |                               |              |
| SK Telecom                    | 50.00%                 | 59.74%       | 44.15%      |           |            |              | 63.48%                        |              |
| SK Chemicals                  |                        |              |             |           | 100.00%    |              |                               |              |
| SKC                           |                        |              |             |           |            |              |                               |              |
| SK E&C                        |                        |              |             | 44.98%    |            |              |                               |              |
| SK Securities                 | 40.00%                 |              |             |           |            |              |                               |              |

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|                                       | F&U<br>Credit<br>Info. | Paxnet | TU<br>Media | Invested companies<br>SK<br>D&D | SK<br>Utis | Netruck | Loen<br>Entertainment | Independence<br>67.78% |
|---------------------------------------|------------------------|--------|-------------|---------------------------------|------------|---------|-----------------------|------------------------|
| Investing companies                   |                        |        |             |                                 |            |         |                       |                        |
| SK C&C                                |                        |        |             |                                 |            |         |                       |                        |
| SK Telink                             |                        |        |             |                                 |            |         |                       |                        |
| SK E&S                                |                        |        |             |                                 |            |         |                       |                        |
| SK D&D                                |                        |        |             |                                 |            |         |                       |                        |
| SK Communications                     |                        |        |             |                                 |            |         |                       |                        |
| SK Broadband                          |                        |        |             |                                 |            |         |                       |                        |
| SK Marketing &<br>Company             |                        |        |             |                                 |            |         |                       |                        |
| SK Gas                                |                        |        |             |                                 |            |         |                       |                        |
| SK Telesys                            |                        |        |             |                                 |            |         |                       |                        |
| <b>Total affiliated<br/>companies</b> | 90.00%                 | 59.74% | 44.15%      | 44.98%                          | 100.00%    | 33.67%  | 63.48%                | 67.78%                 |

|                                       | SK      | SK<br>Mobile<br>Energy | Invested companies<br>SKC<br>Media | iHQ    | NTREEV<br>Soft | SK<br>I-Media | SK<br>Communications | Esolgreen |
|---------------------------------------|---------|------------------------|------------------------------------|--------|----------------|---------------|----------------------|-----------|
| Investing companies                   |         |                        |                                    |        |                |               |                      |           |
| SK Corporation                        |         |                        |                                    |        |                |               |                      |           |
| SK Energy                             | 100.00% | 100.00%                |                                    |        |                |               |                      |           |
| SK Networks                           |         |                        |                                    |        |                |               |                      |           |
| SK Telecom                            |         |                        |                                    | 37.09% | 63.70%         |               | 64.82%               |           |
| SK Chemicals                          |         |                        |                                    |        |                |               |                      |           |
| SKC                                   |         |                        | 100.00%                            |        |                |               |                      |           |
| SK E&C                                |         |                        |                                    |        |                |               |                      |           |
| SK Securities                         |         |                        |                                    |        |                |               |                      |           |
| SK C&C                                |         |                        |                                    |        |                |               |                      |           |
| SK Telink                             |         |                        |                                    |        |                |               | 0.49%                |           |
| SK E&S                                |         |                        |                                    |        |                |               |                      |           |
| SK D&D                                |         |                        |                                    |        |                |               |                      |           |
| SK Communications                     |         |                        |                                    |        |                | 100.00%       |                      |           |
| SK Broadband                          |         |                        |                                    |        |                |               |                      |           |
| SK Marketing &<br>Company             |         |                        |                                    |        |                |               |                      |           |
| SK Gas                                |         |                        |                                    |        |                |               |                      |           |
| SK Telesys                            |         |                        |                                    |        |                |               |                      |           |
| <b>Total affiliated<br/>companies</b> | 100.00% | 100.00%                | 100.00%                            | 37.09% | 63.70%         | 100.00%       | 65.31%               | 0.00%     |

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| Investing companies               | I<br>Platform | Invested companies |                |                  |                    |                |                      |                 |
|-----------------------------------|---------------|--------------------|----------------|------------------|--------------------|----------------|----------------------|-----------------|
|                                   |               | SKC Air<br>Gas     | SKN<br>Service | Nuri<br>Solution | Commerce<br>Planet | Real Best      | Solmics<br>Co., Ltd. | SK<br>Broadband |
| SK Corporation                    |               |                    |                |                  |                    |                |                      |                 |
| SK Energy                         |               |                    |                |                  |                    |                |                      |                 |
| SK Networks                       | 66.67%        |                    | 100.00%        |                  |                    |                |                      |                 |
| SK Telecom                        |               |                    |                |                  | 100.00%            |                |                      | 50.56%          |
| SK Chemicals                      |               |                    |                |                  |                    |                |                      |                 |
| SKC                               |               | 80.00%             |                |                  |                    |                | 48.70%               |                 |
| SK E&C                            |               |                    |                |                  |                    | 100.00%        |                      |                 |
| SK Securities                     |               |                    |                |                  |                    |                |                      |                 |
| SK C&C                            |               |                    |                | 46.32%           |                    |                |                      |                 |
| SK Telink                         |               |                    |                |                  |                    |                |                      |                 |
| SK E&S                            |               |                    |                |                  |                    |                |                      |                 |
| SK D&D                            |               |                    |                |                  |                    |                |                      |                 |
| SK Communications                 |               |                    |                |                  |                    |                |                      |                 |
| SK Broadband                      |               |                    |                |                  |                    |                |                      |                 |
| SK Marketing & Company            |               |                    |                |                  |                    |                |                      |                 |
| SK Gas                            |               |                    |                |                  |                    |                |                      |                 |
| SK Telesys                        |               |                    |                |                  |                    |                |                      |                 |
| <b>Total affiliated companies</b> | <b>66.67%</b> | <b>80.00%</b>      | <b>100.00%</b> | <b>46.32%</b>    | <b>100.00%</b>     | <b>100.00%</b> | <b>48.70%</b>        | <b>50.56%</b>   |

| Investing companies | Invested companies |           |           |           |                              |         |                |             |
|---------------------|--------------------|-----------|-----------|-----------|------------------------------|---------|----------------|-------------|
|                     | Hanaro             | Broadband | Broadband | Broadband | SK<br>Marketing &<br>Company | UB Care | DOP<br>Service | Pana<br>Blu |
| SK Corporation      | Dream              | Media     | D&M       | CS        |                              |         |                |             |
| SK Energy           |                    |           |           |           | 50.00%                       |         |                |             |
| SK Networks         |                    |           |           |           |                              |         |                |             |
| SK Telecom          |                    |           |           |           | 50.00%                       |         |                |             |
| SK Chemicals        |                    |           |           |           |                              | 43.97%  |                |             |
| SKC                 |                    |           |           |           |                              |         |                |             |
| SK E&C              |                    |           |           |           |                              |         | 3.62%          |             |

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| Investing companies               | Invested companies |                 |                |                |                        |               |                |               |
|-----------------------------------|--------------------|-----------------|----------------|----------------|------------------------|---------------|----------------|---------------|
|                                   | Hanaro Dream       | Broadband Media | Broadband D&M  | Broadband CS   | SK Marketing & Company | UB Care       | DOP Service    | Pana Blu      |
| SK Securities                     |                    |                 |                |                |                        |               |                |               |
| SK C&C                            |                    |                 |                |                |                        |               |                |               |
| SK Telink                         |                    |                 |                |                |                        |               |                |               |
| SK E&S                            |                    |                 |                |                |                        |               | 96.38%         |               |
| SK D&D                            |                    |                 |                |                |                        |               |                |               |
| SK Communications                 |                    |                 |                |                |                        |               |                |               |
| SK Broadband                      | 36.03%             | 100.00%         | 100.00%        | 100.00%        |                        |               |                |               |
| SK Marketing & Company            |                    |                 |                |                |                        |               |                |               |
| SK Gas                            |                    |                 |                |                |                        |               |                | 80.36%        |
| SK Telesys                        |                    |                 |                |                |                        |               |                |               |
| <b>Total affiliated companies</b> | <b>36.03%</b>      | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>         | <b>43.97%</b> | <b>100.00%</b> | <b>80.36%</b> |

| Investing companies               | Invested companies |                              |                |                |                 |                |                |                |
|-----------------------------------|--------------------|------------------------------|----------------|----------------|-----------------|----------------|----------------|----------------|
|                                   | WS Commerce        | Namwon Sarang Electric Power | Incyto         | Jeju United FC | Cross M Insight | MKS Guarantee  | Etoos          | PS & Marketing |
| SK Corporation                    |                    |                              |                |                |                 |                |                |                |
| SK Energy                         |                    |                              |                | 100.00%        |                 |                |                |                |
| SK Networks                       | 100.00%            |                              |                |                |                 |                |                |                |
| SK Telecom                        |                    |                              |                |                |                 |                |                | 100.00%        |
| SK Chemicals                      |                    |                              |                |                |                 |                |                |                |
| SKC                               |                    |                              | 100.00%        |                |                 |                |                |                |
| SK E&C                            |                    |                              |                |                |                 |                |                |                |
| SK Securities                     |                    |                              |                |                |                 |                |                |                |
| SK C&C                            |                    |                              |                |                |                 |                |                |                |
| SK Telink                         |                    |                              |                |                |                 |                |                |                |
| SK E&S                            |                    |                              |                |                |                 |                |                |                |
| SK D&D                            |                    | 100.00%                      |                |                |                 | 100.00%        |                |                |
| SK Communications                 |                    |                              |                |                |                 |                | 100.00%        |                |
| SK Broadband                      |                    |                              |                |                |                 |                |                |                |
| SK Marketing & Company            |                    |                              |                |                | 100.00%         |                |                |                |
| SK Gas                            |                    |                              |                |                |                 |                |                |                |
| SK Telesys                        |                    |                              |                |                |                 |                |                |                |
| <b>Total affiliated companies</b> | <b>100.00%</b>     | <b>100.00%</b>               | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b>  | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |



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|                                   |                  | <b>Green</b> | <b>Invested companies</b> |
|-----------------------------------|------------------|--------------|---------------------------|
| <b>Investing companies</b>        | <b>SK Forest</b> | <b>Bairo</b> | <b>MNM</b><br><b>MRO</b>  |
| <b>SK Corporation</b>             |                  |              |                           |
| <b>SK Energy</b>                  |                  |              |                           |
| <b>SK Networks</b>                |                  |              |                           |
| <b>SK Telecom</b>                 |                  |              |                           |
| <b>SK Chemicals</b>               |                  |              |                           |
| <b>SKC</b>                        |                  |              |                           |
| <b>SK E&amp;C</b>                 | 100.00%          |              |                           |
| <b>SK Securities</b>              |                  |              |                           |
| <b>SK C&amp;C</b>                 |                  |              |                           |
| <b>SK Telink</b>                  |                  |              |                           |
| <b>SK E&amp;S</b>                 |                  |              |                           |
| <b>SK D&amp;D</b>                 |                  |              |                           |
| <b>SK Communications</b>          |                  |              |                           |
| <b>SK Broadband</b>               |                  |              |                           |
| <b>SK Marketing &amp; Company</b> |                  |              |                           |
| <b>SK Gas</b>                     |                  | 69.02%       |                           |
| <b>SK Telesys</b>                 |                  |              | 100.00%                   |
| <b>Total affiliated companies</b> | 100.00%          | 69.02%       | 100.00%                   |

Ecolgreen Co., Ltd. completed the registration of corporate liquidation effective on September 30, 2009 and was excluded from the corporate group list of Fair Trade Commission on October 28, 2009.

**Table of Contents****VI. SHAREHOLDERS INFORMATION****1. Shareholdings of the Largest Shareholder and Related Persons****A. Shareholdings of the Largest Shareholder and Related Persons**

(As of September 30, 2009)

(Unit: Shares, %)

| Name                  | Relationship                  | Type of share | Number of shares owned and ownership ratio |                 |                  |                 |
|-----------------------|-------------------------------|---------------|--|-----------------|------------------|-----------------|
|                       |                               |               | Beginning of Period                        |                 | End of Period    |                 |
|                       |                               |               | Number of shares                           | Ownership ratio | Number of shares | Ownership ratio |
| <b>SK Corporation</b> | Largest Shareholder           | Common share  | 18,748,452                                 | 23.09           | 18,748,452       | 23.22           |
| <b>Tae Won Chey</b>   | Officer of affiliated company | Common share  | 100  | 0.00            | 100              | 0.00            |
| <b>Shin Won Chey</b>  | Officer of affiliated company | Common share  | 500  | 0.00            | 500              | 0.00            |
| <b>Shin Bae Kim</b>   | Officer of affiliated company | Common share  | 1,270                                      | 0.00            | 1,270            | 0.00            |
| <b>Man Won Jung</b>   | Director                      | Common share  | 0  | 0.00            | 100              | 0.00            |
| <b>Sung Min Ha</b>    | Director                      | Common share  | 738  | 0.00            | 738              | 0.00            |
| <b>Bang Hyung Lee</b> | Officer of affiliated company | Common share  | 200  | 0.00            | 200              | 0.00            |
| <b>Total</b>          |                               | Common share  | 18,751,260                                 | 23.09           | 18,751,360       | 23.22           |

The table above includes Man Won Jung who was elected as CEO at the March 13, 2009 General Meeting of Shareholders.

Although there has been no change in the number of shares held by the largest shareholder, SK Corporation, due to the Company's purchase and subsequent retirement of its treasury shares, SK Corporation's ownership ratio in the Company has increased to 23.22%.

**B. Overview of the Largest Shareholder**

SK Corporation is a holding company and as of September 30, 2009, has nine subsidiaries: SK Energy Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd., SK Shipping Co., Ltd., K-Power Co., Ltd. and SK Gas Co., Ltd. SK Corporation also operates a life science business division within its holding company to nurture the division for future growth. Details of SK Corporation's subsidiaries are as follows:

| Affiliates                   | Share Holdings | Industry          | Description     |
|------------------------------|----------------|-------------------|-----------------|
| <b>SK Energy Co., Ltd.</b>   | 33.40%         | Energy            | Publicly Listed |
| <b>SK Telecom Co., Ltd.</b>  | 23.22%         | Telecommunication | Publicly Listed |
| <b>SK Networks Co., Ltd.</b> | 39.98%         | Energy Sale       | Publicly Listed |
| <b>SK E&amp;C Co., Ltd.</b>  | 40.02%         | Construction      | Privately Held  |

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| <b>Affiliates</b>            | <b>Share Holdings</b> | <b>Industry</b>               | <b>Description</b> |
|------------------------------|-----------------------|-------------------------------|--------------------|
| <b>SK E&amp;S Co., Ltd.</b>  | 67.55%                | Gas Company Holdings          | Privately Held     |
| <b>SK Shipping Co., Ltd.</b> | 72.13%                | Ocean Freight                 | Privately Held     |
| <b>K-Power Co., Ltd.</b>     | 65.00%                | Power Generation              | Privately Held     |
| <b>SK Gas Co., Ltd.</b>      | 45.53%                | Gas                           | Publicly Listed    |
| <b>SKC Co., Ltd.</b>         | 42.50%                | Synthetic Resin Manufacturing | Publicly Listed    |

\* The above share holdings are based on common stock holdings as of September 30, 2009.

SK Corporation is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 161 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Corporation is required to report key management activities in accordance with Article 8 of Regulation on Securities Issuance and Disclosure. The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets. SK Energy Co., Ltd. and SK Telecom Co., Ltd. are two such subsidiaries.

## 2. Changes in shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(Unit: Shares, %)

| <b>Largest Shareholder</b> | <b>Date of the change in the largest shareholder/<br/>Date of change in shareholding</b> | <b>Shares Held</b> | <b>Holding Ratio</b> | <b>Remarks</b>  |
|----------------------------|--|--------------------|----------------------|---|
| <b>SK Corporation</b>      | March 7, 2008  | 18,751,260         | 23.09                | Purchased 1,085,325 shares from SK Networks on March 7, 2008  |
|                            | March 13, 2009   | 18,751,360         | 23.22                | At the 25 <sup>th</sup> General Meeting of Shareholders, elected the CEO, Man Won Jung (who owns 100 shares of the Company stock) |

\* Shares held are the sum of shares held by SK Corporation

and its related  
parties.

### 3. Distribution of Shares

#### A. Shareholders with ownership of 5% or more

(As of June 30, 2009)

(Unit: shares, %)

| Rank | Name (title)   | Common share     |                 | Preferred share  |                 | Sub-total        |                 |
|------|----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
|      |                | Number of shares | Ownership ratio | Number of shares | Ownership ratio | Number of shares | Ownership ratio |
| 1    | SK Corporation | 18,748,452       | 23.22           |                  |                 | 18,748,452       | 23.22           |
| 2    | Citibank ADR   | 18,136,115       | 22.46           |                  |                 | 18,136,115       | 22.46           |
| 3    | SK Telecom     | 8,400,708        | 10.40           |                  |                 | 8,400,708        | 10.40           |
|      | <b>Total</b>   | 45,285,275       | 56.08           |                  |                 | 45,285,275       | 56.08           |

#### B. Shareholdings under the Employee Stock Ownership Program

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As the relevant law requires an immediate transfer of the shares directly purchased by the employees to the account of the individual purchasers, the Company transfers and holds the employees' stocks in separate individual accounts within the program once the number of shares for each individual member is determined.

(As of September 30, 2009)

(Unit: Shares)

| <b>Classification</b> | <b>Account classification</b>    | <b>Type of share</b> | <b>Balance at the beginning of period (Unit: Shares)</b> | <b>Balance at the end of period (Unit: Shares)</b> |
|-----------------------|----------------------------------|----------------------|--|--|
| 5th                   | Employee Stock Ownership Program | Common shares        | 114,168  | 107,585  |
| 8th                   | Member Account                   |                      | 369,887  | 361,956  |
|                       | <b>Total</b>                     |                      | <b>484,055</b>   | <b>469,541</b>                                     |

## C. Shareholder Distribution

(As of June 30, 2009)

| <b>Classification</b>                          | <b>Number of shareholders</b> | <b>Ratio (%)</b> | <b>Number of shares</b> | <b>Ratio (%)</b> | <b>Remarks</b> |
|--|-------------------------------|------------------|-------------------------|------------------|----------------|
| <b>Total minority shareholders</b>             | 44,963                        | 99.96            | 31,037,893              | 38.44            |                |
| <b>Minority shareholders (corporate)</b>       | 1,022                         | 2.27             | 9,565,665               | 11.85            |                |
| <b>Minority shareholders (individual)</b>      | 43,941                        | 97.69            | 21,472,228              | 26.59            |                |
| <b>Largest Shareholder and Related Persons</b> | 7                             | 0.02             | 18,751,360              | 23.22            |                |
| <b>Major shareholders</b>                      |                               |                  |                         |                  |                |
| <b>Other shareholders</b>                      | 8                             | 0.02             | 30,956,458              | 38.34            |                |
| <b>Other shareholders (corporate)</b>          | 6                             | 0.01             | 12,002,667              | 14.87            |                |
| <b>Other shareholders (individual)</b>         | 2                             | 0.01             | 18,953,791              | 23.47            |                |
| <b>Total</b>                                   | 44,978                        | 100.00           | 80,745,711              | 100.00           |                |

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**Table of Contents****4. Share Price and Trading Volume in the Last Six Months**

## A. Domestic Securities Market

(Unit: Won, shares)

| Types                         |         | September<br>2009 | August<br>2009 | July<br>2009 | June<br>2009 | May<br>2009 | April<br>2009 |
|-------------------------------|---------|-------------------|----------------|--------------|--------------|-------------|---------------|
| Common<br>stock               | Highest | 182,500           | 184,000        | 185,500      | 182,000      | 183,500     | 192,500       |
|                               | Lowest  | 166,000           | 173,000        | 175,000      | 170,500      | 176,500     | 183,000       |
| Monthly transaction<br>volume |         | 8,881,875         | 6,722,975      | 6,669,445    | 8,063,843    | 8,352,552   | 8,931,203     |

## B. Overseas Securities Market

## New York Stock Exchange

(Unit: US\$, ADR)

| Types                         |         | September<br>2009 | August<br>2009 | July<br>2009 | June<br>2009 | May<br>2009 | April<br>2009 |
|-------------------------------|---------|-------------------|----------------|--------------|--------------|-------------|---------------|
| Depository<br>Receipt         | Highest | 17.45             | 16.91          | 16.83        | 15.86        | 16.53       | 16.42         |
|                               | Lowest  | 15.21             | 15.28          | 15.49        | 14.93        | 15.38       | 15.00         |
| Monthly transaction<br>volume |         | 25,667,356        | 15,412,594     | 18,341,204   | 21,790,920   | 24,558,882  | 24,230,432    |

**VII. EMPLOYEES**

(As of September 30, 2009)

(Unit: persons, in millions of Won)

| Classification | Number of employees               |                         |        |       | Average<br>service<br>year | Aggregate<br>wage for<br>2009 1Q | Average<br>wage<br>per<br>person | Remarks |
|----------------|-----------------------------------|-------------------------|--------|-------|----------------------------|----------------------------------|----------------------------------|---------|
|                | Office<br>managerial<br>positions | Production<br>positions | Others | Total |                            |                                  |                                  |         |
| Male           | 3,832                             |                         |        | 3,832 | 11.4                       | 195,310                          | 50                               |         |
| Female         | 619                               |                         |        | 619   | 9.3                        | 25,512                           | 40                               |         |
| <b>Total</b>   | 4,451                             |                         |        | 4,451 | 11.1                       | 220,822                          | 48                               |         |

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**Table of Contents****VIII. TRANSACTIONS WITH PARTIES WITH INTERESTS****1. Loans to the Largest Shareholder and others**

| Name<br>(Corporate<br>name) | Relationship       | Account<br>category               | Change details |          |          | Accrued<br>interest | Remarks |
|-----------------------------|--------------------|-----------------------------------|----------------|----------|----------|---------------------|---------|
|                             |                    |                                   | Beginning      | Increase | Decrease |                     |         |
| SK Wyverns                  | Affiliated company | Long-term and<br>short-term loans | 3,557          |          |          | 3,557               | 213     |

(As of September 30, 2009)

(Unit: in  
millions of  
Won)

| Name<br>(Corporate<br>Name)                             | Relationship | Types<br>of<br>Investment | Investment and Disposal Details<br>Transaction Details |          |          | End of<br>Period | Remarks |
|---|--------------|---------------------------|--|----------|----------|------------------|---------|
|   |              |                           | Beginning<br>of Period                                 | Increase | Decrease |                  |         |
| SK Broadband  |              |                           | 1,209,629  | 241,175  |          | 1,450,804        |         |
| SKT Global<br>Investment                                |              |                           | 26,044   | 13,274   |          | 39,318           |         |
| SK Industrial<br>Development<br>PS & Marketing,<br>Ltd. |              |                           |  | 6,003    |          | 6,003            |         |
| SK Telecom China<br>Holdings                            |              |                           |  | 150,000  |          | 150,000          |         |
| BcN Ltd.  |              |                           | 23,293   | 6,302    |          | 29,595           |         |
| K Net Culture   |              |                           |  | 6,803    |          | 6,803            |         |
| Content Investment                                      |              |                           | 5,900  | 5,900    |          | 11,800           |         |
| C-Mall  |              |                           | 7,127  | 4,538    |          | 11,665           |         |
| Air Cross<br>Company, Ltd.                              |              |                           | 2,440  |          | 2,440    |                  |         |
| <b>Total</b>  |              |                           | 1,274,433  | 433,995  | 2,440    | 1,705,988        |         |

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**Table of Contents****2. Transfer of Assets to/from the Largest Shareholder**

## A. Transfer of Assets

(Units: in thousands of  
Won)

| Name<br>(Corporate<br>Name) | Relation-<br>ship     | Transferred<br>Objects                               | Purpose of<br>Transfer               | Details<br>Date of<br>Transfer | Amount  | Amount                                   | Remarks |
|-----------------------------|-----------------------|--|--------------------------------------|--------------------------------|---|--|---------|
|                             |                       |  |                                      |                                | Transferred<br>From<br>Largest<br>Shareholder | Transferred<br>to Largest<br>Shareholder |         |
| Encar Network Co.,<br>Ltd.  | Affiliated<br>Company | Automobiles  | Sale of<br>automobiles<br>not in use | February<br>26, 2009           |   | 116,818                                  |         |
| Encar Network Co.,<br>Ltd.  | Affiliated<br>Company | Automobiles  | Sale of<br>automobiles<br>not in use | June 15,<br>2009               |   | 33,636                                   |         |
| Ntreev Soft Co.,<br>Ltd.    | Affiliated<br>Company | On-line<br>gaming and<br>portal<br>website<br>assets | Sale of<br>business                  | August 5,<br>2009              |   | 1,630,000                                |         |
| SK Telesys                  | Affiliated<br>Company | 2G devices<br>not in use                             | Sale of<br>devices not<br>in use     | August<br>24, 2009             |   | 197,472                                  |         |
| Encar Network Co.,<br>Ltd.  | Affiliated<br>Company | Automobiles  | Sale of<br>automobiles<br>not in use | August<br>31, 2009             |   | 43,182                                   |         |
| Ntreev Soft Co.,<br>Ltd.    | Affiliated<br>Company | Copyright of<br>on-line<br>games                     | Sale of<br>business                  | September<br>1, 2009           |   | 105,000                                  |         |
|                             |                       | Total  |                                      |                                |   | 2,126,108                                |         |



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## B. Transfer of Business

(Units: in thousands of Won)

| Name<br>(Corporate<br>Name)        | Relationship          | Transferred<br>Objects   | Purpose of<br>Transfer   | Details             |  | Remarks    |
|------------------------------------|-----------------------|--|--|---------------------|--|------------|
|                                    |                       |  |  | Date of<br>Transfer | Amount<br>Transferred<br>From Largest<br>Shareholder |            |
| Loen<br>Entertainment<br>Co., Ltd. | Affiliated<br>Company | Entire MelOn<br>business   | To facilitate<br>growth of<br>MelOn<br>business<br>through<br>separate<br>management   | October 23,<br>2008 |  | 24,333,022 |
| SK Networks,<br>Co., Ltd.          | Affiliated<br>Company | Fixed-line<br>network<br>business,<br>ancillary<br>business,<br>assets,<br>liabilities and<br>all other rights<br>and<br>obligations in<br>connection<br>thereto | Optimize<br>service<br>through<br>increased<br>network<br>efficiency<br>by<br>internalizing<br>mobile phone<br>transmission<br>lines | May 21,<br>2009     | 892,850,000  |            |
| Total                              |                       |  |  |                     | 892,850,000  | 24,333,022 |

**3. Transactions with Shareholders (excluding the Largest Shareholder and Related Persons)**

## A. Provisional Payment and Loans (including loans on marketable securities)

Agents

(Unit: in  
millions of  
Won)

| Name<br>(Corporate<br>name)   | Relationship | Account<br>category                     | Beginning | Change details |          | Ending | Accrued<br>interest | Remarks |
|-------------------------------|--------------|---|-----------|----------------|----------|--------|---------------------|---------|
|                               |              |   |           | Increase       | Decrease |        |                     |         |
| Park Dal and<br>others        | Agency       | Long-term<br>and<br>short-term<br>loans | 154,801   | 203,410        | 265,728  | 92,483 |                     |         |
| Overseas investment companies |              |   |           |                |          |        |                     |         |

(Unit: in millions  
of Won)

| Name<br>(Corporate<br>name) | Relationship                      | Account<br>category | Beginning | Change details |          | Ending | Accrued<br>interest | Remarks              |
|-----------------------------|-----------------------------------|---------------------|-----------|----------------|----------|--------|---------------------|----------------------|
|                             |                                   |                     |           | Increase       | Decrease |        |                     |                      |
| DSS Mobile<br>Com.(India)   | Overseas<br>Investment<br>company | Long-term<br>loans  | 18,887    |                |          | 18,887 |                     | Payment<br>guarantee |
|                             |                                   |                     | 42        |                |          |        |                     |                      |

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## B. Equity Investments

(Unit: in millions of  
Won)

| Name (Corporate<br>Name)                               | Relationship Category | Investment and Disposition Details |          |          | End of<br>Period | Remarks |
|--|-----------------------|------------------------------------|----------|----------|------------------|---------|
|  |                       | Beginning<br>of Period             | Increase | Decrease |                  |         |
| Translink L.L.C.<br>Skylake Global<br>Incubest Fund #1 |                       | 1,486                              | 305      |          | 1,791            |         |
| Global Opportunities<br>Breakaway Fund                 |                       | 1,548                              | 131      |          | 1,679            |         |
| KTB Investment<br>Association #1                       |                       |                                    | 186,390  |          | 186,390          |         |
| Baeoom & Partners                                      |                       | 689                                |          | 689      |                  |         |
| Bitek System Inc.                                      |                       | 500                                |          | 500      |                  |         |
| Edu E-books  |                       | 1,000                              |          | 1,000    |                  |         |
| CCKVAN   |                       | 500                                |          | 500      |                  |         |
| IP One   |                       | 1,800                              |          | 1,800    |                  |         |
| GOMID Inc.   |                       | 600                                |          | 600      |                  |         |
| Biznetech  |                       | 750                                |          | 750      |                  |         |
| IdeaCulture  |                       | 500                                |          | 500      |                  |         |
| Telemerc.com, Inc.                                     |                       | 1,292                              |          | 1,292    |                  |         |
| SF Alert   |                       | 1,793                              |          | 1,793    |                  |         |
| <b>Total</b>   |                       | 12,470                             | 186,826  | 9,436    | 189,860          |         |

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**Table of Contents****IX. OTHER INFORMATION RELATING TO THE PROTECTION OF INVESTORS****1. Developments in the Items mentioned in prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

| <b>Date of Disclosure</b> | <b>Title</b>  | <b>Report</b>  | <b>Reports status</b>   |
|---------------------------|---|--|---|
| October 26, 2001          | Resolution on trust agreement for the acquisition of treasury shares and others | 1. Signatories: Shinhan Bank, Hana Bank, Chohung Bank, Korea Exchange Bank<br>2. Contract amount: Won 1,300 billion<br>3. Purpose: to increase shareholder value | 1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion).<br>2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.<br>3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.<br>4. As of December 31, 2008, the balance of specified monetary trust for treasury shares was Won 982 billion. |

**Table of Contents****B. Summary Minutes of the General Meeting of Shareholders**

| <b>Date</b>   | <b>Agenda</b>  | <b>Resolution</b>   |
|---|--|---|
| 23 <sup>rd</sup> Fiscal Year Meeting of Shareholders (March 9, 2007)  | 1. Approval of the financial statements for the year ended December 31, 2006<br>2. Remuneration limit for Directors<br>3. Election of Directors<br>Election of executive directors<br>Election of independent non-executive directors as Audit Committee members   | Approved (Cash dividend, Won 7,000 per share)<br><br>Approved (Won 12 billion)<br><br>Approved (Jung Nam Cho, Sung Min Ha)<br>Approved (Dal Sup Shim)   |
| 24 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 14, 2008) | 1. Approval of the Financial Statements for the year ended December 31, 2007<br>2. Amendment to Articles of Incorporation<br>3. Approval of Remuneration Limit for Directors<br>4. Election of Directors<br>Election of executive directors<br>Election of independent non-executive directors<br>Election of independent non-executive directors as Audit Committee member                    | Approved (Cash dividend, Won 8,400 per share)<br><br>Approved<br>Approved (Won 12 billion)<br><br>Approved (Shin Bae Kim, Young Ho Park)<br>Approved (Rak Yong Uhm, Jay Young Chung)<br>Approved (Jae Ho Cho) |
| 25 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 13, 2009) | 1. Approval of the financial statements for the year ended December 31, 2008<br>2. Approval of Remuneration Limit for Directors<br>3. Amendment to Company Regulation on Executive Compensation<br>4. Election of Directors<br>Election of executive directors<br>Election of independent non-executive directors<br>Election of independent non-executive directors as Audit Committee member | Approved (Cash dividend, Won 8,400 per share)<br><br>Approved (Won 12 billion)<br>Approved<br><br>Approved (Jae Won Chey, Man Won Jung)<br>Approved (Hyun Chin Lim)<br>Approved (Hyun Chin Lim)               |

**2. Contingent Liabilities****A. Material Legal Proceedings****(1) Claim for damages by G. Mate Inc.**

(a) Details: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but the Company subsequently refused to take delivery of such units. We appealed against G.Mate's claim for approximately Won 4 billion in damages.

(b) Parties to the lawsuit: G.Mate Inc. (plaintiff) vs. the Company (defendant)

(c) Progress: A mediation requested by G.Mate could not reach an agreement (in January 2007) thus an action for monetary damages was brought before the Seoul Central District Court, to which seven creditors of G.Mate, including DNF Consulting Co., Ltd., requested intervenient participation as successors to part of the claim. On December 4, 2008, the trial court awarded the plaintiffs approximately Won 420 million in damages, to which all of plaintiff, defendant and successors appealed, and the case was submitted as of February 3, 2009 before the Seoul High Court. In a compulsory mediation order as of September 2, 2009,



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the appellate court ordered the Company to pay Won 490 million, and the compulsory mediation order was finalized as of September 16, 2009 as neither of the parties appealed.

(d) Impacts on operation and finance: This litigation case was finally closed when the Company paid the plaintiff Won 490 million on September 21, 2009 pursuant to the compulsory mediation order. This litigation will not impact the Company's operation or finance in the future.

**B. Other Matters**

The Company has no other blank bills, mortgage bills, assumption of debt agreement or other contingent liabilities.

**3. Status of sanctions, etc.**

**A. Status of sanctions**

The Company was sanctioned with a fine of Won 50 million on December 30, 2008 for a violation of Telecommunications Law involving its mismanagement of privacy policy. The Company continues to improve related system security and is implementing system enhancements, such as introduction of scanning devices, to avoid unnecessary keeping of applications at the distributor level.

Due to the Company's ineffective measures taken with respect to phone numbers that are used for sending illegal unsolicited bulk messages, the Korea Communications Committee, on April 23, 2009, ordered the Company to improve its work procedures. The Company completed the upgrade of the related computer system to prevent illegal messages on October 10, 2009.

In addition, on January 21, 2009, the Company was sanctioned for unfair business practices with a fine of Won 1.268 billion by the Fair Trade Commission of Korea along with a correction order of its policy of restricting certain rate plan subscribers from using third party portal contents. The Company has paid the fine and has taken efforts to educate applicable divisions of the issue and to improve the level of the voluntary compliance program to comply with fair trade laws to prevent a repeat of the same violation.

On September 2, 2009, the Korea Communications Committee ordered the Company to improve its work procedures in a case relating to the obstruction of subscribers' utilization of wireless internet services. The Company is currently improving the procedures in consultation with the relevant departments in the Company and the Korea Communications Committee, and expects to complete the improvement by December 9, 2009.

On October 13, 2009, the Korea Communications Committee imposed on the Company a fine of Won 140 million and a newspaper notice order in a case relating to the subscription for mobile telephone services using national identification numbers of the deceased and the Company's failure to verify the required documents. The Company plans to prepare and implement by January 2010 improved work procedures to strengthen identification process at the time of subscription for mobile telephone services.

Also on February 3, 2009, the Company received a correctional order and a fine of Won 500 million involving an unfair trade interference practice including refusal of applications for subscription for certain PDA phones distributed by third party manufacturers. The Company paid fines related to the sanction and initiated legal suit in an administrative court.

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**Forward-Looking Statement Disclaimer**

The material above contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in our latest annual report on Form 20-F and in our other filings with the U.S. Securities and Exchange Commission.



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***SK TELECOM CO., LTD.***

*NON-CONSOLIDATED FINANCIAL STATEMENTS*

*FOR THE THREE MONTHS AND NINE MONTHS*

*ENDED SEPTEMBER 30, 2009 AND 2008*

*AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT*

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated statement of financial position of SK Telecom Co., Ltd. (the Company) as of September 30, 2009, the related non-consolidated statements of income for the three months and nine months ended September 30, 2009 and 2008, and non-consolidated statements of changes in stockholders' equity and cash flows for the nine months ended September 30, 2009 and 2008, all expressed in Korean won. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these non-consolidated financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the non-consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the non-consolidated financial statements referred to above are not presented fairly, in all material respects, in conformity with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated statement of financial position of the Company as of December 31, 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 30, 2009, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying non-consolidated statement of financial position as of December 31, 2008, which is comparatively presented, does not differ in material respects from such audited non-consolidated statement of financial position.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation has not been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers of financial statements.

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Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in stockholders equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

November 2, 2009

**Notice to Readers**

This report is effective as of November 2, 2009, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

|   | Korean won               |                      | Translation into U.S. dollars<br>(Note 2) |                         |
|---|--------------------------|----------------------|---|-------------------------|
|   | September<br>30,<br>2009 | December 31,<br>2008 | September<br>30,<br>2009                  | December<br>31,<br>2008 |
| A S S E T S   | (In millions)            |                      | (In thousands)                            |                         |
| <b>CURRENT ASSETS:</b>  |                          |                      |   |                         |
| Cash and cash equivalents   | ₩ 216,619                | ₩ 434,177            | \$ 184,357                                | \$ 369,512              |
| Short-term financial instruments  | 184,708                  | 98,406               | 157,198                                   | 83,750                  |
| Short-term investment securities (Note 3)   | 1,969,050                | 369,744              | 1,675,787                                 | 314,676                 |
| Accounts receivable – trade, net of allowance for doubtful accounts of ₩143,463 million as of September 30, 2009 and ₩58,404 million as of December 31, 2008 (Note 16)  | 1,576,399                | 1,576,459            | 1,341,616                                 | 1,341,667               |
| Short-term loans, net of allowance for doubtful accounts of ₩876 million as of September 30, 2009 and ₩1,090 million as of December 31, 2008 (Notes 5 and 16)   | 86,755                   | 107,934              | 73,834                                    | 91,859                  |
| Accounts receivable – other, net of allowance for doubtful accounts of ₩25,274 million and present value of ₩15,052 million as of September 30, 2009, and ₩21,071 million and ₩27,314 million as of December 31, 2008 (Note 16) | 1,681,965                | 1,225,983            | 1,431,460                                 | 1,043,390               |
| Inventories   | 15,527                   | 13,927               | 13,214                                    | 11,853                  |
| Prepaid expenses  | 119,350                  | 98,273               | 101,574                                   | 83,637                  |
| Current deferred income tax assets, net (Note 12)   | 35,159                   | 21,677               | 29,923                                    | 18,449                  |
| Currency swap (Note 19)   | 42,397                   | 8,236                | 36,083                                    | 7,009                   |
| Accrued income and other  | 27,656                   | 35,687               | 23,537                                    | 30,371                  |
| <b>Total Current Assets</b>   | <b>5,955,585</b>         | <b>3,990,503</b>     | <b>5,068,583</b>                          | <b>3,396,173</b>        |
| <b>NON-CURRENT ASSETS:</b>  |                          |                      |   |                         |
| Property and equipment, net (Notes 6 and 16)  | 5,109,730                | 4,698,214            | 4,348,706                                 | 3,998,480               |
| Intangible assets, net (Note 7)   | 2,687,791                | 2,941,592            | 2,287,482                                 | 2,503,483               |
| Long-term financial instruments (Note 15)   | 6,519                    | 19                   | 5,548                                     | 16                      |
| Long-term investment securities (Note 3)  | 1,754,461                | 3,067,389            | 1,493,158                                 | 2,610,544               |
| Equity securities accounted for using the equity method (Note 4)  | 2,829,912                | 2,600,719            | 2,408,436                                 | 2,213,378               |
|   | 80,172                   | 131,700              | 68,231                                    | 112,085                 |

Long-term loans, net of allowance for doubtful accounts of ₩22,807 million as of September 30, 2009 and ₩23,342 million as of December 31, 2008 (Notes 5 and 16)

Long-term accounts receivable other, net of present value of ₩531 million as of September 30, 2009 and ₩45,464 million as of December 31, 2008

|                                   |         |         |         |         |
|-----------------------------------|---------|---------|---------|---------|
| Guarantee deposits (Note 16)      | 608,572 | 572,139 | 517,934 | 486,927 |
| Long-term currency swap (Note 19) | 164,182 | 147,970 | 139,729 | 125,932 |
| Long-term deposits and other      | 263,692 | 356,815 | 224,419 | 303,672 |
|                                   | 110,256 | 110,435 | 93,835  | 93,987  |

|                          |            |            |            |            |
|--------------------------|------------|------------|------------|------------|
| Total Non-current Assets | 13,615,287 | 14,626,992 | 11,587,478 | 12,448,504 |
|--------------------------|------------|------------|------------|------------|

|              |              |              |               |               |
|--------------|--------------|--------------|---------------|---------------|
| TOTAL ASSETS | ₩ 19,570,872 | ₩ 18,617,495 | \$ 16,656,061 | \$ 15,844,677 |
|--------------|--------------|--------------|---------------|---------------|

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

|  | Korean won               |                      | Translation into U.S. dollars<br>(Note 2) |                         |
|--|--------------------------|----------------------|---|-------------------------|
|  | September<br>30,<br>2009 | December 31,<br>2008 | September<br>30,<br>2009                  | December<br>31,<br>2008 |
| LIABILITIES AND STOCKHOLDERS EQUITY  | (In millions)            |                      | (In thousands)                            |                         |
| <b>CURRENT LIABILITIES:</b>  |                          |                      |   |                         |
| Short-term borrowings  | ₩ 631,500                | ₩ 154,700            | \$ 537,447                                | \$ 131,660              |
| Accounts payable (Note 16)   | 1,021,707                | 1,039,509            | 869,538                                   | 884,689                 |
| Income tax payable   | 174,404                  | 322,431              | 148,429                                   | 274,409                 |
| Accrued expenses (Note 18)   | 886,809                  | 692,788              | 754,731                                   | 589,607                 |
| Withholdings   | 220,622                  | 285,164              | 187,763                                   | 242,693                 |
| Current portion of long-term debt, net (Notes 8 and 9)   | 441,093                  | 708,619              | 375,398                                   | 603,080                 |
| Current portion of subscription deposits   | 7,021                    | 7,082                | 5,975                                     | 6,027                   |
| Currency swap (Note 19)  |                          | 190,359              |   | 162,008                 |
| Interest swap (Note 19)  | 1,807                    |                      | 1,538                                     |                         |
| Advanced receipts and other  | 23,143                   | 11,838               | 19,697                                    | 10,074                  |
| <b>Total Current Liabilities</b>   | <b>3,408,106</b>         | <b>3,412,490</b>     | <b>2,900,516</b>                          | <b>2,904,247</b>        |
| <b>NON-CURRENT LIABILITIES:</b>  |                          |                      |   |                         |
| Bonds payable, net (Note 8)  | 3,599,998                | 2,882,483            | 3,063,828                                 | 2,453,177               |
| Long-term borrowings (Note 9)  | 1,311,049                | 825,750              | 1,115,786                                 | 702,766                 |
| Subscription deposits  | 5,326                    | 4,796                | 4,533                                     | 4,082                   |
| Long-term payables other, net of present value discount of ₩6,971 million as of September 30, 2009 and ₩15,416 million as of December 31, 2008 | 163,029                  | 304,584              | 138,748                                   | 259,220                 |
| Accrued severance indemnities, net   | 42,402                   | 24,222               | 36,087                                    | 20,614                  |
| Non-current deferred income tax liabilities, net (Note 12)   | 161,980                  | 279,616              | 137,855                                   | 237,971                 |
| Long-term currency swap (Note 19)  | 46,334                   | 23,947               | 39,433                                    | 20,380                  |
| Long-term interest swap (Note 19)  | 18,247                   | 33,498               | 15,529                                    | 28,509                  |
| Guarantee deposits received and other (Notes 16 and 18)  | 118,295                  | 97,102               | 100,677                                   | 82,641                  |
| <b>Total Non-current Liabilities</b>   | <b>5,466,660</b>         | <b>4,475,998</b>     | <b>4,652,476</b>                          | <b>3,809,360</b>        |
| <b>Total Liabilities</b>   | <b>8,874,766</b>         | <b>7,888,488</b>     | <b>7,552,992</b>                          | <b>6,713,607</b>        |

|   |              |              |               |               |
|---|--------------|--------------|---------------|---------------|
| <b>STOCKHOLDERS EQUITY:</b>   |              |              |               |               |
| Capital stock (Notes 1 and 10)  | 44,639       | 44,639       | 37,991        | 37,991        |
| Capital surplus (Notes 8 and 10)  | 3,032,006    | 2,957,095    | 2,580,431     | 2,516,677     |
| Capital adjustments:  |              |              |               |               |
| Treasury stock (Notes 1 and 11)   | (1,992,082)  | (2,055,620)  | (1,695,389)   | (1,749,464)   |
| Loss on disposal of treasury stock (Note 11)                                      | (716)        |              | (609)         |               |
| Equity method in capital adjustments (Note 4)                                     | (50,480)     | (91,910)     | (42,962)      | (78,221)      |
| Other capital adjustments (Note 20)   | (677,605)    |              | (576,685)     |               |
| Accumulated other comprehensive income (loss)<br>(Note 13):                       |              |              |               |               |
| Unrealized gains on valuation of long-term<br>investment securities, net (Note 3) | 680,469      | 413,270      | 579,123       | 351,719       |
| Equity in other comprehensive loss of affiliates, net<br>(Note 4)                 | (47,337)     | (4,824)      | (40,286)      | (4,106)       |
| Gain (Loss) on valuation of currency swap, net<br>(Note 19)                       | 4,582        | (8,532)      | 3,899         | (7,262)       |
| Loss on valuation of interest swap, net (Note 19)                                 | (12,426)     | (26,129)     | (10,576)      | (22,237)      |
| Retained earnings:  |              |              |               |               |
| Appropriated  | 8,890,054    | 8,295,037    | 7,566,003     | 7,059,606     |
| Unappropriated  | 825,002      | 1,205,981    | 702,129       | 1,026,367     |
| <br>  |              |              |               |               |
| Total Stockholders Equity   | 10,696,106   | 10,729,007   | 9,103,069     | 9,131,070     |
| <br>  |              |              |               |               |
| TOTAL LIABILITIES AND STOCKHOLDERS<br>EQUITY                                      | ₩ 19,570,872 | ₩ 18,617,495 | \$ 16,656,061 | \$ 15,844,677 |

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|   | Korean won                              |                                |                                 |                                | Translation into U.S. dollars (Note 2)   |                                |                                 |                                |
|---|---|--------------------------------|---------------------------------|--------------------------------|--|--------------------------------|---------------------------------|--------------------------------|
|   | 2009                                    |                                | 2008                            |                                | 2009                                     |                                | 2008                            |                                |
|   | Three months ended September 30         | Nine months ended September 30 | Three months ended September 30 | Nine months ended September 30 | Three months ended September 30          | Nine months ended September 30 | Three months ended September 30 | Nine months ended September 30 |
|   | (In millions except for per share data) |                                |                                 |                                | (In thousands except for per share data) |                                |                                 |                                |
| <b>OPERATING REVENUE</b>                      |   |                                |                                 |                                |  |                                |                                 |                                |
| (Note 16)                                     | ₩ 3,056,721                             | ₩ 9,001,081                    | ₩ 2,899,562                     | ₩ 8,667,844                    | \$ 2,601,465                             | \$ 7,660,494                   | \$ 2,467,712                    | \$ 7,376,889                   |
| <b>OPERATING EXPENSES</b>                     |   |                                |                                 |                                |  |                                |                                 |                                |
| (Note 16):                                    |   |                                |                                 |                                |  |                                |                                 |                                |
| Labor cost                                    | (84,319)                                | (355,367)                      | (75,095)                        | (311,405)                      | (71,761)                                 | (302,440)                      | (63,911)                        | (265,026)                      |
| Commissions paid                              | (1,163,638)                             | (3,444,311)                    | (1,107,293)                     | (3,343,114)                    | (990,330)                                | (2,931,329)                    | (942,377)                       | (2,845,203)                    |
| Depreciation and amortization (Notes 6 and 7) | (454,504)                               | (1,282,160)                    | (471,915)                       | (1,255,638)                    | (386,812)                                | (1,091,200)                    | (401,630)                       | (1,068,628)                    |
| Network interconnection                       | (269,045)                               | (792,826)                      | (258,377)                       | (764,783)                      | (228,974)                                | (674,746)                      | (219,895)                       | (650,879)                      |
| Leased line                                   | (91,710)                                | (283,025)                      | (94,291)                        | (294,122)                      | (78,051)                                 | (240,872)                      | (80,248)                        | (250,317)                      |
| Advertising                                   | (72,398)                                | (179,079)                      | (72,276)                        | (200,064)                      | (61,615)                                 | (152,408)                      | (61,511)                        | (170,267)                      |
| Research and development                      | (56,188)                                | (170,582)                      | (51,885)                        | (155,206)                      | (47,820)                                 | (145,176)                      | (44,157)                        | (132,090)                      |
| Rent  | (67,891)                                | (197,833)                      | (60,645)                        | (170,552)                      | (57,780)                                 | (168,368)                      | (51,613)                        | (145,151)                      |
| Frequency usage                               | (39,474)                                | (117,610)                      | (40,642)                        | (122,059)                      | (33,595)                                 | (100,094)                      | (34,589)                        | (103,880)                      |
| Repair  | (24,518)                                | (88,608)                       | (38,125)                        | (111,483)                      | (20,866)                                 | (75,411)                       | (32,447)                        | (94,879)                       |
| Cost of goods sold                            | (8,450)                                 | (24,644)                       | (15,445)                        | (53,477)                       | (7,191)                                  | (20,974)                       | (13,145)                        | (45,512)                       |
| Other   | (105,801)                               | (328,845)                      | (109,458)                       | (294,883)                      | (90,044)                                 | (279,867)                      | (93,155)                        | (250,965)                      |
| Sub-total                                     | (2,437,936)                             | (7,264,890)                    | (2,395,447)                     | (7,076,786)                    | (2,074,839)                              | (6,182,885)                    | (2,038,678)                     | (6,022,797)                    |
| <b>OPERATING INCOME</b>                       | 618,785                                 | 1,736,191                      | 504,115                         | 1,591,058                      | 526,626                                  | 1,477,609                      | 429,034                         | 1,354,092                      |



## OTHER

## INCOME:

Interest income

|          |        |         |        |        |        |        |        |        |
|----------|--------|---------|--------|--------|--------|--------|--------|--------|
| (Note 3) | 37,101 | 114,674 | 21,356 | 61,840 | 31,575 | 97,595 | 18,175 | 52,630 |
|----------|--------|---------|--------|--------|--------|--------|--------|--------|

|           |       |        |       |        |       |        |       |        |
|-----------|-------|--------|-------|--------|-------|--------|-------|--------|
| Dividends | 3,751 | 63,044 | 6,203 | 52,071 | 3,192 | 53,654 | 5,279 | 44,316 |
|-----------|-------|--------|-------|--------|-------|--------|-------|--------|

|             |       |        |       |        |       |        |       |        |
|-------------|-------|--------|-------|--------|-------|--------|-------|--------|
| Rent income | 8,560 | 23,901 | 5,958 | 19,481 | 7,284 | 20,341 | 5,071 | 16,580 |
|-------------|-------|--------|-------|--------|-------|--------|-------|--------|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| Commissions |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|           |       |        |       |        |       |        |       |        |
|-----------|-------|--------|-------|--------|-------|--------|-------|--------|
| (Note 16) | 6,192 | 12,684 | 5,635 | 14,005 | 5,270 | 10,795 | 4,796 | 11,919 |
|-----------|-------|--------|-------|--------|-------|--------|-------|--------|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| Reversal of |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|               |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|
| allowance for |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|

|          |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|
| doubtful |  |  |  |  |  |  |  |  |
|----------|--|--|--|--|--|--|--|--|

|          |     |     |     |     |     |     |    |     |
|----------|-----|-----|-----|-----|-----|-----|----|-----|
| accounts | 169 | 650 | 105 | 242 | 144 | 553 | 89 | 206 |
|----------|-----|-----|-----|-----|-----|-----|----|-----|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Foreign |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|              |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|
| exchange and |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| translation |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|                |        |        |         |         |        |        |         |         |
|----------------|--------|--------|---------|---------|--------|--------|---------|---------|
| gains (Note 2) | 61,324 | 84,088 | 198,113 | 371,281 | 52,192 | 71,565 | 168,608 | 315,984 |
|----------------|--------|--------|---------|---------|--------|--------|---------|---------|

|           |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|
| Equity in |  |  |  |  |  |  |  |  |
|-----------|--|--|--|--|--|--|--|--|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| earnings of |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|                  |  |  |  |  |  |  |  |  |
|------------------|--|--|--|--|--|--|--|--|
| affiliates (Note |  |  |  |  |  |  |  |  |
|------------------|--|--|--|--|--|--|--|--|

|    |        |        |        |        |        |        |       |        |
|----|--------|--------|--------|--------|--------|--------|-------|--------|
| 4) | 16,399 | 42,132 | 10,140 | 32,079 | 13,957 | 35,857 | 8,630 | 27,301 |
|----|--------|--------|--------|--------|--------|--------|-------|--------|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Gain on |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|              |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|
| valuation of |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|

|            |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|
| short-term |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|

|            |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|
| investment |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|

|                  |  |  |  |  |  |  |  |  |
|------------------|--|--|--|--|--|--|--|--|
| securities (Note |  |  |  |  |  |  |  |  |
|------------------|--|--|--|--|--|--|--|--|

|    |       |       |  |  |       |       |  |  |
|----|-------|-------|--|--|-------|-------|--|--|
| 8) | 1,319 | 9,129 |  |  | 1,123 | 7,769 |  |  |
|----|-------|-------|--|--|-------|-------|--|--|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Gain on |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| disposal of |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|            |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|
| investment |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|

|        |     |     |  |        |     |     |  |        |
|--------|-----|-----|--|--------|-----|-----|--|--------|
| assets | 451 | 514 |  | 14,467 | 384 | 437 |  | 12,312 |
|--------|-----|-----|--|--------|-----|-----|--|--------|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Gain on |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|             |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|
| disposal of |  |  |  |  |  |  |  |  |
|-------------|--|--|--|--|--|--|--|--|

|              |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|
| property and |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|

|               |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|
| equipment and |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|

|            |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|
| intangible |  |  |  |  |  |  |  |  |
|------------|--|--|--|--|--|--|--|--|

|        |     |     |     |       |     |     |     |       |
|--------|-----|-----|-----|-------|-----|-----|-----|-------|
| assets | 159 | 604 | 268 | 1,244 | 135 | 514 | 228 | 1,059 |
|--------|-----|-----|-----|-------|-----|-----|-----|-------|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Gain on |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|              |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|
| valuation of |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|

|               |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|
| currency swap |  |  |  |  |  |  |  |  |
|---------------|--|--|--|--|--|--|--|--|

|           |         |        |         |         |         |        |         |         |
|-----------|---------|--------|---------|---------|---------|--------|---------|---------|
| (Note 19) | 121,636 | 73,729 | 138,888 | 156,213 | 103,520 | 62,748 | 118,203 | 132,947 |
|-----------|---------|--------|---------|---------|---------|--------|---------|---------|

|         |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|
| Gain on |  |  |  |  |  |  |  |  |
|---------|--|--|--|--|--|--|--|--|

|              |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|
| valuation of |  |  |  |  |  |  |  |  |
|--------------|--|--|--|--|--|--|--|--|

|                 |  |  |  |  |  |  |  |  |
|-----------------|--|--|--|--|--|--|--|--|
| currency option |  |  |  |  |  |  |  |  |
|-----------------|--|--|--|--|--|--|--|--|

|           |       |       |  |  |     |     |  |  |
|-----------|-------|-------|--|--|-----|-----|--|--|
| (Note 19) | 1,014 | 1,014 |  |  | 863 | 863 |  |  |
|-----------|-------|-------|--|--|-----|-----|--|--|

|       |       |       |       |        |       |       |       |       |
|-------|-------|-------|-------|--------|-------|-------|-------|-------|
| Other | 2,242 | 9,845 | 4,476 | 10,779 | 1,907 | 8,380 | 3,808 | 9,173 |
|-------|-------|-------|-------|--------|-------|-------|-------|-------|

|           |         |         |         |         |         |         |         |         |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sub-total | 260,317 | 436,008 | 391,142 | 733,702 | 221,546 | 371,071 | 332,887 | 624,427 |
|-----------|---------|---------|---------|---------|---------|---------|---------|---------|

(Continued)



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|  | Korean won                              |                                |                                 |                                | Translation into U.S. dollars (Note 2)   |                                |                                 |                                |
|--|---|--------------------------------|---------------------------------|--------------------------------|--|--------------------------------|---------------------------------|--------------------------------|
|  | 2009                                    |                                | 2008                            |                                | 2009                                     |                                | 2008                            |                                |
|  | Three months ended September 30         | Nine months ended September 30 | Three months ended September 30 | Nine months ended September 30 | Three months ended September 30          | Nine months ended September 30 | Three months ended September 30 | Nine months ended September 30 |
|  | (In millions except for per share data) |                                |                                 |                                | (In thousands except for per share data) |                                |                                 |                                |
| OTHER EXPENSES:  |   |                                |                                 |                                |  |                                |                                 |                                |
| Interest and discounts   | (₩ 75,821)                              | (₩ 223,576)                    | (₩ 66,543)                      | (₩ 182,148)                    | (\$ 64,529)                              | (\$ 190,277)                   | (\$ 56,632)                     | (\$ 155,020)                   |
| Donations  | (7,221)                                 | (29,914)                       | (6,091)                         | (35,512)                       | (6,146)                                  | (25,459)                       | (5,184)                         | (30,223)                       |
| Foreign exchange and translation losses (Note 2)               | (122,591)                               | (141,446)                      | (58,930)                        | (102,925)                      | (104,333)                                | (120,380)                      | (50,153)                        | (87,597)                       |
| Loss on valuation of short-term investment securities (Note 3) |   |                                | (1,448)                         | (3,607)                        |  |                                | (1,232)                         | (3,070)                        |
| Equity in losses of affiliates (Note 4)                        | (76,522)                                | (175,277)                      | (51,974)                        | (168,868)                      | (65,125)                                 | (149,172)                      | (44,233)                        | (143,717)                      |
| Impairment loss on investment securities (Note 3)              |   | (3,186)                        |                                 |                                |  | (2,711)                        |                                 |                                |
| Loss on disposal of inventories                                | (1,159)                                 | (1,159)                        |                                 |                                | (986)                                    | (986)                          |                                 |                                |
| Loss on disposal of investment assets                          |   | (2,420)                        | (1,895)                         | (7,897)                        |  | (2,060)                        | (1,613)                         | (6,721)                        |
| Loss on disposal of accounts receivable                        |   | (28,711)                       |                                 |                                |  | (24,435)                       |                                 |                                |

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|   |           |             |           |             |            |            |            |            |
|---|-----------|-------------|-----------|-------------|------------|------------|------------|------------|
| other (Note 21)   |           |             |           |             |            |            |            |            |
| Loss on disposal of property, equipment and intangible assets | (6,654)   | (22,835)    | (4,373)   | (22,427)    | (5,663)    | (19,434)   | (3,722)    | (19,087)   |
| Loss on transaction and valuation of currency swap (Note 19)  | (1,467)   | (89,286)    | (242,728) | (352,662)   | (1,249)    | (75,989)   | (206,577)  | (300,138)  |
| Loss on valuation of currency option (Note 19)                | (1,014)   |             |           |             | (863)      |            |            |            |
| Loss on valuation of interest swap (Note 19)                  | (1,226)   | (4,123)     |           |             | (1,043)    | (3,509)    |            |            |
| External research and development cost                        | (13,914)  | (41,733)    | (18,030)  | (53,924)    | (11,842)   | (35,517)   | (15,345)   | (45,892)   |
| Other   | (5,632)   | (14,546)    | (1,539)   | (6,799)     | (4,792)    | (12,379)   | (1,310)    | (5,785)    |
| Sub-total   | (313,221) | (778,212)   | (453,551) | (936,769)   | (266,571)  | (662,308)  | (386,001)  | (797,250)  |
| INCOME BEFORE INCOME TAX                                      | 565,881   | 1,393,987   | 441,706   | 1,387,991   | 481,601    | 1,186,372  | 375,920    | 1,181,269  |
| PROVISION FOR INCOME TAX (Note 12)                            | (150,168) | (349,883)   | (108,066) | (373,456)   | (127,803)  | (297,773)  | (91,971)   | (317,835)  |
| NET INCOME  | ₩ 415,713 | ₩ 1,044,104 | ₩ 333,640 | ₩ 1,014,535 | \$ 353,798 | \$ 888,599 | \$ 283,949 | \$ 863,434 |

NET  
INCOME  
PER SHARE  
(In Korean  
won and U.S.  
dollars)

|           |   |       |   |        |   |       |   |        |    |       |    |        |    |       |    |        |
|-----------|---|-------|---|--------|---|-------|---|--------|----|-------|----|--------|----|-------|----|--------|
| (Note 14) | ₩ | 5,746 | ₩ | 14,432 | ₩ | 4,583 | ₩ | 13,940 | \$ | 4.890 | \$ | 12.283 | \$ | 3.900 | \$ | 11.864 |
|-----------|---|-------|---|--------|---|-------|---|--------|----|-------|----|--------|----|-------|----|--------|

DILUTED  
NET  
INCOME  
PER SHARE  
(In Korean  
won and U.S.  
dollars)

|           |   |       |   |        |   |       |   |        |    |       |    |        |    |       |    |        |
|-----------|---|-------|---|--------|---|-------|---|--------|----|-------|----|--------|----|-------|----|--------|
| (Note 14) | ₩ | 5,655 | ₩ | 14,248 | ₩ | 4,539 | ₩ | 13,798 | \$ | 4.813 | \$ | 12.126 | \$ | 3.863 | \$ | 11.743 |
|-----------|---|-------|---|--------|---|-------|---|--------|----|-------|----|--------|----|-------|----|--------|

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|   | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>stockholders<br>equity |
|---|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| <b>(In millions of Korean won)</b>  |                 |                    |                        |   |                      |                                 |
| Balance, January 1, 2008  | ₩ 44,639        | ₩ 2,939,353        | (₩2,041,578)           | ₩ 1,589,206                                     | ₩ 8,905,865          | ₩ 11,437,485                    |
| Cumulative effect of change in accounting policies  |                 | (15,432)           |                        | 4,893   |                      | (10,539)                        |
| Adjusted balance, January 1, 2008   | 44,639          | 2,923,921          | (2,041,578)            | 1,594,099                                       | 8,905,865            | 11,426,946                      |
| Cash dividends  |                 |                    |                        |   | (609,711)            | (609,711)                       |
| Interim dividends (Note 17)   |                 |                    |                        |   | (72,793)             | (72,793)                        |
| Net income  |                 |                    |                        |   | 1,014,535            | 1,014,535                       |
| Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control companies (Note 4) |                 | (60,067)           |                        |   |                      | (60,067)                        |
| Treasury stock (Note 11)  |                 |                    | 49,401                 |   |                      | 49,401                          |
| Loss on disposal of treasury stock (Note 11)  |                 |                    | (6,275)                |   |                      | (6,275)                         |
| Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 13)   |                 |                    |                        | (997,105)                                       |                      | (997,105)                       |
| Equity in other comprehensive loss changes of affiliates, net (Notes 4 and 13)  |                 |                    |                        | (23,068)  |                      | (23,068)                        |
| Loss on valuation of currency swap, net   |                 |                    |                        | 5,867   |                      | 5,867                           |

|   |          |             |              |           |             |              |
|---|----------|-------------|--------------|-----------|-------------|--------------|
| (Notes 13 and 19)<br>Loss on valuation of<br>interest swap, net<br>(Notes 13 and 19)  |          |             |              | (1,454)   |             | (1,454)      |
| Balance,<br>September 30, 2008  | ₩ 44,639 | ₩ 2,863,854 | (₩1,998,452) | ₩ 578,339 | ₩ 9,237,896 | ₩ 10,726,276 |
| Balance, January 1,<br>2009   | ₩ 44,639 | ₩ 2,957,095 | (₩2,147,530) | ₩ 373,785 | ₩ 9,501,018 | ₩ 10,729,007 |
| Cash dividends  |          |             |              |           | (609,203)   | (609,203)    |
| Interim dividends<br>(Note 17)  |          |             |              |           | (72,345)    | (72,345)     |
| Net income  |          |             |              |           | 1,044,104   | 1,044,104    |
| Conversion right  |          | 73,622      |              |           |             | 73,622       |
| Treasury stock<br>(Note 11)   |          |             | 63,538       |           | (92,477)    | (28,939)     |
| Loss on disposal of<br>treasury stock (Note<br>11)  |          | (722)       | (716)        |           |             | (1,438)      |
| Unrealized loss on<br>valuation of<br>long-term<br>investment<br>securities, net<br>(Notes 3 and 13)  |          |             |              | 267,199   |             | 267,199      |
| Equity in other<br>comprehensive<br>income changes of<br>affiliates, net (Notes<br>4 and 13)  |          | 2,011       | 41,430       | (42,513)  | (56,041)    | (55,113)     |
| Difference between<br>the acquisition cost<br>and net book value<br>incurred from the<br>business acquisition<br>between companies<br>under common<br>control (Note 20) |          |             | (677,605)    |           |             | (677,605)    |
| Gain on valuation of<br>currency swap, net<br>(Notes 13 and 19)   |          |             |              | 13,114    |             | 13,114       |
| Gain on valuation of<br>interest swap, net<br>(Notes 13 and 19)   |          |             |              | 13,703    |             | 13,703       |
| Balance,<br>September 30, 2009  | ₩ 44,639 | ₩ 3,032,006 | (₩2,720,883) | ₩ 625,288 | ₩ 9,715,056 | ₩ 10,696,106 |

(Continued)



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (CONTINUED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|   | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>stockholders<br>equity |
|---|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| <b>(Translation into U.S. dollars [Note 2], in thousands)</b>   |                 |                    |                        |   |                      |                                 |
| Balance, January 1, 2008  | \$ 37,991       | \$ 2,501,577       | (\$1,737,513)          | \$ 1,352,515                                    | \$ 7,579,459         | \$ 9,734,029                    |
| Cumulative effect of change in accounting policies  |                 | (13,133)           |                        | 4,164   |                      | (8,969)                         |
| Adjusted balance, January 1, 2008   | 37,991          | 2,488,444          | (1,737,513)            | 1,356,679                                       | 7,579,459            | 9,725,060                       |
| Cash dividends  |                 |                    |                        |   | (518,903)            | (518,903)                       |
| Interim dividends (Note 17)   |                 |                    |                        |   | (61,951)             | (61,951)                        |
| Net income  |                 |                    |                        |   | 863,434              | 863,434                         |
| Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Note 4) |                 | (51,121)           |                        |   |                      | (51,121)                        |
| Treasury stock (Note 11)  |                 |                    | 42,043                 |   |                      | 42,043                          |
| Loss on disposal of treasury stock (Note 11)  |                 |                    | (5,340)                |   |                      | (5,340)                         |
| Unrealized loss on valuation of long-term investment securities, net (Note 3)   |                 |                    |                        | (848,600)                                       |                      | (848,600)                       |
| Equity in other comprehensive loss changes of affiliates, net (Note 4)  |                 |                    |                        | (19,632)  |                      | (19,632)                        |
| Loss on valuation of currency swap, net (Note 19)   |                 |                    |                        | 4,993   |                      | 4,993                           |
|   |                 |                    |                        | (1,237)   |                      | (1,237)                         |

Loss on valuation of  
interest swap, net  
(Note 19)

|   |           |              |               |            |              |              |
|---|-----------|--------------|---------------|------------|--------------|--------------|
| Balance,<br>September 30, 2008  | \$ 37,991 | \$ 2,437,323 | (\$1,700,810) | \$ 492,203 | \$ 7,862,039 | \$ 9,128,746 |
| Balance, January 1,<br>2009   | \$ 37,991 | \$ 2,516,677 | (\$1,827,685) | \$ 318,114 | \$ 8,085,973 | \$ 9,131,070 |
| Cash dividends  |           |              |               |            | (518,471)    | (518,471)    |
| Interim dividends<br>(Note 17)  |           |              |               |            | (61,570)     | (61,570)     |
| Net income  |           |              |               |            | 888,599      | 888,599      |
| Conversion right  |           | 62,657       |               |            |              | 62,657       |
| Treasury stock (Note<br>11)   |           |              | 54,075        |            | (78,703)     | (24,628)     |
| Loss on disposal of<br>treasury stock (Note<br>11)  |           | (615)        | (609)         |            |              | (1,224)      |
| Unrealized loss on<br>valuation of long-term<br>investment securities,<br>net (Note 3)  |           |              |               | 227,404    |              | 227,404      |
| Equity in other<br>comprehensive income<br>changes of affiliates,<br>net (Note 4)   |           | 1,712        | 35,259        | (36,180)   | (47,696)     | (46,905)     |
| Difference between<br>the acquisition cost<br>and net book value<br>incurred from the<br>business acquisition<br>between companies<br>under common control<br>(Note 20) |           |              | (576,685)     |            |              | (576,685)    |
| Gain on valuation of<br>currency swap, net<br>(Note 19)   |           |              |               | 11,161     |              | 11,161       |
| Gain on valuation of<br>interest swap, net<br>(Note 19)   |           |              |               | 11,661     |              | 11,661       |
| Balance,<br>September 30, 2009  | \$ 37,991 | \$ 2,580,431 | (\$2,315,645) | \$ 532,160 | \$ 8,268,132 | \$ 9,103,069 |

See accompanying notes to non-consolidated financial statements.



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|   | Korean won    |             | Translation into U.S. dollars<br>(Note 2) |            |
|---|---------------|-------------|---|------------|
|   | 2009          | 2008        | 2009                                      | 2008       |
|   | (In millions) |             | (In thousands)                            |            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                  |               |             |   |            |
| Net income  | ₩ 1,044,104   | ₩ 1,014,535 | \$ 888,599                                | \$ 863,434 |
| Expenses not involving cash payments:                         |               |             |   |            |
| Provision for severance indemnities                           | 25,481        | 26,681      | 21,686                                    | 22,707     |
| Depreciation and amortization                                 | 1,378,122     | 1,353,278   | 1,172,870                                 | 1,151,726  |
| Allowance for doubtful accounts                               | 97,860        | 31,417      | 83,285                                    | 26,738     |
| Foreign translation loss                                      | 86,255        | 98,995      | 73,409                                    | 84,251     |
| Loss on valuation of short-term investment securities         |               | 3,607       |   | 3,070      |
| Equity in losses of affiliates                                | 175,277       | 168,868     | 149,172                                   | 143,717    |
| Impairment loss on investment securities                      | 3,186         |             | 2,711                                     |            |
| Loss on disposal of inventories                               | 1,159         |             | 986                                       |            |
| Loss on disposal of investment assets                         | 2,420         | 7,897       | 2,060                                     | 6,721      |
| Loss on disposal of accounts receivable other                 | 28,711        |             | 24,435                                    |            |
| Loss on disposal of property, equipment and intangible assets | 22,835        | 22,427      | 19,434                                    | 19,087     |
| Loss on transaction and valuation of currency swap            | 89,286        | 352,662     | 75,988                                    | 300,138    |
| Loss on valuation of interest swap                            | 4,123         |             | 3,509                                     |            |
| Donations   |               | 126         |   | 107        |
| Amortization of discounts on bonds and other                  | 29,015        | 27,510      | 24,693                                    | 23,413     |
| Sub-total   | 1,943,730     | 2,093,468   | 1,654,238                                 | 1,781,675  |
| Income not involving cash receipts:                           |               |             |   |            |
| Reversal of allowance for doubtful accounts                   | (650)         | (242)       | (553)                                     | (206)      |
| Foreign translation gain                                      | (61,838)      | (338,553)   | (52,628)                                  | (288,130)  |
| Equity in earnings of affiliates                              | (42,132)      | (32,079)    | (35,857)                                  | (27,301)   |
| Gain on valuation of short-term investment securities         | (9,129)       |             | (7,769)                                   |            |
| Gain on disposal of investment assets                         | (514)         | (14,467)    | (437)                                     | (12,312)   |
|   | (604)         | (1,244)     | (514)                                     | (1,059)    |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Gain on disposal of property, equipment and intangible assets      |           |           |           |           |
| Gain on valuation of currency swap                                 | (73,729)  | (156,213) | (62,748)  | (132,947) |
| Gain on valuation of currency option                               | (1,014)   |           | (863)     |           |
| Other  | (24,585)  | (1,356)   | (20,923)  | (1,155)   |
| Sub-total  | (214,195) | (544,154) | (182,292) | (463,110) |
| Changes in assets and liabilities related to operating activities: |           |           |           |           |
| Accounts receivable trade  | (79,619)  | 41,910    | (67,761)  | 35,668    |
| Accounts receivable other  | (462,988) | (183,203) | (394,032) | (155,917) |
| Inventories  | (2,759)   | 4,848     | (2,348)   | 4,126     |
| Prepaid expenses   | 24,327    | 20,890    | 20,704    | 17,779    |
| Advanced payments and other  | 9,472     | (17,117)  | 8,060     | (14,568)  |
| Long-term accounts receivables other                               | (119,274) | (446,072) | (101,510) | (379,636) |
| Accounts payable   | (30,989)  | 101,416   | (26,374)  | 86,311    |
| Income tax payable   | (197,512) | (21,371)  | (168,095) | (18,188)  |
| Accrued expenses   | 210,032   | 272,863   | 178,751   | 232,224   |
| Withholdings   | (66,033)  | 104,603   | (56,197)  | 89,024    |
| Current portion of subscription deposits                           | (61)      | (412)     | (52)      | (351)     |
| Advanced receipts and other  | (2,919)   | (16,073)  | (2,485)   | (13,678)  |
| Deferred income taxes  | 20,682    | (124,226) | 17,602    | (105,724) |
| Severance indemnities payments                                     | (20,368)  | (10,699)  | (17,334)  | (9,106)   |
| Deposits for group severance indemnities and other deposits        | 12,620    | 1,991     | 10,739    | 1,694     |
| Dividends received from affiliate                                  | 6,817     | 6,394     | 5,802     | 5,442     |
| Sub-total  | (698,572) | (264,258) | (594,530) | (224,900) |
| Net Cash Provided by Operating Activities                          | 2,075,067 | 2,299,591 | 1,766,015 | 1,957,099 |

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

|  | Korean won    |             | Translation into U.S. dollars<br>(Note 2) |             |
|--|---------------|-------------|---|-------------|
|  | 2009          | 2008        | 2009                                      | 2008        |
|  | (In millions) |             | (In thousands)                            |             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                   |               |             |   |             |
| Cash inflows from investing activities:  |               |             |   |             |
| Withdrawal of long-term financial instruments                                  | ₩             | ₩ 10,000    | \$  | \$ 8,511    |
| Disposal of short-term investment securities, net                              | 240,153       | 280,612     | 204,386                                   | 238,819     |
| Collection of short-term loans   | 266,778       | 182,231     | 227,045                                   | 155,090     |
| Collection of long-term loans  | 25,173        | 2,923       | 21,424                                    | 2,488       |
| Proceeds from sales of long-term investment securities                         | 5,071         | 369,103     | 4,316                                     | 314,130     |
| Proceeds from sales of equity securities accounted for using the equity method | 6,444         | 3,162       | 5,484                                     | 2,690       |
| Decrease in guarantee deposits   | 18,271        | 11,462      | 15,550                                    | 9,755       |
| Decrease in other non-current assets   | 35,150        | 25,932      | 29,914                                    | 22,070      |
| Proceeds from disposal of property and equipment                               | 2,557         | 4,386       | 2,176                                     | 3,733       |
| Proceeds from disposal of intangible assets                                    | 1,800         | 1,828       | 1,532                                     | 1,556       |
| Cash inflows from transaction of currency swap                                 | 8,120         |             | 6,911                                     |             |
| Sub-total  | 609,517       | 891,639     | 518,738                                   | 758,842     |
| Cash outflows for investing activities :                                       |               |             |   |             |
| Acquisition of short-term financial instruments                                | (86,302)      | (74,206)    | (73,449)                                  | (63,154)    |
| Extension of short-term loans  | (204,160)     | (180,809)   | (173,753)                                 | (153,880)   |
| Extension of long-term loans   | (15,531)      | (87,739)    | (13,218)                                  | (74,671)    |
| Extension of long-term financial instruments                                   | (6,500)       |             | (5,532)                                   |             |
| Acquisition of long-term investment securities                                 | (188,841)     | (11,543)    | (160,716)                                 | (9,824)     |
| Acquisition of equity securities accounted for using the equity method         | (433,996)     | (1,693,068) | (369,358)                                 | (1,440,909) |
| Increase in guarantee deposits and other                                       | (120,959)     | (69,508)    | (102,944)                                 | (59,156)    |
| Acquisition of property and equipment  | (918,619)     | (987,318)   | (781,802)                                 | (840,271)   |
| Increase in intangible assets  | (15,463)      | (25,024)    | (13,160)                                  | (21,297)    |
| Cash outflows from transaction of currency swap                                | (18,822)      | (255,374)   | (16,019)                                  | (217,340)   |

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|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Cash outflows from business acquisition              | (894,983)   |             | (761,688)   |             |
| Sub-total  | (2,904,176) | (3,384,589) | (2,471,639) | (2,880,502) |
| Net Cash Used in Investing Activities                | (2,294,659) | (2,492,950) | (1,952,901) | (2,121,660) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>         |             |             |             |             |
| Cash inflows from financing activities:              |             |             |             |             |
| Issuance of bonds                                    | 1,114,937   | 380,041     | 948,883     | 323,439     |
| Proceeds from short-term borrowings                  | 600,000     | 300,000     | 510,638     | 255,319     |
| Proceeds from long-term borrowings                   |             | 500,000     |             | 425,532     |
| Increase in guarantee deposits received and other    | 7,153       | 8,403       | 6,087       | 7,152       |
| Proceeds from disposal of treasury stock             |             | 42,246      |             | 35,954      |
| Cash inflows from transaction of currency option     | 1,014       |             | 863         |             |
| Sub-total  | 1,723,104   | 1,230,690   | 1,466,471   | 1,047,396   |
| Cash outflows for financing activities:              |             |             |             |             |
| Repayment of short-term borrowings                   | (123,200)   |             | (104,851)   |             |
| Repayment of long-term borrowings                    | (6,186)     |             | (5,265)     |             |
| Repayment of current portion of long-term debts      | (715,672)   | (411,642)   | (609,083)   | (350,334)   |
| Payment of dividends                                 | (681,548)   | (682,556)   | (580,041)   | (580,899)   |
| Decrease in subscription deposits                    |             | (1,633)     |             | (1,390)     |
| Decrease in other non-current liabilities            | (2,152)     | (8,406)     | (1,830)     | (7,153)     |
| Acquisition of treasury stock                        | (28,938)    |             | (24,628)    |             |
| Cash outflows from transaction of currency swap      | (163,374)   |             | (139,042)   |             |
| Sub-total  | (1,721,070) | (1,104,237) | (1,464,740) | (939,776)   |
| Net Cash provided by Financing Activities            | 2,034       | 126,453     | 1,731       | 107,620     |
| NET DECREASE IN CASH AND CASH EQUIVALENTS            | (217,558)   | (66,906)    | (185,155)   | (56,941)    |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 434,177     | 575,646     | 369,512     | 489,911     |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD       | ₩ 216,619   | ₩ 508,740   | \$ 184,357  | \$ 432,970  |

See accompanying notes to non-consolidated financial statements.



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**SK TELECOM CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008**

**1. GENERAL**

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange and the New York and London Stock Exchanges, respectively. As of September 30, 2009, the Company's total issued shares are held by the following:

|   | Number of<br>shares | Percentage of<br>total shares issued<br>(%) |
|---|---------------------|---|
| SK Group  | 18,748,452          | 23.22                                       |
| POSCO Corp.   | 2,341,569           | 2.90  |
| Institutional investors and other minority stockholders | 51,254,982          | 63.48                                       |
| Treasury stock  | 8,400,708           | 10.40                                       |
|   | 80,745,711          | 100.00                                      |

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea ( Korean GAAP ) which is the same as accounting policies for annual financial statements for the year ended December 31, 2008, except for the following:

a. Revision of External Audit Law

In accordance with the revised External Audit Law of Korea, effective January 1, 2009, the title of Balance Sheet was replaced with Statement of Financial Position .

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in Korean language (Hangul) in conformity with Korean GAAP. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in stockholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying non-consolidated financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of ₩1,175.00 to US\$1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of the period ended September 30, 2009. Such

translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

**Table of Contents****3. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|   | Acquisition<br>cost | September 30, 2009<br>Fair value | Carrying<br>amount | December 31,<br>2008<br>Fair value and<br>carrying<br>amount |
|---|---------------------|----------------------------------|--------------------|--|
| Trading securities (Note a)                                 | ₩ 135,000           | ₩ 135,169                        | ₩ 135,169          | ₩ 366,040  |
| Current portion of long-term investment securities (Note b) | 1,687,722           | 1,833,881                        | 1,833,881          | 3,704  |
| Total   | ₩ 1,822,722         | ₩ 1,969,050                      | ₩ 1,969,050        | ₩ 369,744  |

(Note a) The Company's trading securities as of September 30, 2009 are all beneficiary certificates, and the difference between the fair value and acquisition cost was recorded in other income (expenses) as gain (loss) on valuation of short-term investment securities.

(Note b) The difference between the fair value and acquisition cost was recorded as unrealized gain (loss) on valuation of long-term investment

securities in  
other  
comprehensive  
income.

b. Long-term Investment Securities

Long-term investment securities as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|                                      | September 30,<br>2009 | December 31,<br>2008 |
|--------------------------------------|-----------------------|----------------------|
| Available-for-sale equity securities | ₩ 3,491,692           | ₩ 3,066,306          |
| Available-for-sale debt securities   | 96,650                | 4,787                |
| Total                                | 3,588,342             | 3,071,093            |
| Less: current portion                | (1,833,881)           | (3,704)              |
| Long-term portion                    | ₩ 1,754,461           | ₩ 3,067,389          |

**Table of Contents****b-(1). Available-for-sale Equity Securities**

Available-for-sale equity securities as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|  | September 30, 2009 |                |                  |                     | Carrying amount     |                   |
|--|--------------------|----------------|------------------|---------------------|---------------------|-------------------|
|  | Number of shares   | Percentage (%) | Acquisition cost | Fair value          | September 30, 2009  | December 31, 2008 |
| <b>(Investments in listed companies)</b>     |                    |                |                  |                     |                     |                   |
| Digital Chosunilbo Co., Ltd.                 | 2,890,630          | 7.8            | ₩ 5,781          | ₩ 7,082             | ₩ 7,082             | ₩ 5,636           |
| KRTnet Corporation                           | 234,150            | 4.4            | 1,171            | 1,503               | 1,503               | 1,098             |
| POSCO Corp.                                  | 2,481,310          | 2.8            | 332,662          | 1,208,398           | 1,208,398           | 942,898           |
| LG Powercomm Co., Ltd.                       | 6,000,000          | 4.5            | 240,243          | 37,200              | (Note a) 37,200     | 39,000            |
| nTels Co., Ltd.                              | 205,200            | 6.2            | 34               | 698                 | 698                 | 504               |
| China Unicom Ltd.                            | 899,745,075        | 3.8            | 1,333,009        | 1,515,272           | (Note g) 1,515,272  | 1,357,648         |
| Qualcomm Inc.                                |                    |                |                  |                     | (Note b)            | 2,514             |
| DAEA TI Co., Ltd.                            |                    |                |                  |                     | (Note b)            | 89                |
| Extended Computing Environment Co., Ltd.     |                    |                |                  |                     | (Note b)            | 40                |
| Sub-total                                    |                    |                | 1,912,900        | 2,770,153           | 2,770,153           | 2,349,427         |
| <b>(Investments in non-listed companies)</b> |                    |                |                  |                     |                     |                   |
| SK C&C Co., Ltd.                             | 15,000,000         | 30.0           | 501,651          | 450,000             | (Notes c&g) 450,000 | 676,716           |
| The Korea Economic Daily                     | 2,585,069          | 13.8           | 13,964           | (Note e) 13,964     | 13,964              | 13,964            |
| Others                                       |                    |                | 132,525          | (Notes d&e) 132,525 | 9,746               | 12,932            |
| Sub-total                                    |                    |                | 648,140          |                     | 473,710             | 703,612           |
| <b>(Investments in funds)</b>                |                    |                |                  |                     |                     |                   |
| Global Opportunities                         |                    |                | 186,390          | 234,816             | (Note f) 234,816    |                   |

|                |             |          |             |             |
|----------------|-------------|----------|-------------|-------------|
| Breakaway Fund |             |          |             |             |
| Others         | 13,013      | (Note e) | 13,013      | 13,267      |
| Sub-total      | 199,403     |          | 247,829     | 13,267      |
| Total          | ₩ 2,760,443 |          | ₩ 3,491,692 | ₩ 3,066,306 |

(Note a) As the common stocks of LG Powercomm Co., Ltd. were listed on the stock Market of Korea Exchange during the year ended December 31, 2008, the Company recorded the investment at its market value as of September 30, 2009. In addition, as the difference between the market value and carrying value of the investments is material and the market value is significantly less than the acquisition cost over the long-term period, the Company recorded ₩201,243 million of impairment loss on investment securities for the year ended December 31,

2008.

(Note b) The investments in common stock of DAEA TI Co., Ltd. and others were all sold during the nine months ended September 30, 2009 and the difference between the disposal price and acquisition cost was recorded as loss on disposal of long term investment securities.

(Note c) The number of shares held by the Company increased to 15,000,000 shares from 6,000,000 shares as the SK C&C performed stock split of 1:2.5 for the nine months ended September 30, 2009. On September 18, 2009, the board of directors of the Company resolved to dispose the investment in common stock of SK C&C Co., Ltd through initial public offering and recorded the

investment at the initial offering price, which was ₩30,000 per common share decided on November 2, 2009. In addition, the Company recorded unrealized gain on valuation of investments of ₩79,246 million (net of tax effect of ₩24,398 million) as of September 30, 2009.



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(Note d) Due to the impairment of the investment of Mobinex Inc. and others, the Company recorded ~~₩~~3,186 million of impairment loss on investment securities for the nine months ended September 30, 2009.

(Note e) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost.

(Note f) For the nine months ended September 30, 2009, the Company entered into limited partnership agreement with overseas private fund. In accordance with the partnership agreement, the Company has contributed US\$ 150 million out of total capital commitment of US\$ 200 million. In addition, the difference between the fair value and

acquisition cost  
of  
~~₩~~37,772 million  
(net of tax effect  
of  
~~₩~~10,654 million)  
was recorded as  
unrealized gain  
on valuation of  
long-term  
investment  
securities in other  
comprehensive  
income.

(Note g) The Company transferred its investment in common stock of SK C&C Co., Ltd. totaling ~~₩~~315,000 million to current portion as of September 30, 2009 as the disposition of the investment was resolved by the initial public offering on November 2, 2009. In addition, the investment of China Unicom Ltd. totaling ~~₩~~1,515,272 million transferred to current portion as the disposition of the investment was reserved by board of directors of the Company on September 25, 2009.

**b-(2). Available-for-sale Debt Securities**

Available-for-sale debt securities as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|   | Maturity                     | Acquisition<br>cost | Carrying amount          |                         |
|---|------------------------------|---------------------|--------------------------|-------------------------|
|   |                              |                     | September<br>30,<br>2009 | December<br>31,<br>2008 |
| Public bonds  | (Note a)<br>October,<br>2009 | ₩ 299               | ₩ 299                    | ₩ 1,236                 |
| Closed beneficiary certificates (Note b)            |                              | 3,501               | 3,553                    | 3,551                   |
| Subordinated bonds (Note c)                         |                              | 90,980              | 90,980                   |                         |
| Convertible bonds of Magic Tech Network<br>(Note d) | March,<br>2011               | 1,818               | 1,818                    |                         |
| Total   |                              | 96,598              | 96,650                   | 4,787                   |
| Less current portion                                |                              | (3,557)             | (3,609)                  | (3,704)                 |
| Long-term available-for-sale debt securities        |                              | ₩ 93,041            | ₩ 93,041                 | ₩ 1,083                 |

The interest income incurred from available-for-sale debt securities for the nine months ended September 30, 2009 and 2008 amounted to ₩229 million and ₩3,710 million, respectively, and for the three months ended September 30, 2009 and 2008 amounted to ₩68 million and ₩954 million, respectively.

(Note a) The maturities of public bonds as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

| Maturity                             | September 30,<br>2009 | December 31,<br>2008 |
|--------------------------------------|-----------------------|----------------------|
| Within one year                      | ₩ 57                  | ₩ 153                |
| After one year but within five years | 242                   | 1,083                |
|                                      | ₩ 299                 | ₩ 1,236              |

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(Note b) Returns on the closed beneficiary certificates were accounted for as interest income.

(Note c) The Company purchased subordinated bonds issued by special purpose company in the asset-backed securitization of accounts receivable-other resulting from its mobile phone financing plan (See Note 21).

(Note d) On September 3, 2009, the Company purchased convertible bonds of Magic Tech Network for US\$ 1,458,065. Such convertible bonds have conversion price of US\$ 274.749 per share of common stock of Magic Tech Network.

**b-(3). Changes in Unrealized Gains (Losses) on Investments in Common Stock**

The changes in unrealized gains (losses) on investments in common stock for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

| For the nine months ended September 30, 2009 |            |                               |         |
|--|------------|-------------------------------|---------|
| Beginning                                    | Increase   | Transferred<br>to<br>realized | Ending  |
| balance                                      | (decrease) | gain (loss)                   | balance |

Available-for-sales securities:

|   |           |           |         |             |
|---|-----------|-----------|---------|-------------|
| Unrealized gain on valuation of long-term investment securities | ₩ 941,096 | ₩ 89,037  | (₩ 30)  | ₩ 1,030,103 |
| Unrealized loss on valuation of long-term investment securities | (401,945) | 239,971   | 1,848   | (160,126)   |
| Sub-total   | 539,151   | 329,008   | 1,818   | 869,977     |
| Less tax effect   | (125,881) | (63,227)  | (400)   | (189,508)   |
| Total   | ₩ 413,270 | ₩ 265,781 | ₩ 1,418 | ₩ 680,469   |

For the nine months ended September 30, 2008

|   | Beginning balance | Increase (decrease) | Transferred to realized gain (loss) | Ending balance |
|---|-------------------|---------------------|-------------------------------------|----------------|
| Available-for-sales securities:                                 |                   |                     |                                     |                |
| Unrealized gain on valuation of long-term investment securities | ₩ 2,402,284       | (₩1,283,003)        | ₩                                   | ₩ 1,119,281    |
| Unrealized loss on valuation of long-term investment securities | (158,575)         | (97,466)            | 5,152                               | (250,889)      |
| Sub-total   | 2,243,709         | (1,380,469)         | 5,152                               | 868,392        |
| Less tax effect   | (617,020)         | 379,629             | (1,417)                             | (238,808)      |
| Total   | ₩ 1,626,689       | (₩1,000,840)        | ₩ 3,735                             | ₩ 629,584      |

**Table of Contents****4. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Equity securities accounted for using the equity method of accounting as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|  | September 30, 2009<br>Ownership |                   |                     |                    | Carrying amount          |                         |
|--|---------------------------------|-------------------|---------------------|--------------------|--------------------------|-------------------------|
|  | Number<br>of shares             | percentage<br>(%) | Acquisition<br>cost | Net asset<br>value | September<br>30,<br>2009 | December<br>31,<br>2008 |
| SK Broadband Co.,<br>Ltd.                | 149,638,354                     | 50.6              | ₩ 1,450,804         | ₩ 737,608          | ₩ 1,282,705              | ₩ 1,146,736             |
| SK<br>Communications<br>Co., Ltd.        | 28,029,945                      | 64.8              | 175,441             | 124,572            | 135,861                  | 147,392                 |
| SK Telink Co., Ltd.                      | 943,997                         | 90.8              | 5,296               | 129,315            | 129,315                  | 112,358                 |
| SK Marketing &<br>Company Co., Ltd.      | 5,000,000                       | 50.0              | 190,000             | 107,742            | 107,742                  | 101,345                 |
| PS&Marketing<br>Corporation              | 30,000,000                      | 100.0             | 150,000             | 134,800            | 134,800                  |                         |
| SK Wyverns<br>Baseball Club Co.,<br>Ltd. | 199,997                         | 100.0             | 1,000               | (2,048)            |                          |                         |
| Paxnet Co., Ltd.                         | 5,590,452                       | 59.7              | 26,563              | 16,516             | 30,730                   | 30,086                  |
| F&U Credit<br>Information Co.,<br>Ltd.   | 300,000                         | 50.0              | 2,410               | 3,665              | 4,136                    | 4,244                   |
| TU Media Corp.                           | 28,538,064                      | 44.2              | 151,980             | 12,476             | 12,476                   | 14,847                  |
| Aircross Co., Ltd.                       |                                 |                   |                     |                    |                          |                         |
| IHQ, Inc.                                | 14,960,784                      | 37.1              | 51,846              | 12,939             | 22,575                   | 26,957                  |
| Ntreev Soft Co.,<br>Ltd.                 | 2,064,970                       | 63.7              | 33,120              | 9,216              | 9,365                    | 9,575                   |
| Commerce Planet<br>Co., Ltd.             | 29,396                          | 100.0             | 14,344              | 1,107              | 1,107                    | 1,535                   |
| Loen Entertainment,<br>Inc.              | 16,054,812                      | 63.5              | 57,874              | 39,229             | 39,841                   | 35,895                  |
| Harex Info Tech,<br>Inc.                 | 225,000                         | 21.2              | 3,375               | 245                | 333                      | 598                     |
| SK Mobile                                |                                 | 20.0              | 4,930               | 2,111              | 2,111                    | 2,111                   |
| SKT Vietnam PTE<br>Ltd.                  | 180,476,700                     | 73.3              | 191,273             | 89,531             | 89,531                   | 112,160                 |
| Skytel Co., Ltd.                         | 1,951,777                       | 29.3              | 2,159               | 14,447             | 14,447                   | 12,381                  |
| SK China Company<br>Ltd.                 | 94,960                          | 29.7              | 6,159               | 4,556              | 3,470                    | 3,657                   |
| SK Telecom China<br>Co., Ltd.            |                                 | 100.0             | 7,340               | 10,258             | 10,258                   | 7,157                   |
| TR Entertainment                         | 13,542,553                      | 42.2              | 10,953              | 2,367              | 8,014                    | 9,626                   |
|  | 14,100,100                      | 70.2              | 17,511              | 4,086              | 4,086                    | 5,401                   |

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|  |                |       |         |          |          |         |         |
|--|----------------|-------|---------|----------|----------|---------|---------|
| ULand Company Ltd.                                 |                |       |         |          |          |         |         |
| Virgin Mobile USA, Inc.                            | 13,940,549     | 16.6  | 62,096  | (55,468) |          | 50,578  | 62,096  |
| SKT Americas, Inc.                                 | 109            | 100.0 | 30,457  | 26,954   |          | 26,954  | 36,126  |
| SK Telecom China Holding Co., Ltd.                 |                | 100.0 | 29,595  | 29,034   | (Note d) | 29,034  | 30,780  |
| SK USA, Inc.                                       | 49             | 49.0  | 3,184   | 5,249    |          | 5,249   | 5,041   |
| Helio, Inc.  | 794,375        | 14.3  | 1,342   | 116      |          | 116     | 116     |
| Korea IT Fund                                      | 190            | 63.3  | 190,000 | 210,555  |          | 210,555 | 210,725 |
| 1st Music Investment Fund of SK-PVC                | 1,385          | 69.3  | 6,925   | 4,660    |          | 4,660   | 5,688   |
| 2nd Music Investment Fund of SK-PVC                | 1,585          | 79.3  | 7,925   | 7,894    |          | 7,894   | 8,441   |
| SK-KTB Music Investment Fund                       | 14,850,000,000 | 74.2  | 14,850  | 13,203   |          | 13,203  | 13,954  |
| Stonebridge Cinema Fund (formerly IMM Cinema Fund) | 120            | 45.6  | 12,000  | 8,153    |          | 8,153   | 8,435   |
| Michigan Global Cinema Fund                        | 40             | 36.4  | 4,000   | 3,577    |          | 3,577   | 3,577   |
| 3rd Fund of Isu Entertainment                      | 25             | 31.3  | 2,500   | 1,568    |          | 1,568   | 1,568   |
| SK Telecom Advanced Tech & Service Center          |                | 100.0 | 6,989   | 9,828    |          | 9,828   | 10,053  |
| Cyworld China Holdings                             | 10,500,000     | 53.8  | 10,272  | 1,174    |          | 1,174   | 2,117   |
| Magic Tech Network                                 | 4,500          | 30.0  | 8,494   | 2,162    |          | 6,798   | 7,725   |
| SK Telecom Global Investment B.V.                  | 18,000         | 100.0 | 39,319  | 41,823   | (Note d) | 41,823  | 31,866  |
| SKY Property Mgmt. Ltd.                            | 22,980         | 60.0  | 283,367 | 272,691  |          | 272,691 | 287,405 |
| Wave City Development Co. Ltd.                     | 382,000        | 19.1  | 1,967   | 1,908    |          | 1,908   | 1,908   |

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|                                       | September 30, 2009 |                |                    |                   | Carrying amount    |                    |
|---------------------------------------|--------------------|----------------|--------------------|-------------------|--------------------|--------------------|
|                                       | Number of shares   | percentage (%) | Acquisition cost   | Net asset value   | September 30, 2009 | December 31, 2008  |
| Prmaxsoftware Tech. Co., Ltd.         |                    | 97.2           | ₩ 11,665           | ₩ 10,974 (Note d) | ₩ 11,147           | ₩ 7,127            |
| Benex Digital Cultural Contents Fund  | 50                 | 19.9           | 5,000              | 5,068             | 5,068              | 5,068              |
| Benex Focus Limited Partnership II    | 200                | 66.7           | 20,000             | 19,898            | 19,898             | 20,089             |
| K-net Culture & Contents Venture Fund | 59                 | 59.0           | 11,800             | 11,756 (Note d)   | 11,756             | 5,856              |
| Open Innovation Fund                  | 200                | 98.5           | 20,000             | 19,996            | 19,996             | 20,044             |
| Other investments in affiliates       |                    |                | 23,381             | (Note e)          | 23,381             | 23,564             |
| <b>Total</b>                          |                    |                | <b>₩ 3,361,506</b> |                   | <b>₩ 2,829,912</b> | <b>₩ 2,600,719</b> |

(Note a) For the nine months ended September 30, 2009, the Company additionally invested ₩241,176 million in SK Broadband Co., Ltd. which increased the Company's ownership from 43.4% to 50.6%.

(Note b) For the nine months ended September 30, 2009, the Company acquired 30,000,000



shares of  
PS&Marketing  
Corporation. As  
a result, the  
Company holds  
100.0% of  
PS&Marketing  
Corporation.

(Note c) For the nine  
months ended  
September 30,  
2009, Aircross  
Co., Ltd. was  
fully liquidated.

(Note d) For the nine  
months ended  
September 30,  
2009, the  
Company  
additionally  
invested  
~~₩~~6,302 million  
in SK Telecom  
China Holding  
Co., Ltd.,  
~~₩~~13,247 million  
in SK Telecom  
Global  
Investment  
B.V.,  
~~₩~~4,538 million  
in  
Prmaxsoftware  
Tech. Co., Ltd.  
and ~~₩~~5,900  
million in K-net  
Culture &  
Contents  
Venture Fund.

(Note e) As allowed  
under Korean  
GAAP,  
investments in  
equity securities  
of SK Telecom  
Europe Limited  
and others were  
stated at their

acquisition cost  
instead of  
amount valued  
using the equity  
method of  
accounting, as  
changes in the  
Company's  
portion of  
stockholders  
equity of such  
investees were  
not expected to  
be material.

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Details of the changes in investments in affiliates accounted for using the equity method for the three months and nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|                              | Beginning balance | Acquisition | For the nine months ended September 30, 2009 |                                |                 |                                    |                                      |                   |                           | Ending balance |
|------------------------------|-------------------|-------------|--|--------------------------------|-----------------|------------------------------------|--------------------------------------|-------------------|---------------------------|----------------|
|                              |                   |             | Equity in earnings (losses)                  | Equity in comprehensive income | Capital surplus | Equity method in retained earnings | Equity method in capital adjustments | Dividend received | Other increase (decrease) |                |
| Broadband (Note a)           | ₩ 1,146,736       | ₩ 241,176   | (₩ 76,740)                                   | ₩ 5,021                        | ₩               | (₩ 56,043)                         | ₩ 22,555                             | ₩                 | ₩                         | ₩ 1,28         |
| Communications (Note a)      | 147,392           |             | (10,850)                                     | (18,433)                       | 2,047           |                                    | 15,705                               |                   |                           | 13             |
| ink Co., (Notes a and c)     | 112,358           |             | 23,009                                       | 273                            |                 |                                    |                                      | (6,325)           |                           | 12             |
| Marketing & ny Co., (Note a) | 101,345           |             | 11,167                                       | (4,770)                        |                 |                                    |                                      |                   |                           | 10             |
| Marketing ation (Note a)     |                   | 150,000     | (15,200)                                     |                                |                 |                                    |                                      |                   |                           | 13             |
| governments                  |                   |             |  |                                |                 |                                    |                                      |                   |                           |                |
| ill Club (Note b)            |                   |             | (1)  |                                |                 |                                    |                                      |                   |                           |                |
| (Notes a and c)              |                   |             |  |                                |                 |                                    |                                      |                   |                           |                |
| Co., Ltd. (Note a and c)     | 30,086            |             | 1,136  | (281)                          |                 |                                    | 281                                  | (492)             |                           | 3              |
| redit ation Co., (Note b)    | 4,244             |             | (108)  |                                |                 |                                    |                                      |                   |                           |                |
| (Note a)                     | 14,847            |             | (2,371)                                      | 36                             | (36)            |                                    |                                      |                   |                           | 1              |
| dia Corp. (Note d)           | 7,289             |             |  |                                |                 |                                    |                                      |                   | (7,289)                   |                |
| (Note a)                     | 26,957            |             | (5,345)                                      | (5,007)                        |                 |                                    | 5,970                                |                   |                           | 2              |
| Soft Co., (Note a)           | 9,575             |             | (302)  | 43                             |                 |                                    | 49                                   |                   |                           |                |
| erce Planet (Note b)         | 1,535             |             | (428)  |                                |                 |                                    |                                      |                   |                           |                |
| (Note a)                     | 35,895            |             | 1,323  | 2,945                          |                 |                                    | (322)                                |                   |                           | 3              |
| Info Tech, (Note b)          | 598               |             | (265)  |                                |                 |                                    |                                      |                   |                           |                |

|            |                 |         |       |          |         |        |
|------------|-----------------|---------|-------|----------|---------|--------|
| Mobile     | (Note b)        | 2,111   |       |          |         |        |
| Vietnam    | (Note a)        | 112,160 |       | (17,822) | (4,807) |        |
| Co., Ltd.  | (Note a)        | 12,381  |       | 4,574    | (2,508) |        |
| China      | (Note b)        | 3,657   |       | (176)    | (11)    |        |
| ny Ltd.    | (Note b)        | 7,157   |       | 5        | 3,096   |        |
| ecom       | (Note a)        | 9,626   |       | (1,488)  | (124)   |        |
| Co., Ltd.  | (Note a)        | 5,401   |       | (1,077)  | (238)   |        |
| inment     | (Note a)        | 62,096  |       | (11,529) | 11      |        |
| Company    | (Note a)        | 36,126  |       | (20,404) | (1,758) | 12,990 |
| Mobile     | (Note a)        | 30,780  | 6,302 | (6,258)  | (1,790) |        |
| nc.        | (Notes a and e) | 5,041   |       | 182      | 26      |        |
| mericas,   | (Note b)        | 116     |       |          | (26)    | 26     |
| ecom       | (Note a)        | 210,725 |       | (345)    | 175     |        |
| Holding    | (Note b)        | 5,688   |       | (1,181)  | 153     |        |
| d.         | (Note b)        | 8,441   |       | (547)    |         |        |
| A, Inc.    | (Note a)        | 13,954  |       | (680)    | (72)    | 1      |
| nc.        | (Note a)        | 8,435   |       | (282)    |         |        |
| IT Fund    | (Note b)        | 3,577   |       |          |         |        |
| ic         | (Note b)        | 1,568   |       |          |         |        |
| ment Fund  | (Note a)        | 10,053  |       | (194)    | (31)    |        |
| PVC        | (Note b)        | 2,117   |       | 179      | (194)   | (928)  |
| usic       | (Note b)        | 7,725   |       | (927)    |         |        |
| ment Fund  | (Note a)        |         |       |          |         |        |
| PVC        | (Note b)        |         |       |          |         |        |
| B Music    | (Note a)        |         |       |          |         |        |
| ment Fund  | (Note a)        |         |       |          |         |        |
| ridge      | (Note a)        |         |       |          |         |        |
| a Fund     | (Note a)        |         |       |          |         |        |
| arly IMM   | (Note a)        |         |       |          |         |        |
| a Fund)    | (Note b)        |         |       |          |         |        |
| an Global  | (Note b)        |         |       |          |         |        |
| a Fund     | (Note b)        |         |       |          |         |        |
| nd of Isu  | (Note b)        |         |       |          |         |        |
| inment     | (Note b)        |         |       |          |         |        |
| ecom       | (Note b)        |         |       |          |         |        |
| ced Tech   | (Note b)        |         |       |          |         |        |
| ice Center | (Note b)        |         |       |          |         |        |
| ld China   | (Note b)        |         |       |          |         |        |
| gs         | (Note b)        |         |       |          |         |        |

|                         |             |             |           |            |            |       |          |          |         |          |             |
|-------------------------|-------------|-------------|-----------|------------|------------|-------|----------|----------|---------|----------|-------------|
| Tech<br>k<br>ecom       | (Note<br>b) |             |           |            |            |       |          |          |         |          |             |
| ent B.V.                | (Note<br>a) | 31,866      | 13,274    | 120        | (3,437)    |       |          |          |         |          |             |
| roperty<br>Ltd.         | (Note<br>a) | 287,405     |           | 436        | (15,150)   |       |          |          |         |          |             |
| City<br>pment Co.       | (Note<br>b) | 1,908       |           |            |            |       |          |          |         |          |             |
| oftware<br>Co., Ltd.    | (Note<br>b) | 7,127       | 4,538     | (518)      |            |       |          |          |         |          |             |
| Digital<br>al Contents  | (Note<br>b) | 5,068       |           |            |            |       |          |          |         |          |             |
| Focus<br>d<br>ship II   | (Note<br>a) | 20,089      |           | (191)      |            |       |          |          |         |          |             |
| Culture &<br>ts Venture | (Note<br>b) | 5,856       | 5,900     |            |            |       |          |          |         |          |             |
| nnovation               | (Note<br>a) | 20,044      |           | (48)       |            |       |          |          |         |          |             |
|                         |             | ₩ 2,577,155 | 421,190   | (133,145)  | (46,858)   | 2,011 | (56,043) | 43,337   | (6,817) | 5,701    | ₩ 2,800,000 |
| ix months<br>June 30,   |             |             | 163,332   | (73,022)   | (12,908)   | 2,003 | (56,043) | 18,280   | (6,817) | (7,289)  |             |
| months<br>ber 30,       |             |             | ₩ 257,858 | (₩ 60,123) | (₩ 33,950) | ₩ 8   | ₩        | ₩ 25,057 | ₩       | ₩ 12,990 |             |

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(Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the nine months ended September 30, 2009. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:

- i) obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
- ii) checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the unaudited and

unreviewed  
financial  
statements

iii) performed an  
analytical  
review on the  
unaudited and  
unreviewed  
financial  
statements

(Note b) Investments in  
equity securities are  
carried using the  
equity method of  
accounting based on  
the financial  
statements as of  
December 31, 2008  
as information as of  
September 30, 2009  
was not available  
and the change in  
the Company's  
portion of  
stockholders' equity  
of the investee for  
the nine months  
ended  
September 30, 2009  
was immaterial.

(Note c) The Company  
received dividends  
from SK Telink Co.,  
Ltd. and Paxnet Co.,  
Ltd., and the  
corresponding  
amount was  
deducted from the  
carrying amount of  
equity method  
securities.

(note d) Other decrease in  
investments in  
Aircross Co., Ltd.  
represents the  
collection of the  
Company's

investment resulting  
from the full  
liquidation of  
Aircross Co., Ltd.

(note e) For the nine months  
ended  
September 20, 2009,  
SKT Americas, Inc.  
merged with SKT  
Holding America  
and as such the  
book value of the  
investment in SKT  
Holding America  
was transferred to  
the investment in  
SKT Americas, Inc.  
as of September 30,  
2009.



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|   | For the nine months ended September 30, 2008 |             |                             |   |                                      |                   |                           |                |
|---|--|-------------|-----------------------------|---|--------------------------------------|-------------------|---------------------------|----------------|
|   | Beginning balance                            | Acquisition | Equity in earnings (losses) | Equity in surplus and capital adjustments | Equity method in capital adjustments | Dividend received | Other increase (decrease) | Ending balance |
| SK Broadband Co., Ltd.                      | ₩  | ₩ 1,093,104 | (₩ 31,964)                  | ₩ 3,473                                   | ₩                                    | ₩                 | ₩ 116,525                 | ₩ 1,181,138    |
| SK Communications Co., Ltd.                 | 149,850                                      |             | (5,991)                     | 8,864                                     |                                      |                   |                           | 152,723        |
| SK Telink Co., Ltd.                         | 97,136                                       |             | 17,905                      | (60)                                      |                                      | (5,947)           |                           | 109,034        |
| SK Marketing & Company Co. Ltd              |  | 190,000     | 6,226                       | (93,878)                                  |                                      |                   |                           | 102,348        |
| SK Wyverns Baseball Club Co., Ltd. (Note a) |  |             | (989)                       |   |                                      |                   |                           |                |
| Paxnet Co., Ltd.                            | 30,237                                       |             | (111)                       | 406                                       |                                      | (447)             |                           | 30,085         |
| F&U Credit Information Co., Ltd. (Note a)   | 3,851  |             | (31)                        |   |                                      |                   |                           | 3,820          |
| TU Media Corp.                              | 5,527  | 55,000      | (12,467)                    |   | (30,642)                             |                   |                           | 17,418         |
| Aircross Co., Ltd. (Note a)                 | 5,967  |             | (939)                       | (18)                                      |                                      |                   |                           | 5,010          |
| IHQ, Inc.                                   | 38,911                                       |             | (8,657)                     | (402)                                     |                                      |                   |                           | 29,852         |
| Ntreev Soft Co., Ltd. (Note a)              | 13,221                                       |             | (4,418)                     | 138                                       |                                      |                   |                           | 8,941          |
| Baba Club                                   | 1,733  |             |                             |   |                                      |                   | (1,733)                   |                |
| Commerce Planet Co., Ltd. (Note a)          | 6,266  |             | (419)                       |   |                                      |                   | 1,733                     | 7,580          |
| Loen Entertainment, Inc.                    | 21,415                                       |             | 562                         | (2,735)                                   |                                      |                   |                           | 19,242         |
| Harex Info Tech, Inc. (Note a)              | 1,118  |             | (263)                       |   |                                      |                   |                           | 855            |
| SK Mobile SKT Vietnam PTE Ltd. (Note a)     | 3,272  | 2,004       |                             |   |                                      |                   | (3,166)                   | 2,110          |
| SKYTEL Co., Ltd. (Note a)                   | 101,412                                      |             | (14,635)                    | 24,339                                    | (71)                                 |                   |                           | 111,045        |
| SKYTEL Co., Ltd. (Note a)                   | 7,797  |             | (52)                        | (1)                                       |                                      |                   |                           | 7,744          |
| SK China Company Ltd. (Note a)              |  |             | 54                          | 83  |                                      |                   |                           | 137            |
| SK Telecom China Co., Ltd. (Note a)         | 7,154  |             | 3                           |   |                                      |                   |                           | 7,157          |

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|  |          |                 |                  |                  |                  |                 |                |                |
|--|----------|-----------------|------------------|------------------|------------------|-----------------|----------------|----------------|
| TR Entertainment ULand Company Ltd.                |          | 10,954          | (1,318)          | 578              |                  |                 |                | 10,214         |
| SK Telecom USA Holdings, Inc.                      |          | 63,023          | 99,141           | (83,282)         | 27,762           | (22,988)        |                | 83,656         |
| SKT Americas, Inc.                                 | (Note a) | 26,454          |                  | 431              | 305              |                 |                | 27,190         |
| SK Telecom China Holding Co., Ltd.                 |          | 19,070          | 4,223            | (980)            | 8,264            |                 |                | 30,577         |
| SK USA, Inc.                                       | (Note a) | 3,140           |                  |                  |                  |                 |                | 3,140          |
| Helio, LLC & Inc.                                  |          | 333             |                  | (572)            | 15               | 340             |                | 116            |
| Korea IT Fund Centurion IT Investment Association  |          | 210,568         |                  | 4,530            | (581)            |                 |                | 214,517        |
| 1st Music Investment Fund                          | (Note a) | 5,607           |                  |                  |                  |                 |                | 5,607          |
| 2nd Music Investment Fund                          | (Note a) | 8,517           |                  | (338)            |                  |                 |                | 8,179          |
| SK-KTB Music Investment Fund                       |          | 13,367          |                  | (412)            | 923              |                 |                | 13,878         |
| Stonebridge Cinema Fund (formerly IMM Cinema Fund) |          | 9,089           |                  | (725)            |                  |                 |                | 8,364          |
| Michigan Global Cinema Fund                        | (Note a) | 3,542           |                  |                  |                  |                 |                | 3,542          |
| 3rd Fund of Isu Entertainment                      | (Note a) | 1,690           |                  |                  |                  |                 |                | 1,690          |
| Cyworld China Holdings                             | (Note a) |                 | 10,272           |                  |                  | (6,231)         |                | 4,041          |
| Magic Tech Network                                 | (Note a) |                 | 8,384            | (303)            |                  |                 |                | 8,081          |
| SKT Global Investment B.V.I.O.                     | (Note a) |                 | 26,044           |                  |                  |                 |                | 26,044         |
| SKY Property Mgmt. Ltd.                            | (Note a) |                 | 178,427          |                  |                  |                 |                | 178,427        |
| <b>Total</b>                                       |          | <b>₩867,020</b> | <b>1,677,553</b> | <b>(136,788)</b> | <b>(20,907)</b>  | <b>(59,592)</b> | <b>(6,394)</b> | <b>110,896</b> |
| <b>Less six months ended June 30, 2008</b>         |          |                 | <b>1,428,117</b> | <b>(94,954)</b>  | <b>(104,211)</b> | <b>(30,373)</b> | <b>(6,394)</b> | <b>114,062</b> |

Three months  
ended  
September 30,  
2008

₩ 249,436 (₩ 41,834) ₩ 83,304 (₩ 29,219) ₩ (₩ 3,166)

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Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the three months and nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|                                       | For the nine months ended September 30, 2009 |                      |                 |                  |
|---------------------------------------|--|----------------------|-----------------|------------------|
|                                       | Beginning balance                            | Increase/ (decrease) | Amortization    | Ending balance   |
| SK Broadband Co., Ltd.                | ₩ 534,051                                    | ₩ 26,435             | (₩ 15,389)      | ₩ 545,097        |
| SK Communications Co., Ltd.           | 12,122                                       |                      | (669)           | 11,453           |
| Paxnet Co., Ltd.                      | 15,018                                       |                      | (804)           | 14,214           |
| F&U Credit Information Co., Ltd.      | 503  |                      | (32)            | 471              |
| IHQ, Inc.                             | 13,767                                       |                      | (4,130)         | 9,637            |
| Ntreev Soft Co., Ltd.                 | 595  |                      | (446)           | 149              |
| Loen Entertainment, Inc.              | 1,223  |                      | (612)           | 611              |
| Harex Info Tech, Inc.                 | 351  |                      | (263)           | 88               |
| Skytel Co., Ltd.                      | (1,387)                                      |                      | 1,387           |                  |
| SK China Company Ltd.                 | 106  |                      | (106)           |                  |
| TR Entertainment                      | 6,856  |                      | (1,210)         | 5,646            |
| Virgin mobile USA, Inc.               | 125,930                                      |                      | (19,884)        | 106,046          |
| Magic Tech Network                    | 5,562  |                      | (927)           | 4,635            |
| Prmaxsoftware Tech. Co., Ltd.         | 691  |                      | (518)           | 173              |
| <b>Total</b>                          | <b>₩ 715,388</b>                             | <b>26,435</b>        | <b>(43,603)</b> | <b>₩ 698,220</b> |
| Less: six months ended June 30, 2009  |  |                      | (23,434)        |                  |
| Three months ended September 30, 2009 |  | ₩ 26,435             | (₩ 20,169)      |                  |
|                                       | For the nine months ended September 30, 2008 |                      |                 |                  |
|                                       | Beginning balance                            | Increase (decrease)  | Amortization    | Ending balance   |
| SK Broadband Co., Ltd.                | ₩  | ₩ 565,174            | (₩ 20,749)      | ₩ 544,425        |
| SK Communications Co., Ltd.           | 21,019                                       | (8,005)              | (669)           | 12,345           |
| Paxnet Co., Ltd.                      | 16,091                                       |                      | (804)           | 15,287           |
| F&U Credit Information Co., Ltd.      | 545  |                      | (32)            | 513              |
| IHQ, Inc.                             | 19,274                                       |                      | (4,130)         | 15,144           |
| Ntreev Soft Co., Ltd.                 | 1,282  | (92)                 | (446)           | 744              |
| Baba Club                             | 2,504  | (2,504)              |                 |                  |
| Commerce Planet Co., Ltd.             | 3,950  |                      | (658)           | 3,292            |
| Loen Entertainment, Inc.              | 2,039  |                      | (612)           | 1,427            |
| Harex Info Tech, Inc.                 | 701  |                      | (263)           | 438              |
| Uland Company Ltd.                    | 4,245  |                      | (193)           | 4,052            |
| TR Entertainment                      |  | 8,066                | (807)           | 7,259            |
| Magic Tech Network                    |  | 6,071                | (303)           | 5,768            |

|                                       |          |         |            |           |
|---------------------------------------|----------|---------|------------|-----------|
| Total                                 | ₩ 71,650 | 568,710 | (29,666)   | ₩ 610,694 |
| Less six months ended June 30, 2008   |          | 569,224 | (12,657)   |           |
| Three months ended September 30, 2008 |          | (₩ 514) | (₩ 17,009) |           |

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Details of changes in unrealized inter-company gains incurred from sales of assets for the three months and nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

| Subsidiary                            | For the nine months ended September 30, 2009 |          |          |                |
|---------------------------------------|--|----------|----------|----------------|
|                                       | Beginning balance                            | Increase | Decrease | Ending balance |
| SK Communications Co., Ltd.           | ₩ 269  | ₩        | (₩ 105)  | ₩ 164          |
| SK China Company Ltd.                 | 1,086  |          |          | 1,086          |
| Total                                 | ₩ 1,355                                      |          | (105)    | ₩ 1,250        |
| Less: six months ended June 30, 2009  |  |          | (70)     |                |
| Three months ended September 30, 2009 |  | ₩        | (₩ 35)   |                |

| Subsidiary                            | For the nine months ended September 30, 2008 |          |           |                |
|---------------------------------------|--|----------|-----------|----------------|
|                                       | Beginning balance                            | Increase | Decrease  | Ending balance |
| SK Communications Co., Ltd.           | ₩ 2,192                                      | ₩        | (₩ 1,888) | ₩ 304          |
| Uland Company Limited.                | 2,981  |          | (2,981)   |                |
| SK China Company Ltd.                 | 1,086  |          |           | 1,086          |
| Total                                 | ₩ 6,259                                      |          | (4,869)   | ₩ 1,390        |
| Less: six months ended June 30, 2008  |  |          | (4,834)   |                |
| Three months ended September 30, 2008 |  | ₩        | (₩ 35)    |                |

Details of market price of the equity securities accounted for using the equity method as of September 30, 2009 are as follows (In millions of Korean won, except for market price per share):

|                             | Market price per share<br>(In Korean won) | Number of shares owned by<br>the Company | Market price |
|-----------------------------|---|--|--------------|
| SK Broadband Co., Ltd.      | ₩ 5,210                                   | 149,638,354                              | ₩779,616     |
| SK Communications Co., Ltd. | 8,830                                     | 28,029,945                               | 247,504      |
| IHQ, Inc.                   | 1,240                                     | 14,960,784                               | 18,551       |
| Loen Entertainment, Inc.    | 5,080                                     | 16,054,812                               | 81,558       |

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The condensed financial information of the investees as of and for the nine months ended September 30, 2009 is as follows (In millions of Korean won):

|   | Total<br>assets | Total<br>liabilities | Revenue    | Net<br>income (loss) |
|---|-----------------|----------------------|------------|----------------------|
| SK Broadband Co., Ltd.                                | ₩3,064,055      | ₩1,605,192           | ₩1,368,058 | (₩131,540)           |
| SK Communications Co., Ltd.                           | 268,501         | 76,322               | 147,790    | (15,711)             |
| SK Telink Co., Ltd.                                   | 210,764         | 68,298               | 224,508    | 25,374               |
| SK Marketing & Company Co., Ltd.                      | 591,350         | 375,865              | 207,273    | 22,664               |
| PS&Marketing Corporation                              | 185,175         | 50,375               | 279,134    | (15,200)             |
| Paxnet Co., Ltd.                                      | 43,061          | 15,414               | 32,315     | 3,320                |
| TU Media Corp.  | 268,563         | 240,307              | 99,314     | (4,555)              |
| IHQ, Inc.   | 52,404          | 17,520               | 32,447     | (506)                |
| Ntreev Soft Co., Ltd.                                 | 27,666          | 13,197               | 16,901     | 124                  |
| Loen Entertainment, Inc.                              | 97,775          | 35,977               | 72,511     | 4,350                |
| SKT Vietnam PTE Ltd.                                  | 142,255         | 20,145               | 140        | (21,940)             |
| Skytel Co., Ltd.                                      | 56,878          | 7,643                | 29,109     | 10,961               |
| TR Entertainment                                      | 6,543           | 933                  | 8,130      | (660)                |
| ULand Company Limited                                 | 8,970           | 3,146                | 4,984      | (1,191)              |
| Virgin Mobile USA, Inc.                               | 384,918         | 719,870              | 846,505    | 50,452               |
| SKT Americas, Inc                                     | 37,408          | 10,454               | 16,136     | (15,660)             |
| SK Telecom China Holdings                             | 44,246          | 15,212               | 18,336     | (4,571)              |
| Korea IT Fund   | 332,455         |                      | 10,994     | (561)                |
| SKT-KTB Music Investment Fund                         | 17,879          | 81                   | 325        | (917)                |
| Stonebridge Cinema Fund (formerly<br>IMM Cinema Fund) | 17,868          |                      | 255        | (10)                 |
| SK Telecom Global Investment B.V.                     | 41,927          | 104                  | 342        | 185                  |
| SKY Property Mgmt. Ltd.                               | 611,435         | 156,949              | 31,583     | 2,519                |
| 2nd Benex Focus investment Fund                       | 30,131          | 284                  | 557        | (286)                |
| Open Innovation Fund                                  | 20,488          | 192                  | 522        | (49)                 |

**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|  | September 30, 2009 |           |          | December<br>31,<br>2008 |
|--|--------------------|-----------|----------|-------------------------|
|  | Short-term         | Long-term | Total    |                         |
| Loans to Employees Stock Ownership Association<br>(Note) | ₩ 1,774            | ₩ 56,830  | ₩ 58,604 | ₩ 60,908                |
| Loans to employees for housing and other                 | 48                 | 10        | 58       | 106                     |
| Total  | ₩ 1,822            | ₩ 56,840  | ₩ 58,662 | ₩ 61,014                |

(Note) The Company  
loaned the

amount above to  
Employees  
Stock  
Ownership  
Association to  
help fund  
employees  
acquisition of  
the Company's  
treasury stocks.  
The loan will be  
repaid over a  
period of five  
years, beginning  
on the second  
anniversary of  
each loan date  
and will expire  
on  
December 25,  
2014.



**Table of Contents****6. PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|                                | Useful lives<br>(years) | September 30,<br>2009 | December 31,<br>2008 |
|--------------------------------|-------------------------|-----------------------|----------------------|
| Land                           |                         | ₩ 459,318             | ₩ 447,088            |
| Buildings and structures       | 30,15                   | 1,599,261             | 1,510,018            |
| Machinery                      | 6                       | 14,327,189            | 13,441,993           |
| Vehicles                       | 4                       | 53,467                | 21,070               |
| Other                          | 4                       | 931,691               | 1,016,133            |
| Construction in progress       |                         | 488,166               | 281,574              |
|                                |                         | 17,859,092            | 16,717,876           |
| Less: accumulated depreciation |                         | (12,749,362)          | (12,019,662)         |
| Property and equipment, net    |                         | ₩ 5,109,730           | ₩ 4,698,214          |

Details of change in property and equipment for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|                             | Beginning<br>balance | Acquisition | For the nine months ended September 30, 2009 |            |            |               | Ending<br>balance |
|-----------------------------|----------------------|-------------|--|------------|------------|---------------|-------------------|
|                             |                      |             | Business<br>acquisition<br>(Note)            | Disposal   | Transfer   | Depreciation  |                   |
| Land                        | ₩ 447,088            | ₩ 8,519     | ₩ 3,939                                      | (₩ 757)    | ₩ 529      | ₩             | ₩ 459,318         |
| Buildings and<br>structures | 1,012,226            | 2,152       | 66,626                                       | (174)      | 821        | (42,462)      | 1,039,189         |
| Machinery                   | 2,594,086            | 16,843      | 543,447                                      | (2,608)    | 602,552    | (904,208)     | 2,850,112         |
| Vehicles                    | 2,035                | 43          |  | (49)       | 33,638     | (1,108)       | 34,559            |
| Other                       | 361,205              | 645,701     | 206  | (15,945)   | (679,448)  | (73,333)      | 238,386           |
| Construction<br>in progress | 281,574              | 245,361     | 7,135  | (3,290)    | (42,614)   |               | 488,166           |
| Total                       | ₩ 4,698,214          | ₩ 918,619   | ₩ 621,353                                    | (₩ 22,823) | (₩ 84,522) | (₩ 1,021,111) | ₩ 5,109,730       |

(Note) The Company acquired the leased line business from SK Networks Co., Ltd. (See

Note 20).

|                             | For the nine months ended September 30, 2008 |                  |                   |                   |                      | Ending<br>Balance  |
|-----------------------------|--|------------------|-------------------|-------------------|----------------------|--------------------|
|                             | Beginning<br>balance                         | Acquisition      | Disposal          | Transfer          | Depreciation         |                    |
| Land                        | ₩ 444,252                                    | ₩ 96             | (₩ 893)           | ₩ 2,639           | ₩                    | ₩ 446,094          |
| Buildings and<br>structures | 1,054,484                                    | 4,704            | (965)             | 2,897             | (42,067)             | 1,019,053          |
| Machinery                   | 2,495,252                                    | 18,168           | (3,113)           | 688,633           | (893,960)            | 2,304,980          |
| Vehicles                    | 3,196  | 91               | (239)             |                   | (1,354)              | 1,694              |
| Other                       | 305,095                                      | 716,958          | (15,438)          | (593,203)         | (72,229)             | 341,183            |
| Construction in<br>progress | 292,134                                      | 247,300          | (4,837)           | (182,277)         |                      | 352,320            |
| <b>Total</b>                | <b>₩ 4,594,413</b>                           | <b>₩ 987,318</b> | <b>(₩ 25,485)</b> | <b>(₩ 81,311)</b> | <b>(₩ 1,009,610)</b> | <b>₩ 4,465,324</b> |

**Table of Contents****7. INTANGIBLE ASSETS**

Intangible assets as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

|                            | September 30, 2009 |                          |                  | December 31, 2008 |                          |                  |
|----------------------------|--------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                            | Acquisition cost   | Accumulated amortization | Carrying amounts | Acquisition cost  | Accumulated amortization | Carrying amounts |
| Goodwill                   | ₩ 2,341,625        | (₩ 999,669)              | ₩ 1,341,956      | ₩ 2,341,625       | (₩ 902,259)              | ₩ 1,439,366      |
| Frequency use rights       | 1,385,120          | (628,748)                | 756,372          | 1,385,120         | (541,349)                | 843,771          |
| Software development costs | 155,464            | (145,312)                | 10,152           | 188,358           | (174,869)                | 13,489           |
| Computer software          | 1,267,957          | (743,245)                | 524,712          | 1,174,908         | (586,654)                | 588,254          |
| Other                      | 144,272            | (89,673)                 | 54,599           | 139,562           | (82,850)                 | 56,712           |
|                            | ₩ 5,294,438        | (₩ 2,606,647)            | ₩ 2,687,791      | ₩ 5,229,573       | (₩ 2,287,981)            | ₩ 2,941,592      |

Details of changes in intangible assets for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|                            | Beginning balance | For the nine months ended September 30, 2009 |                             |           |          |              | Ending balance |
|----------------------------|-------------------|--|-----------------------------|-----------|----------|--------------|----------------|
|                            |                   | Increase                                     | Business acquisition (Note) | Decrease  | Transfer | Amortization |                |
| Goodwill                   | ₩ 1,439,366       | ₩  | ₩                           | ₩         | ₩        | (₩ 97,410)   | ₩ 1,341,956    |
| Frequency use rights       | 843,771           |  |                             |           |          | (87,399)     | 756,372        |
| Software development costs | 13,489            |  |                             |           |          | (3,337)      | 10,152         |
| Computer software          | 588,254           | 7,882  | 6,540                       | (1,953)   | 84,923   | (160,934)    | 524,712        |
| Other                      | 56,712            | 7,581  |                             | (1,813)   | 50       | (7,931)      | 54,599         |
| Total                      | ₩ 2,941,592       | ₩ 15,463                                     | ₩ 6,540                     | (₩ 3,766) | ₩ 84,973 | (₩ 357,011)  | ₩ 2,687,791    |

(Note) The Company acquired the leased line business from SK Networks Co., Ltd. (See Note 20).

For the nine months ended September 30, 2008

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|                               | Beginning<br>balance | Increase        | Decrease         | Transfer        | Amortization       | Ending<br>balance  |
|-------------------------------|----------------------|-----------------|------------------|-----------------|--------------------|--------------------|
| Goodwill                      | ₩ 1,569,247          | ₩               | ₩                | ₩               | (₩ 97,411)         | ₩ 1,471,836        |
| Frequency use rights          | 960,302              |                 |                  |                 | (87,399)           | 872,903            |
| Software development<br>costs | 13,029               |                 |                  | 4,775           | (7,854)            | 9,950              |
| Computer software             | 585,574              | 14,289          | (1,761)          | 75,309          | (144,309)          | 529,102            |
| Other                         | 46,790               | 10,735          | (151)            | 1,552           | (6,695)            | 52,231             |
| <b>Total</b>                  | <b>₩ 3,174,942</b>   | <b>₩ 25,024</b> | <b>(₩ 1,912)</b> | <b>₩ 81,636</b> | <b>(₩ 343,668)</b> | <b>₩ 2,936,022</b> |

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The book value as of September 30, 2009 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

|               | Amount     | Description  | Residual useful lives |
|---------------|------------|--|-----------------------|
| Goodwill      | ₩1,338,402 | Goodwill related to acquisition of Shinsegi Telecomm, Inc. | 10 years and 3 months |
| IMT license   | 700,984    | Frequency use rights relating to W-CDMA Service            | (Note a)              |
| WiBro license | 50,605     | WiBro Service  | (Note b)              |
| DMB license   | 4,783      | DMB Service  | 6 years and 9 months  |

(Note a) Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life (13 years) of the IMT license which expires in December 2016.

(Note b) The Company purchased the WiBro license from MIC on March 30, 2005. The license period is seven years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006 using the straight line basis over

the remaining  
useful life.

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**Table of Contents****8. BONDS PAYABLE**

Bonds payable as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won and thousands of foreign currency):

|   | Maturity year | Annual interest rate (%)                   | September 30, 2009 | December 31, 2008 |
|---|---------------|--|--------------------|-------------------|
| Domestic general bonds                  | 2009          | 5.0  | ₩                  | ₩ 300,000         |
| "                                       | 2010          | 4.0  | 200,000            | 200,000           |
| "                                       | 2010          | 6.77                                       | 50,000             | 50,000            |
| "                                       | 2011          | 3.0  | 200,000            | 200,000           |
| "                                       | 2013          | 4.0  | 200,000            | 200,000           |
| "                                       | 2013          | 6.92                                       | 250,000            | 250,000           |
| "                                       | 2014          | 5.0  | 200,000            | 200,000           |
| "                                       | 2015          | 5.0  | 200,000            | 200,000           |
| "                                       | 2016          | 5.0  | 200,000            | 200,000           |
| "                                       | 2016          | 5.54                                       | 40,000             |                   |
| "                                       | 2016          | 5.94                                       | 230,000            |                   |
| "                                       | 2018          | 5.0  | 200,000            | 200,000           |
| Dollar denominated bonds (US\$ 300,000) | 2011          | 4.25                                       | 356,610            | 377,250           |
| Dollar denominated bonds (US\$ 400,000) | 2027          | 6.63                                       | 475,480            | 503,000           |
| Yen denominated bonds (JPY 12,500,000)  | 2012          | 3-month Euro Yen LIBOR rate +0.55 (Note a) | 164,850            | 174,237           |
| Yen denominated bonds (JPY 5,000,000)   | 2012          | 3-month Euro Yen TIBOR rate +2.5 (Note b)  | 65,940             |                   |
| Yen denominated bonds (JPY 3,000,000)   | 2012          | 3-month Euro Yen LIBOR rate +2.5 (Note a)  | 39,564             |                   |
| Convertible bonds (US\$ 229,160)        | 2009          |  |                    | 268,415           |
| Convertible bonds (US\$ 332,528)        | 2014          | 1.75                                       | 437,673            |                   |
| Floating rate notes (US\$ 150,000,000)  | 2010          | 3-month LIBOR rate +3.05 (Note c)          | 178,305            | 188,625           |
| Floating rate notes (US\$ 220,000,000)  | 2012          | 3-month LIBOR rate +3.15 (Note c)          | 261,514            |                   |
| Total                                   |               |  | 3,949,936          | 3,511,527         |
| Less discounts on bonds                 |               |  | (65,120)           | (61,143)          |
| Less conversion right adjustments       |               |  | (85,500)           | (5,733)           |
| Add long-term accrued interest          |               |  |                    | 17,256            |
| Net                                     |               |  | 3,799,316          | 3,461,907         |
| Less portion due within one year        |               |  | (199,318)          | (579,424)         |
| Long-term portion                       |               |  | ₩ 3,599,998        | ₩ 2,882,483       |

(Note a) The 3-months  
Euro Yen  
LIBOR rate as  
of  
September 30,  
2009 is 0.35%.

(Note b) The 3-months  
Euro Yen  
TIBOR rate as  
of  
September 30,  
2009 is 0.54%.

(Note c) The 3-months  
LIBOR rate as  
of  
September 30,  
2009 is 0.29%.

All of the above bonds will be paid in full at maturity.

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On April 7, 2009, the Company issued convertible bonds with a maturity of five years in the principal amount of US\$332,528,000 for US\$326,397,463 with an initial conversion price of ₩230,010 per share of the Company's common stock, which was greater than market value at the date of issuance. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 100% of the principal amount on April 7, 2012 (3 years from the issuance date). The conversion right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares to be converted as of September 30, 2009 is 1,999,997 shares.

Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five or twenty business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. Unless either previously redeemed or converted, the notes are redeemable at 100% of the principal amount at maturity.

During the nine months ended September 30, 2009, no conversion was made.

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won and thousands of U.S. dollars):

|                                       | Lender       | Final maturity year | Annual interest rate (%) (Note) |      | September 30, 2009 | December 31, 2008 |
|---------------------------------------|--------------|---------------------|---------------------------------|------|--------------------|-------------------|
| Long-term floating rate discount bill | Shinhan Bank | June 29, 2011       | 91 days CD yield + 0.25%        | ₩    | 200,000            | ₩ 200,000         |
| Long-term floating rate borrowings    | KDB          | July 28, 2011       | 91 days CD yield + 1.02%        |      | 100,000            | 100,000           |
| "                                     | Citibank     | July 29, 2011       | 91 days CD yield + 1.20%        |      | 100,000            | 100,000           |
| "                                     | Nonghyup     | July 30, 2011       | 91 days CD yield + 1.30%        |      | 100,000            | 100,000           |
| "                                     | Hana Bank    | July 31, 2011       | 91 days CD yield + 1.50%        |      | 150,000            | 150,000           |
| "                                     | Nonghyup     | August 12, 2011     | 91 days CD yield + 1.50%        |      | 50,000             | 50,000            |
| "                                     | Woori Bank   | April 18, 2016      | 91 days CD yield + 3.17%        |      | 58,400             |                   |
| "                                     | KEB          | March 31, 2016      | 91 days CD yield + 3.09%        |      | 31,749             |                   |
| "                                     | KDB          | April 17, 2016      | 6 months IFB yield + 3.69%      |      | 167,014            |                   |
| "                                     | Shinhan Bank | April 19, 2016      | 6 months BD yield + 3.36%       |      | 123,400            |                   |
| "                                     | Hana Bank    | March 31, 2016      | 5.50                            |      | 65,300             |                   |
| "                                     | Nonghyup     | March 31, 2016      | 5.70                            |      | 41,500             |                   |
| "                                     | EXIM Bank    | April 15, 2016      | 5.75                            |      | 98,600             |                   |
| "                                     | Calyon Bank  | October 10, 2013    | 6M LIBOR + 0.29%                | US\$ | 50,000             | US\$ 50,000       |
| "                                     | DBS Bank     | October 10, 2013    | 6M LIBOR + 0.29%                |      | 25,000             | 25,000            |
| "                                     | SMBC         | October 10, 2013    | 6M LIBOR + 0.29%                |      | 25,000             | 25,000            |

|                             |              |              |
|-----------------------------|--------------|--------------|
| Total                       | US\$ 100,000 | US\$ 100,000 |
|                             | ₩ 1,285,963  | ₩ 700,000    |
| Equivalent in<br>Korean won | ₩ 1,404,833  | ₩ 825,750    |
| Less current<br>portion     | 93,784       |              |
| Long-term<br>borrowings     | ₩ 1,311,049  | ₩ 825,750    |

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The above long-term floating rate discount bill is classified as long-term borrowing as the borrowing is to be rolled-over exceeding 1 year from September 30, 2009 in accordance with the loan agreement.

(Note) At  
September 30,  
2009, the  
91 days CD  
yield and the  
6M LIBOR rate  
and the  
6 months  
Industrial  
Financial Bond  
yield and the  
6 months Bank  
Debenture yield  
are 2.76%,  
0.63%, 3.33%  
and 3.40%,  
respectively.

**10. CAPITAL STOCK AND CAPITAL SURPLUS**

The Company's capital stock consists entirely of common stock with a par value of ₩500. The number of authorized and issued shares as of September 30, 2009 and December 31, 2008 are as follows:

|   | September 30,<br>2009 | December 31,<br>2008 |
|---|-----------------------|----------------------|
| Authorized shares                         | 220,000,000           | 220,000,000          |
| Issued shares                             | 80,745,711            | 81,193,711           |
| Outstanding shares, net of treasury stock | 72,345,003            | 72,486,015           |

Significant changes in capital stock and capital surplus for the nine months ended September 30, 2009 and for the year ended December 31, 2008 are as follows (In millions of Korean won except for share data):

|                       | Number of<br>shares<br>issued (Note) | Capital stock | Additional paid<br>in<br>capital |
|-----------------------|--------------------------------------|---------------|----------------------------------|
| At December 31, 2008  | 81,193,711                           | ₩44,639       | ₩2,915,887                       |
| At September 30, 2009 | 80,745,711                           | ₩44,639       | ₩2,915,887                       |

(Note) During the year  
ended  
December 31,  
2003, 2006 and  
the nine months  
ended

September 30, 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, and reduced retained earnings before appropriations in accordance with the Korean Commercial Law. As a result, the total par value of outstanding capital stock does not agree to the capital balance of capital stock. In addition, there are no changes in capital stock for the nine months ended September 30, 2009 and for the year ended December 31, 2008.

**11. TREASURY STOCK**

The Company retired 448,000 shares of common stock on January 9, 2009 in accordance with Korean Commercial law, which were acquired by the Company from December 2, 2008 through January 7, 2009 for ₩92,477 million. As a result of these transactions, retained earnings decreased by ₩92,477 million.

**Table of Contents****12. INCOME TAX**

## a. Details of income tax expense

Income tax expense for the nine months ended September 30, 2009 and 2008 consists of the following (In millions of Korean won):

|  | 2009      | 2008      |
|--|-----------|-----------|
| Current  | ₩ 370,566 | ₩ 497,682 |
| Changes in net deferred tax liabilities (note a) | (20,683)  | (124,226) |
| Income tax expenses                              | 349,883   | 373,456   |
| Less six months ended June 30                    | (199,715) | (265,390) |
| Three months ended September 30                  | ₩ 150,168 | ₩ 108,066 |

(Note a) Changes in net deferred tax liabilities for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|  | 2009       | 2008        |
|--|------------|-------------|
| Ending balance of net deferred tax liabilities   | ₩ 126,821  | ₩ 511,602   |
| Beginning balance of net deferred tax liabilities  | (257,939)  | (1,015,002) |
| Adjustment to the beginning net deferred tax liabilities based on tax return filed                             | 5,319      | 3,944       |
| Tax effect of temporary differences charged or credited directly to related components of stockholders' equity | 105,116    | 375,230     |
|  | (₩ 20,683) | (₩ 124,226) |

b. An explanation of the relationship between income tax expense and accounting income before income tax expense for the nine months ended September 30, 2009 and 2008 is as follows (In millions of Korean won) :

|                          | 2009        | 2008        |
|--------------------------|-------------|-------------|
| Income before income tax | ₩ 1,393,987 | ₩ 1,387,991 |

|   |           |           |
|---|-----------|-----------|
| Income tax expense at statutory income tax rate (12.1% of taxable income less than ₩200 million and 24.2% of taxable income exceeding ₩200 million) | 337,321   | 381,684   |
| Differences (note)  | 12,562    | (8,228)   |
| Income tax expense  | ₩ 349,883 | ₩ 373,456 |
| Effective tax rates   | 25.10%    | 26.91%    |

(Note) The differences between income tax computed using the statutory corporate income tax rates and the recorded income tax for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

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|   | 2009     | 2008      |
|---|----------|-----------|
| Permanent difference  | ₩ 43,211 | ₩ 25,936  |
| Changes in deferred income tax assets (liabilities) recognized related to equity method investment securities | 31,337   | 31,452    |
| Tax credit for investment   | (62,406) | (57,030)  |
| Other tax credits   | (4,715)  | (2,822)   |
| Sur tax on exempted income  | 11,377   | 10,397    |
| Tax refund for prior periods  | (6,242)  | (16,161)  |
|   | ₩ 12,562 | (₩ 8,228) |

**13. COMPREHENSIVE INCOME (LOSS)**

Details of comprehensive income (loss) for the three months and nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

For the three and nine months ended September 30, 2009

|  | For the three months   |            | For the nine months    |            |
|--|------------------------|------------|------------------------|------------|
|  | Profit and loss effect | Tax effect | Profit and loss effect | Tax effect |
| Net income   | ₩ 415,713              |            | ₩ 1,044,104            |            |
| Other comprehensive income (loss):                                   |                        |            |                        |            |
| Unrealized gain on valuation of long-term investment securities, net | 77,502                 | (₩ 10,443) | 267,199                | (₩ 63,627) |
| Equity in capital adjustments of affiliates, net                     | (26,413)               | 7,536      | (42,513)               | 4,345      |
| Gain on valuation of currency swap, net                              | 15,508                 | (4,374)    | 13,114                 | (3,699)    |
| Gain on valuation of interest rate swap, net                         | 6,280                  | (1,771)    | 13,703                 | (3,865)    |
| Sub-total  | 72,877                 | (₩ 9,052)  | 251,503                | (₩ 66,846) |
| Comprehensive income   | ₩ 488,590              |            | ₩ 1,295,607            |            |

**Table of Contents**For the three and nine months ended September 30, 2008

|   | For the three months      |            | For the nine months       |            |
|---|---------------------------|------------|---------------------------|------------|
|   | Profit and<br>loss effect | Tax effect | Profit and<br>loss effect | Tax effect |
| Net income  | ₩ 333,640                 |            | ₩ 1,014,535               |            |
| Other comprehensive income (loss):                                      |                           |            |                           |            |
| Unrealized gain on valuation of long-term<br>investment securities, net | (497,690)                 | ₩ 188,779  | (997,105)                 | ₩ 378,212  |
| Equity in capital adjustments of affiliates, net                        | 82,964                    | (249)      | (23,068)                  | (1,713)    |
| Gain on valuation of currency swap, net                                 | 2,529                     | (959)      | 5,867                     | (2,225)    |
| Loss on valuation of interest rate swap, net                            | (1,406)                   | 533        | (1,454)                   | 552        |
| Sub-total   | (413,603)                 | ₩ 188,104  | (1,015,760)               | ₩ 374,826  |
| Comprehensive loss  | (₩ 79,963)                |            | (₩ 1,225)                 |            |

**14. NET INCOME PER SHARE**

The Company's net income and ordinary income per share amounts for the three months and nine months ended September 30, 2009 and 2008 is computed as follows (In millions of Korean won, except for net income and ordinary income per share):

Net income and ordinary income per share

|   | For the<br>three months ended |                       | For the<br>nine months ended |                       |
|---|-------------------------------|-----------------------|------------------------------|-----------------------|
|   | September 30,<br>2009         | September 30,<br>2008 | September 30,<br>2009        | September 30,<br>2008 |
| Net income and ordinary income                          | ₩ 415,713                     | ₩ 333,640             | ₩ 1,044,104                  | ₩ 1,014,535           |
| Weighted average number of common<br>shares outstanding | 72,345,003                    | 72,793,003            | 72,347,356                   | 72,776,276            |
| Net income and ordinary income per<br>share             | ₩ 5,746                       | ₩ 4,583               | ₩ 14,432                     | ₩ 13,940              |

Net income and ordinary income per share for the year ended December 31, 2008 is ₩17,559 and net income and ordinary income per share for the three months ended March 31, 2009 and 2008 is ₩4,378 and ₩5,264, respectively. In addition, net income and ordinary income per share for the three months ended June 30, 2009 and 2008 is ₩4,308 and ₩4,094, respectively.



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The weighted average numbers of common shares outstanding for the three months and nine months ended September 30, 2009 and 2008 are calculated as follows:

|   | Number of<br>shares | Weighted<br>number of days | Weighted<br>number of<br>shares |
|---|---------------------|----------------------------|---------------------------------|
| For the three months ended September 30, 2009 |                     |                            |                                 |
| Outstanding common stocks at January 1, 2009  | 81,193,711          | 92 / 92                    | 81,193,711                      |
| Treasury stocks at January 1, 2009            | (8,707,696)         | 92 / 92                    | (8,707,696)                     |
| Disposal of treasury stock                    | (141,012)           | 92 / 92                    | (141,012)                       |
| Total   | 72,345,003          |                            | 72,345,003                      |
| For the nine months ended September 30, 2009  |                     |                            |                                 |
| Outstanding common stocks at January 1, 2009  | 81,193,711          | 273 / 273                  | 81,193,711                      |
| Treasury stocks at January 1, 2009            | (8,707,696)         | 273 / 273                  | (8,707,696)                     |
| Acquisition of treasury stock                 | (141,012)           | 268 / 273<br>(note a)      | (138,659)                       |
| Total   | 72,345,003          |                            | 72,347,356                      |

(Note a) The Company acquired treasury stocks on many different dates, and weighted number of shares was calculated considering each transaction date as follows:

|   | Number of<br>shares | Weighted<br>number of days | Weighted<br>number of<br>shares |
|---|---------------------|----------------------------|---------------------------------|
| For the three months ended September 30, 2008 |                     |                            |                                 |
| Outstanding common stocks at January 1, 2008  | 81,193,711          | 92 / 92                    | 81,193,711                      |
| Treasury stocks at January 1, 2008            | (8,609,034)         | 92 / 92                    | (8,609,034)                     |
| Disposal of treasury stock                    | 208,326             | 92 / 92                    | 208,326                         |
| Total   | 72,793,003          |                            | 72,793,003                      |
| For the nine months ended September 30, 2008  |                     |                            |                                 |
| Outstanding common stocks at January 1, 2008  | 81,193,711          | 274 / 274                  | 81,193,711                      |
| Treasury stocks at January 1, 2008            | (8,609,034)         | 274 / 274                  | (8,609,034)                     |
| Disposal of treasury stock                    | 208,326             | 252 / 274                  | 191,599                         |

|       |  |            |  |            |
|-------|--|------------|--|------------|
| Total |  | 72,793,003 |  | 72,776,276 |
|-------|--|------------|--|------------|

Diluted net income and ordinary income per share amounts for the three months and nine months ended September 30, 2009 and 2008 is computed as follows (In millions of won, except for share data):

Diluted net income and ordinary income per share

|  | For the<br>three months ended |                       | For the<br>nine months ended |                       |
|--|-------------------------------|-----------------------|------------------------------|-----------------------|
|  | September 30,<br>2009         | September 30,<br>2008 | September 30,<br>2009        | September 30,<br>2008 |
| Adjusted net income and ordinary income                          | ₩ 420,430                     | ₩ 336,390             | ₩ 1,059,736                  | ₩ 1,022,466           |
| Adjusted weighted average number of<br>common shares outstanding | 74,344,999                    | 74,117,747            | 74,375,396                   | 74,101,020            |
| Diluted net income and ordinary income<br>per share              | ₩ 5,655                       | ₩ 4,539               | ₩ 14,248                     | ₩ 13,798              |

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Diluted net income and ordinary income per share for the year ended December 31, 2008 was ₩17,395 and diluted net income and ordinary income per share for the three months ended March 31, 2009 and 2008 is ₩4,335 and ₩5,205, respectively. Diluted net income and ordinary income per share for the three months ended June 30, 2009 and 2008 is ₩4,234 and ₩4,056, respectively.

Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the three months and nine months ended September 30, 2009 and 2008 are calculated as follows:

|   | For the<br>three months ended |                       | For the<br>nine months ended |                       |
|---|-------------------------------|-----------------------|------------------------------|-----------------------|
|   | September 30,<br>2009         | September 30,<br>2008 | September 30,<br>2009        | September 30,<br>2008 |
| Net income and ordinary income                                | ₩ 415,713                     | ₩ 333,640             | ₩ 1,044,104                  | ₩ 1,014,535           |
| Effect of convertible bonds (Note a)                          | 4,718                         | 2,750                 | 15,632                       | 7,931                 |
| Adjusted net income and ordinary income                       | ₩ 420,431                     | ₩ 336,390             | ₩ 1,059,736                  | ₩ 1,022,466           |
| Weighted average number of common shares outstanding          | 72,345,003                    | 72,793,003            | 72,347,356                   | 72,776,276            |
| Effect of exchangeable bonds (Note a)                         | 1,999,996                     | 1,324,744             | 2,028,040                    | 1,324,744             |
| Adjusted weighted average number of common shares outstanding | 74,344,999                    | 74,117,747            | 74,375,396                   | 74,101,020            |

(Note a) The effect of exchangeable bonds increased net income related to interest expenses that would not have been incurred, and increase in the weighted average number of common shares outstanding related to common shares that would have been issued, assuming that the conversion of convertible

bonds was made  
on the  
beginning of the  
period.

**15. RESTRICTED CASH AND CASH EQUIVALENTS**

As of September 30, 2009, the Company has guarantee deposits restricted for checking accounts totaling ~~₩~~19 million and deposits restricted for a charitable trust for small businesses in cooperation with SK Group amounting to ~~₩~~50,000 million of which due date is June 2, 2010 and for the public amounting to ~~₩~~6,500 million of which due date is May 4, 2011.

**Table of Contents****16. RELATED PARTY TRANSACTIONS**

As of September 30, 2009 and December 31, 2008, the parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

| Type                    | Company                                     | Ownership percentage (%)<br>(Note a) | Types of business                                       |
|-------------------------|---|--------------------------------------|---|
| Ultimate parent company | SK C&C Co., Ltd.                            |                                      | Information technology and software production          |
| Parent company          | SK Holdings Co., Ltd.                       | 23.1 (Note b)                        | Holding company   |
| Subsidiary              | SK Broadband Co., Ltd.                      | 50.6                                 | Internet website services and telecommunication service |
| 2                       | SK Communications Co., Ltd.                 | 64.8                                 | Internet website services                               |
| 2                       | SK Telink Co., Ltd.                         | 90.8                                 | Telecommunication service                               |
| 2                       | PAXNet Co., Ltd.                            | 59.7                                 | Internet website services                               |
| 2                       | F&U Credit Information Co., Ltd.            | 50.0                                 | Credit and collection services                          |
| 2                       | TU Media Corp.                              | 44.2                                 | Digital multimedia broadcasting service                 |
| 2                       | IHQ, Inc.                                   | 37.1                                 | Entertainment management                                |
| 2                       | Ntreev Soft Co., Ltd.                       | 66.7                                 | Game software production                                |
| 2                       | Commerce Planet Co., Ltd.                   | 100.0                                | Cosmetic wholesale                                      |
| 2                       | Loen Entertainment, Inc.                    | 63.5                                 | Release of music disc                                   |
| 2                       | The Second Music Investment Fund of SK-PVC  | 79.3                                 | Investment association                                  |
| 2                       | SK-KTB Music Investment Fund                | 74.2                                 | Investment association                                  |
| 2                       | Stonebridge Cinema Fund                     | 45.6                                 | Investment association                                  |
| 2                       | SK I-Media Co., Ltd.                        | 100.0 (Note c)                       | Game software production                                |
| 2                       | Broadband media Co., Ltd.                   | 100.0 (Note c)                       | Multimedia TV portal service                            |
| 2                       | Hanaro Dream Incorporated                   | 36.0 (Note c)                        | Internet digital contents distribution                  |
| 2                       | Benex Digital Cultural Contents Fund        | 19.9                                 | Investment association                                  |
| 2                       | Etoos Co., Ltd.                             | 100.0 (Note c)                       | Web-based education service                             |
| 2                       | 2 <sup>nd</sup> Benex Focus Investment Fund | 66.7                                 | Investment association                                  |
| 2                       | Open Innovation Fund                        | 98.5                                 | Investment association                                  |
| 2                       | PS&Marketing Co., Ltd.                      | 100.0                                | Retail  |
| 2                       | SK Telecom China Holdings                   | 100.0                                | Equity investment (Holding company)                     |
| 2                       | SK Telecom Advanced Tech & Service Center   | 100.0                                | Mobile solution production                              |
| 2                       | Shenzhen E-eye High Tech Co., Ltd.          | 65.5 (Note c)                        | GPS manufacturing and selling                           |
| 2                       | SKY Property Mgmt. Ltd.                     | 60.0                                 | Equity investment                                       |
| 2                       | SK Telecom Global Investment B.V.           | 100.0                                | Equity investment                                       |
| 2                       | SKT Vietnam PTE Ltd.                        | 73.3                                 | Telecommunication service                               |
| 2                       | SK Telecom China Co., Ltd.                  | 100.0                                | Telecommunication service                               |
| 2                       | SKT Americas, Inc.                          | 100.0                                | Telecommunication service                               |

(Note a) SK C&C Co., Ltd. became the Company's

ultimate parent  
company as of  
December, 31,  
2007.

(Note b) The ownership  
percentage  
represents  
parent  
company's  
ownership over  
the Company.

(Note c) The ownership  
percentage  
represents  
subsidiaries  
ownership over  
their  
subsidiaries, in  
which the  
Company has  
no direct  
investment.

**Table of Contents****b. Transactions and balances with related parties**

Significant related party transactions for the three months and nine months ended September 30, 2009 and 2008, and account balances as of September 30, 2009 and December 31, 2008 are as follows (In millions of Korean won):

**b-(1) Transactions**

|  | For three months ended September 30,<br>2009 |  |  | For nine months ended September 30, 2009  |  |  |
|--|--|--|--|---|--|--|
|  | Purchases of<br>property and<br>equipment    | Commissions<br>paid and<br>other<br>expenses | Commissions<br>earned and<br>other<br>income | Purchases of<br>property and<br>equipment | Commissions<br>paid and<br>Other<br>expenses | Commissions<br>earned and<br>other<br>income |
| Ultimate parent<br>company:<br>SK C&C Co., Ltd.                            | ₩ 42,072                                     | ₩ 72,655                                     | ₩ 671  | ₩ 83,417                                  | ₩ 188,507                                    | ₩ 3,189                                      |
| Parent Company:<br>SK Holdings Co., Ltd.                                   |  | 5,902  | 142  |   | 18,086                                       | 406  |
| Subsidiaries:<br>SK Broadband Co.,<br>Ltd.                                 |  | 13,802                                       | 13,413                                       |   | 33,072                                       | 40,767                                       |
| SK Communications<br>Co., Ltd.   | 30   | 3,676  | 1,849  | 30  | 11,988                                       | 5,675  |
| SK Telink Co., Ltd.<br>F&U Credit<br>Information Co., Ltd.                 | 99   | 3,583  | 9,474  | 99  | 10,327                                       | 26,082                                       |
| TU Media Corp.   | 508  | 12,159                                       | 542  | 719                                       | 35,400                                       | 1,204  |
| SKT Americas, Inc.<br>Loen Entertainment,<br>Inc                           |  | 31,958                                       | 8,915  |   | 69,146                                       | 27,278                                       |
| Commerce Planet Co.,<br>Ltd.   |  | 3,363  |  |   | 14,393                                       |  |
| SK Telecom China<br>Holdings<br>PS&Marketing Co.,<br>Ltd.                  |  | 9,114  | 884  |   | 24,297                                       | 3,283  |
| Others   | 643  | 14,257                                       | 1,402  | 1,343                                     | 46,478                                       | 2,678  |
| Equity Method<br>Investees:<br>SK Marketing &<br>Company Co., Ltd.         |  | 4,840  |  |   | 22,019                                       |  |
| SK Wyverns Baseball<br>Club Co., Ltd.<br>Wave City<br>Development Co. Ltd. |  | 75,724                                       | 408  |   | 131,356                                      | 598  |
| Others   | 9  | 10,373                                       | 2,077  | 9   | 22,141                                       | 3,339  |
| Equity Method<br>Investees:<br>SK Marketing &<br>Company Co., Ltd.         | 1,516  | 34,953                                       | 923  | 1,516                                     | 92,649                                       | 3,074  |
| SK Wyverns Baseball<br>Club Co., Ltd.                                      |  | 4,000  | 62   |   | 15,414                                       | 243  |
| Wave City<br>Development Co. Ltd.  |  |  |  |   |  | 21,280                                       |
| Others   |  | 1,577  | 170  |   | 6,940  | 615  |

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|  |             |           |          |             |             |           |
|--|-------------|-----------|----------|-------------|-------------|-----------|
| Others:                                    |             |           |          |             |             |           |
| SK Energy Co., Ltd.                        |             | 282       | 992      |             | 828         | 2,650     |
| SK Engineering &<br>Construction Co., Ltd. | 32,707      | 5,614     | 436      | 84,697      | 13,634      | 1,529     |
| SK Networks Co.,<br>Ltd.                   | 1,502,704   | 209,228   | 5,866    | 1,508,235   | 607,212     | 17,692    |
| SK Networks Service<br>Co., Ltd.           |             | 6,555     | 69       |             | 17,842      | 69        |
| Innoace Co., Ltd.                          | 7,597       | 5,398     | 51       | 12,129      | 10,772      | 169       |
| SK Telesys Co., Ltd.                       | 39,653      | 2,873     | 311      | 115,457     | 5,164       | 800       |
| Others                                     | 2,848       | 9,051     | 1,757    | 6,419       | 26,620      | 4,532     |
| Total                                      | ₩ 1,630,386 | ₩ 540,937 | ₩ 50,414 | ₩ 1,814,070 | ₩ 1,424,285 | ₩ 167,152 |



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|   | For three months ended September 30,<br>2008    |  |  | For nine months ended September 30, 2008        |  |  |
|---|---|--|--|---|--|--|
|   | Purchases<br>of<br>property<br>and<br>equipment | Commissions<br>paid and<br>other<br>expenses | Commissions<br>earned and<br>other<br>income | Purchases<br>of<br>property<br>and<br>equipment | Commissions<br>paid and<br>Other<br>expenses | Commissions<br>earned and<br>other<br>income |
| Ultimate parent<br>company:<br>SK C&C Co., Ltd. | ₩ 55,740  | ₩ 90,540                                     | ₩ 1,664                                      | ₩ 97,065  | ₩ 186,906                                    | ₩ 5,707                                      |
| Parent Company:<br>SK Holdings Co., Ltd.        |   | 161  | 158  |   | 466  | 327  |
| Subsidiaries:                                   |   |  |  |   |  |  |
| SK Broadband Co.,<br>Ltd.                       |   | 5,003  | 13,181                                       |   | 9,479  | 29,772                                       |
| SK Communications<br>Co., Ltd.                  |   | 6,036  | 1,891  |   | 18,636                                       | 5,507  |
| SK Telink Co., Ltd.                             | 73  | 3,658  | 6,180  | 114   | 10,637                                       | 19,918                                       |
| SK Wyverns Baseball<br>Club Co., Ltd.           |   | 3,502  | 83   |   | 13,302                                       | 83   |
| PAXNet Co., Ltd.                                |   | 1,826  | 25   |   | 5,028  | 74   |
| Global Credit &<br>Information Co., Ltd.        |   | 15,100                                       | 329  |   | 37,799                                       | 976  |
| TU Media Corp.                                  | 75  | 16,576                                       | 10,632                                       | 107   | 18,584                                       | 37,178                                       |
| Aircross Co., Ltd.                              | 43  | 6,365  | 333  | 78  | 15,223                                       | 997  |
| SKT Americas, Inc.                              |   | 10   |  |   | 2,871  |  |
| Others  | 1,863   | 21,833                                       | 1,152  | 2,703   | 57,695                                       | 4,477  |
| Equity Method<br>Investees:                     |   |  |  |   |  |  |
| SK Marketing &<br>Company Co Ltd.               |   | 23,360                                       | 3,233  |   | 29,197                                       | 5,682  |
| Others  | 12  | 3,448  |  | 139   | 5,945  |  |
| Others:   |   |  |  |   |  |  |
| SK Energy Co., Ltd.                             |   | 3,703  | 2,040  |   | 11,753                                       | 5,230  |
| SK Engineering &<br>Construction Co., Ltd.      | 57,321  | 4,449  | 766  | 106,961   | 7,072  | 2,057  |
| SK Networks Co., Ltd.                           | 476   | 162,817                                      | 5,490  | 2,931   | 560,217                                      | 12,449                                       |
| Innoace Co., Ltd.                               | 4,226   | 2,038  | 51   | 6,289   | 5,591  | 146  |
| SK Telesys Co., Ltd.                            | 45,321  | 2,188  | 65   | 108,979   | 4,236  | 213  |
| Others  | 1,769   | 14,183                                       | 1,060  | 2,829   | 35,340                                       | 3,261  |

Total ₩ 166,919 ₩ 386,796 ₩ 48,333 ₩ 328,195 ₩ 1,035,977 ₩ 134,054

**Table of Contents****b-(2) Account balances**

|   | As of September 30, 2009 |                  |                 |                    |                  |                             |
|---|--------------------------|------------------|-----------------|--------------------|------------------|-----------------------------|
|   | Accounts receivable      | Short-term loans | Long-term loans | Guarantee deposits | Accounts payable | Guarantee deposits received |
| Ultimate parent company:                |                          |                  |                 |                    |                  |                             |
| SK C&C Co., Ltd.                        | ₩ 311                    | ₩                | ₩               | ₩                  | ₩ 56,342         | ₩ 197                       |
| Parent Company:                         |                          |                  |                 |                    |                  |                             |
| SK Holdings Co., Ltd.                   | 91                       |                  |                 |                    |                  |                             |
| Subsidiaries:                           |                          |                  |                 |                    |                  |                             |
| SK Broadband Co., Ltd.                  | 446                      |                  |                 | 660                | 5                | 4,805                       |
| SK Communications Co., Ltd.             | 1,597                    |                  |                 |                    | 4,840            | 5,524                       |
| SK Telink Co., Ltd.                     | 1,949                    |                  |                 |                    | 748              | 1,041                       |
| F&U Credit Information Co., Ltd.        | 41                       |                  |                 |                    | 1,046            |                             |
| TU Media Corp.                          | 3,967                    |                  |                 |                    | 9,085            | 2,709                       |
| SKT Americas, Inc.                      |                          |                  |                 |                    | 4,823            |                             |
| IHQ, Inc.                               | 111                      |                  |                 |                    | 1,684            |                             |
| Ntreev Soft Co., Ltd.                   | 4,001                    |                  |                 |                    | 2,409            |                             |
| Commerce Planet Co., Ltd.               | 2,291                    |                  |                 |                    | 8,779            |                             |
| Loen Entertainment, Inc.                | 5                        |                  |                 |                    | 3,325            |                             |
| SKT Vietnam PTE Ltd.                    | 4,205                    |                  |                 |                    |                  |                             |
| SK Telecom China Co., Ltd.              |                          |                  |                 |                    |                  |                             |
| SK Telecom China Holdings               |                          |                  |                 |                    | 6,750            |                             |
| PS&Marketing Co., Ltd.                  | 212                      |                  |                 |                    | 27,708           | 5,084                       |
| Others                                  | 62                       |                  |                 |                    | 713              | 150                         |
| Equity Method Investees:                |                          |                  |                 |                    |                  |                             |
| SK Marketing & Company Co., Ltd.        | 931                      |                  |                 |                    | 16,240           | 249                         |
| Virgin Mobile USA, Inc.                 | 165                      |                  | 15,531          |                    |                  |                             |
| SK Wyverns Baseball Club Co., Ltd.      | 5                        | 575              | 2,981           |                    |                  |                             |
| Wave City Development Co. Ltd.          | 23,408                   |                  |                 |                    |                  |                             |
| Others                                  |                          |                  |                 |                    | 3,228            |                             |
| Others:                                 |                          |                  |                 |                    |                  |                             |
| SK Energy Co., Ltd.                     | 741                      |                  |                 | 96                 | 23               | 23                          |
| SK Engineering & Construction Co., Ltd. | 231                      |                  |                 |                    | 10,531           | 519                         |
| SK Networks Co., Ltd.                   | 1,844                    |                  |                 | 112                | 224,336          | 3,607                       |

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|                      |                     |                  |                     |                    |                      |                     |
|----------------------|---------------------|------------------|---------------------|--------------------|----------------------|---------------------|
| Innoace Co., Ltd.    | 3                   |                  |                     |                    | 8,023                | 2,918               |
| SK Telesys Co., Ltd. | 78                  |                  |                     |                    | 5,553                |                     |
| Others               | 1,664               |                  | 5,400               |                    | 8,100                | 17                  |
| Total                | <del>₩</del> 48,359 | <del>₩</del> 575 | <del>₩</del> 18,512 | <del>₩</del> 6,268 | <del>₩</del> 404,291 | <del>₩</del> 26,843 |

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|  | As of September 30, 2008 |                  |                 |                    |                  |                             |
|--|--------------------------|------------------|-----------------|--------------------|------------------|-----------------------------|
|  | Accounts receivable      | Short-term loans | Long-term loans | Guarantee deposits | Accounts payable | Guarantee deposits received |
| Ultimate parent Company:<br>SK C&C Co., Ltd. | ₩ 368                    | ₩                | ₩               | ₩                  | ₩ 68,801         | ₩ 24                        |
| Parent Company:<br>SK Holdings Co., Ltd.     | 61                       |                  |                 |                    | 61               |                             |
| Subsidiaries:                                |                          |                  |                 |                    |                  |                             |
| SK Broadband Co., Ltd.                       | 182                      |                  |                 | 60                 | 459              | 2,062                       |
| SK Communications Co., Ltd.                  | 2,603                    |                  |                 |                    | 4,657            | 5,606                       |
| SK Telink Co., Ltd.                          | 1,022                    |                  |                 |                    | 542              | 1,217                       |
| SK Wyverns Baseball Club Co., Ltd.           |                          | 575              | 3,557           |                    |                  |                             |
| PAXNet Co., Ltd.                             | 11                       |                  |                 |                    | 656              | 150                         |
| Global Credit & Information Co., Ltd.        | 8                        |                  |                 |                    | 1,168            |                             |
| TU Media Corp.                               | 5,064                    |                  |                 |                    | 4,079            | 3,083                       |
| Aircross Co., Ltd.                           | 731                      |                  |                 |                    | 3,307            | 276                         |
| IHQ, Inc.                                    |                          |                  |                 |                    | 766              |                             |
| Ntreev Soft Co., Ltd.                        |                          |                  |                 |                    | 606              |                             |
| Commerce Planet Co., Ltd.                    | 781                      |                  |                 |                    | 4,038            |                             |
| Loen Entertainment, Inc.                     | 76                       |                  |                 |                    | 3,912            |                             |
| SKT Vietnam PTE Ltd.                         | 5,140                    |                  |                 |                    |                  |                             |
| SK Telecom China Co., Ltd.                   | 722                      |                  |                 |                    |                  |                             |
| Others                                       |                          |                  |                 |                    | 237              |                             |
| Equity Method Investees:                     |                          |                  |                 |                    |                  |                             |
| SK Marketing & Company Co Ltd.               | 3,342                    |                  |                 |                    | 9,559            | 248                         |
| Others                                       | 210                      |                  |                 |                    | 13               |                             |
| Others:                                      |                          |                  |                 |                    |                  |                             |
| SK Energy Co., Ltd.                          | 940                      |                  |                 | 140                | 1,277            |                             |
| SK Engineering & Construction Co., Ltd.      | 192                      |                  |                 |                    |                  | 1,076                       |
| SK Networks Co., Ltd.                        | 606                      |                  |                 | 112                | 66,774           | 3,489                       |
| Innoace Co., Ltd.                            |                          |                  |                 |                    | 1,589            | 2,444                       |
| SK Telesys Co., Ltd.                         | 27                       |                  |                 |                    | 10,154           |                             |
| Others                                       | 458                      |                  |                 | 900                | 4,219            |                             |
| Total  | ₩ 22,544                 | ₩ 575            | ₩ 3,557         | ₩ 1,212            | ₩ 186,874        | ₩ 19,675                    |



**Table of Contents****c. Compensation for the key management**

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months and nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

| Payee  | For the three months ended<br>September 30, 2009 |                          |       | For the nine months ended<br>September 30, 2009 |                          |         |
|--|--|--------------------------|-------|---|--------------------------|---------|
|  | Payroll  | Severance<br>indemnities | Total | Payroll   | Severance<br>indemnities | Total   |
| 7 Registered directors<br>(including independent<br>directors) | ₩ 271  | ₩ 18                     | ₩ 289 | ₩ 1,227   | ₩ 53                     | ₩ 1,280 |

| Payee  | For the three months ended<br>September 30, 2008 |                          |       | For the nine months ended<br>September 30, 2008 |                          |         |
|--|--|--------------------------|-------|---|--------------------------|---------|
|  | Payroll  | Severance<br>indemnities | Total | Payroll   | Severance<br>indemnities | Total   |
| 7 Registered directors<br>(including independent<br>directors) | ₩ 360  | ₩ 74                     | ₩ 434 | ₩ 4,192   | ₩ 482                    | ₩ 4,674 |

**17. INTERIM DIVIDENDS**

In accordance with the resolution of the Company's board of directors dated July 23, 2009, the Company declared and paid cash dividends during the three months ended September 30, 2009 based on outstanding number of common shares at June 30, 2009 as follows (In millions of Korean won except for per share data):

| Number of shares<br>outstanding as of June 30, 2009 | Par value per<br>share | Dividend<br>ratio | Dividends |
|---|------------------------|-------------------|-----------|
| 72,345,003  | ₩ 500                  | 200%              | ₩72,345   |

In accordance with the resolution of the Company's board of directors dated July 18, 2008, the Company declared and paid cash dividends during the three months ended September 30, 2008 based on outstanding number of common shares at June 30, 2008 as follows (in millions of Korean won except for per share data):

| Number of shares<br>outstanding as of June 30, 2008 | Par value per<br>share | Dividend<br>ratio | Dividends |
|---|------------------------|-------------------|-----------|
| 72,793,003  | ₩ 500                  | 200%              | ₩72,793   |

**18. PROVISION****a. Provision for point program**

The Company, for its marketing purposes, grants Rainbow Points and Point Box Points (the Points) to its subscribers based on their usage of the Company's services. Points provision was provided based on the historical

usage experience and the Company's marketing policy. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points usage duration since balance sheet date.

Details of change in the provisions for such mileage points for the nine months ended September 30, 2009

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and 2008 are as follows (In millions of Korean won):

|   | September 30,<br>2009 | September 30,<br>2008 |
|---|-----------------------|-----------------------|
| Beginning balance                                   | ₩ 24,889              | ₩ 27,668              |
| Increase  | 9,546                 | 7,383                 |
| Decrease (used points)                              | (14,477)              | (10,354)              |
| Decrease (reversal of provision for mileage points) |                       |                       |
| Ending balance                                      | ₩ 19,958              | ₩ 24,697              |

Points expire after 5 years. The expected year when unused points as of September 30, 2009 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

| Expected usage<br>for the year ended September 30, | Estimated amount to<br>be paid<br>in nominal value | Current<br>value |
|--|--|------------------|
| 2010   | ₩ 9,014  | ₩ 8,546          |
| 2011   | 5,765  | 5,182            |
| 2012   | 3,693  | 3,147            |
| 2013   | 2,371  | 1,915            |
| 2014   | 1,526  | 1,168            |
| Ending balance                                     | ₩ 22,369   | ₩ 19,958         |

b. Provision for handset subsidy

The Company provides provision for handset subsidies to be provided to the subscribers who purchase handsets on installment basis. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points when the subsidies are paid. Details of change in the provisions for handset subsidies for the nine months ended September 30, 2009 and 2008 are as follows (In millions of Korean won):

|                            | 2009      | 2008      |
|----------------------------|-----------|-----------|
| Beginning balance          | ₩ 339,696 | ₩         |
| Increase (provision)       | 465,862   | 270,055   |
| Decrease (subsidy payment) | (284,845) | (34,875)  |
| Ending balance             | ₩ 520,713 | ₩ 235,180 |

The estimated monetary amount to be paid in a given year is as follows (In millions of Korean won):

Expected payment

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| for the year ended September 30, | Estimated amount to<br>be paid | Present<br>value |
|----------------------------------|--------------------------------|------------------|
|                                  | in nominal value               |                  |
| 2010                             | ₩ 454,257                      | ₩ 444,456        |
| 2011                             | 80,777                         | 76,257           |
| Ending balance                   | ₩ 535,034                      | ₩ 520,713        |

**Table of Contents****19. DERIVATIVE INSTRUMENTS**

- a. Currency swap contract to which the cash flow hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of September 30, 2009, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩2,873 million (net of tax effect totaling ₩1,351 million and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling ₩11,881 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of September 30, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩3,213 million (net of tax effect totaling ₩464 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩24,070 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY12,500,000,000 issued on November 13, 2007. As of September 30, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,552 million (net of tax effect totaling ₩1,089 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩60,807 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with DBS and Calyon Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated notes with face amounts totaling US\$150,000,000 borrowed on November 20, 2008. As of September 30, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩4,682 million (net of tax effect totaling ₩1,321 million and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling ₩38,792 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Mizuho Corporate Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY3,000,000,000 issued on January 22, 2009. As of September 30, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩2,593 million (net of tax effect totaling ₩731 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩6,563 million) was accounted for as accumulated other comprehensive income.

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In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Bank of Tokyo-Mitsubishi Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY5,000,000,000 issued on March 5, 2009. As of September 30, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,840 million (net of tax effect totaling ₩519 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩12,665 million) was accounted for as accumulated other comprehensive income.

- b. Interest rate swap contract to which the cash flow hedge accounting is applied

The Company has entered into a floating-to-fixed interest rate swap contract with Shinhan Bank to hedge the interest rate risk of floating rate discounted bill with face amounts totaling ₩200,000 million borrowed on June 29, 2006. As of September 30, 2009, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩1,410 million (net of tax effect totaling ₩397 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed interest rate swap contract with Nonghyup Bank and other two banks to hedge the interest rate risk of long-term floating rate borrowings with face amounts totaling ₩500,000 million borrowed from July 28, 2008 to August 13, 2008. As of September 30, 2009, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩11,017 million (net of tax effect totaling ₩3,107 million) was accounted for as accumulated other comprehensive loss.

- c. Currency swap contract to which the fair value hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Hana Bank and other eight banks to hedge the foreign currency risk of U.S. dollar denominated equity securities of China Unicom. In connection with unsettled foreign currency swap contract to which the fair value hedge accounting is applied, gain on valuation of currency swap of ₩42,397 million and loss on valuation of currency swap of ₩109,934 million for the nine months ended September 30, 2009 and 2008, respectively, was charged to current operations.

- d. Currency swap contract to which the hedge accounting is not applied

The Company has entered into fixed-to-fixed cross currency swap contract with Morgan Stanley Bank and two other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007. In connection with unsettled foreign currency swap contract to which the hedge accounting is not applied, loss on valuation of currency swap of ₩66,001 million and gain on valuation of currency swap of ₩131,299 million for the nine months ended September 30, 2009 and 2008, respectively, was charged to current operations.

- e. Interest rate swap contract to which the hedge accounting is not applied

The Company has entered into a floating-to-fixed interest rate swap contract with DBS and Calyon Bank the interest rate risk of floating rate U.S. dollar denominated bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with unsettled interest rate swap contract to which the hedge accounting is not applied, loss on valuation of currency swap of ₩4,123 million for the nine months ended

September 30, 2009 was charged to current operations.

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As of September 30, 2009, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments as of September 30, 2009 are as follows (In thousands of U.S. dollars, H.K. dollars, Japanese yen and millions of Korean won):

| Type  | Hedged item   | Amount          | Duration<br>of contract                | Fair value                             |   |                   | Total    |
|---|---|-----------------|--|--|---|-------------------|----------|
|   |   |                 |  | Designated<br>as cash<br>flow<br>hedge | Designated<br>as fair<br>value<br>hedge | Not<br>designated |          |
| <b>Current assets:</b>                                    |   |                 |  |  |   |                   |          |
| Fix-to-fixed cross<br>currency swap                       | U.S. dollar<br>denominated<br>China<br>Unicom<br>Equity<br>Securities | HK\$ 10,940,900 | Sep. 10,<br>2009<br>~ Nov. 16,<br>2009 | ₩                                      | ₩42,397                                 | ₩                 | ₩ 42,397 |
| <b>Non-current<br/>assets:</b>                            |   |                 |  |  |   |                   |          |
| Fix-to-fixed cross<br>currency swap                       | U.S. dollar<br>denominated<br>bonds                                   | US\$ 300,000    | Mar. 23,<br>2004<br>~ Apr. 1,<br>2011  |  | 7,657                                   |                   | 7,657    |
| Floating-to-fixed<br>cross currency<br>interest rate swap | U.S. dollar<br>denominated<br>long-term<br>borrowings                 | US\$ 100,000    | Oct 10, 2006<br>~ Oct 10,<br>2013      |  | 20,393                                  |                   | 20,393   |
| Fix-to-fixed cross<br>currency swap                       | U.S. dollar<br>denominated<br>bonds                                   | US\$ 400,000    | Jul. 20, 2007<br>~ Jul. 20,<br>2027    |  |   | 174,372           | 174,372  |
| Floating-to-fixed<br>cross currency<br>interest rate swap | Japanese yen<br>denominated<br>bonds                                  | JPY 12,500,000  | Nov. 13,<br>2007<br>~ Nov. 13,<br>2012 |  | 61,270                                  |                   | 61,270   |
| <b>Total assets</b>                                       |   |                 |  | ₩89,320                                | ₩42,397                                 | ₩174,372          | ₩306,089 |
| <b>Current<br/>liabilities:</b>                           |   |                 |  |  |   |                   |          |
| Floating-to-fixed<br>interest rate swap                   | Long-term<br>floating rate<br>discounted<br>bill                      | ₩ 200,000       | Jun. 29,<br>2006<br>~ Jun. 29,<br>2010 | ₩ 1,807                                | ₩                                       | ₩                 | ₩ 1,807  |
| <b>Non-current<br/>liabilities:</b>                       |   |                 |  |  |   |                   |          |
| Floating-to-fixed<br>cross currency<br>interest rate swap | U.S. dollar<br>denominated<br>bonds                                   | US\$ 150,000    | Nov 20,<br>2008<br>~ Nov 20,<br>2010   |  | 32,789                                  |                   | 32,789   |

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|   |                                |               |                                 |                |          |                |                 |
|---|--------------------------------|---------------|---------------------------------|----------------|----------|----------------|-----------------|
| Floating-to-fixed cross currency interest rate swap | Japanese yen denominated bonds | JPY 3,000,000 | Jan. 22, 2009 ~ Jan. 22, 2012   | 3,239          |          |                | 3,239           |
| Floating-to-fixed cross currency interest rate swap | Japanese yen denominated bonds | JPY 5,000,000 | Mar. 5, 2009 ~ Mar. 5, 2012     | 10,306         |          |                | 10,306          |
| Floating-to-fixed interest rate swap                | Long-term borrowings           | ₩ 500,000     | July 28, 2008 ~ August 12, 2011 | 14,124         | -        | -              | 14,124          |
| Floating-to-fixed interest rate swap                | Long-term borrowings           | US\$ 220,000  | April 29, 2009 ~ April 30, 2012 |                |          | 4,123          | 4,123           |
| <b>Total liabilities</b>                            |                                |               |                                 | <b>₩62,265</b> | <b>₩</b> | <b>₩ 4,123</b> | <b>₩ 66,388</b> |

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**20. BUSINESS ACQUISITION**

On May 21, 2009, the board of directors of the Company resolved to acquire lease line business and other incidental business from SK Networks Co., Ltd. and the transaction was completed as of September 30, 2009. The Company acquired total assets of ₩646,413 million and assumed total liabilities of ₩620,154 million. The total acquisition cost is ₩892,850 million. As the above business acquisition incurred between the companies under common control, difference between the acquisition cost and net book value of acquired business totaling ₩677,605 million (net of tax effect) was recorded as other capital adjustment.

**21. ASSETS TRANSFER**

On May 29, 2009, the Company sold ₩669.7 billion of accounts receivable-other resulting from its mobile phone dealer financing plan to Realizing T First Special Purpose Company in exchange for cash of ₩550 billion and subordinated bond of ₩91 billion in asset-backed securitization transaction. As a result, the Company recorded loss on disposal of accounts receivable-other of ₩28,711 million for the nine months ended September 30, 2009.

**22. SUBSEQUENT EVENTS**

(1) Disposition of investment in common stock of SK C&C Co., Ltd.

On September 18, 2009, the board of directors of the Company resolved to dispose its investment in common stock of SK C&C Co., Ltd. through initial public offering and the Company is expected to sell 10,500,000 shares of the stock for ₩315,000 million applying the initial offering price of 30,000 per common share decided on November 2, 2009. As a result, the Company's ownership for SK C&C Co., Ltd. will decrease to 9% from 30%.

b. Disposition of equity interest in China Unicom Ltd.

On September 25, 2009, the board of directors of the Company resolved to dispose 899,745,075 shares of the common stocks of China Unicom Ltd. on November 5, 2009.

**23. K-IFRS ADOPTION PLAN AND STATUS**

In accordance with IFRS adoption roadmap released by the Financial Supervisory Commission in March 2007, the Company is required to prepare financial statements under K-IFRS from fiscal year of 2011. In April 2008, the Company set up a task force for the adoption and hired outside consulting firm to evaluate the impact that K-IFRS may have on the Company's financial statements as well as to educate the concerned employees. As of September 30, 2009, the Company is currently performing analysis on the major GAAP differences between K-IFRS and the Company's accounting policy, setting up action plan to decide the Company's accounting policy under K-IFRS and changing operating procedures to coincide with K-IFRS.



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

Name: Tae Jin Park

Title: Senior Vice President

Date: December 15, 2009