

SK TELECOM CO LTD
Form 6-K
April 24, 2008

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE MONTH OF APRIL 2008**

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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ANNUAL REPORT

(From January 1, 2007 to December 31, 2007)

THIS IS A SUMMARY OF THE ANNUAL REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SUPERVISORY 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
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I. OVERVIEW

**1. Corporate Purpose of SK Telecom Co., Ltd. (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

2. Company History

A. Changes Since Incorporation

(1) Date of Incorporation

March 29, 1984 (date of shareholders meeting for the incorporation): Incorporated as Korea Mobile Communications Service Co., Ltd.

(Authorized capital: Won 500 million / Paid-in capital: Won 250 million)

(2) 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. Mergers

(1) Target: Shinsegi Communication Co., Ltd.

Date: January 13, 2002

Registration: January 16, 2002

(2) Target: SK IMT Co., Ltd.

Date: May 1, 2003

Registration: May 7, 2003

C. Significant Recent Business Events

(1) Agreement to acquire equity interests of Hanaro telecom Incorporated

On December 3, 2007, the Company entered into the agreement to acquire 91,406,249 shares of Hanaro telecom Incorporated's common stock from AIG- Newbridge Capital Limited and others, at the price of W11,900 per share (total acquisition cost of 1,087,734 million won) in accordance with the resolution of the Company's board of directors on November 30, 2007. However, if the government approval is

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not made or the preceding conditions are not fulfilled in connection with the agreement, this agreement might not be executed. If the agreement is completed, the Company's ownership interest in Hanaro telecom Incorporated will increase to 43.6% from 4.8%

3. Information Regarding Shares**A. Total number of shares**

(As of December 31, 2007)

(Unit: shares)

Classification	Share type		Total	Remarks
	Common shares			
I. Total number of issuable shares	220,000,000		220,000,000	
II. Total number of shares issued to date	89,278,946		89,278,946	
III. Total number of shares retired to date	8,085,235		8,085,235	
1. Capital reduction				
2. Share cancellation	8,085,235		8,085,235	
3. Redeemed shares				
4. Others				
IV. Total number of shares (II-III)	81,193,711		81,193,711	
V. Number of treasury shares	8,609,034		8,609,034	
VI. Number of shares outstanding (IV-V)	72,584,677		72,584,677	

* The Company disposed Treasury Stock to E.S.O.P. on January 23, 2008 (208,326 shares)

B. Capital Stock and Price per Share

(As of December 31, 2007)

(Unit: Won, shares)

Classification	Type	Capital (total face value)			Price per share		
		Capital amount in financial statements (a)	Total number of issued shares (IV of A×b)	Total amount of distributed shares (VI of A×b)	Par value per share (b)	Capital/ Total number of issued shares (a / IV of A.)	Capital/ Number of distributed shares (a / VI of A.)
Registered	Common shares	44,639,473,000	40,596,855,500	36,292,338,500	500	549.8	615.0
Total		44,639,473,000	40,596,855,500	36,292,338,500	500	549.8	615.0

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C. Acquisition and Disposition of Treasury Shares

(1) Status of Acquisition and Disposition of Treasury Shares

Acquisition method	Type of share	Amount at the beginning of period	Acquisition (+)	Disposition (-)	Retirement (-)	Amount at the end of period
Direct acquisition pursuant to Article 189-2 (1) of the relevant Act	Common share	4,561,572	471,000	388,218		4,644,354
	Preferred share					
Direct acquisition based on causes other than those stipulated in Article 189-2 (1) of the relevant Act	Common share	77,970				77,970
	Preferred share					
Sub-total	Common share	4,639,542	471,000	388,218		4,722,324
	Preferred share					
Indirect acquisition through trust and other agreements	Common share	3,886,710				3,886,710
	Preferred share					
Total	Common share	8,526,252	471,000	388,218		8,609,034
	Preferred share					

Notes:

* Of the 4,722,324 shares of treasury stocks directly acquired based on causes other than those provided in Article 189-2 (1) of the relevant Act,

1,277,164
shares were
deposited with
the Korea
Securities
Depository as of
December 31,
2007 for any
exchange of the
Company's
overseas
exchangeable
bonds.

* The Company
disposed
Treasury Stock
to E.S.O.P. on
January 23,
2008 (208,326
shares)

* Of the
4,513,998
shares of
treasury stocks
directly
acquired based
on causes other
than those
provided in
Article 189-2
(1) of the
relevant Act,
1,277,164
shares were
deposited with
the Korea
Securities
Depository as of
January 25,
2008 for any
exchange of the
Company's
overseas
exchangeable
bonds.

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D. Employee Stock Ownership Program

(1) Transactions with the Employee Stock Ownership Program

- a) The Company lent purchase funds for employee stock ownership to the Employee Stock Ownership Program, and the Employee Stock Ownership Program re-lent the amount to the Company's employees in accordance with its internal allotment standards.

(Unit: in thousand Won)

Classification	Loan Date	Amount	Repayment Condition	Remarks
5th	1999.08.23	118,577,755	8-year installment repayment plan following a three-year grace period	
8th(1)	2007.12.23	31,017,043	5-year installment repayment plan following a two-year grace period	

The loan is deducted from wages for each individual to repay the Employee Stock Ownership Program, and is subsequently repaid to the company.

(As of December 31, 2007)

(Unit: in thousand Won)

Classification	Initial Loan	Amount		Balance
		2007 Repayment Amount	Accumulated Repayment Amount (Including 2007 Repayment)	
5th	118,577,754	3,727,309	114,775,510	3,802,244
8th(1)	31,017,043			31,017,043
Total	148,594,797	3,727,309	114,775,510	34,819,287

(2) Voting Rights of the Employee Stock Ownership Program

During a designated period, to be 7 days or longer, each individual member of the Program may exercise his voting rights by expressing his intention on the shareholders' meeting agenda through a written power of attorney to a designated proxy.

(3) Shareholdings of the Employee Stock Ownership Program

(Unit: shares)

Classification	Account classification	Types of share	Balance at the	
			beginning of period	end of period
5th	Member Account	Common share	197,240	139,338
8th(1)				171,871
	Total		197,240	311,209

* 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.

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(As of December 31, 2007)

(Unit: shares)

	Classification	Number of shares	Remarks
Total outstanding shares (A)	Common share Preferred share	81,193,711	
Number of shares without voting right (B)	Common share Preferred share	8,609,034	Treasury shares
Shares with restricted voting right under the Stock Exchange Act and other laws (C)	Common share		
Shares with reestablished voting right (D)			
The number of shares with exercisable voting right (E = A - B - C + D)	Common share Preferred share	72,584,677	

* The Company disposed Treasury Stock to E.S.O.P. on January 23, 2008 (208,326 shares)

5. Dividends and Others

(Unit: in million Won except per share value)

	Classification	2007	2006	2005
Par value per share		500	500	500
Current net income		1,642,451	1,446,598	1,871,380
Net income per share		22,607	19,734	25,421
Income available for distribution as dividend		1,603,828	1,574,716	1,930,626
Total cash dividend		682,379	582,386	662,529
Total stock dividend				
Percentage of cash dividend to available income (%)		41.6	40.3	35.4
Cash dividend yield ratio(%)	Common share	3.6	3.5	4.8
	Preferred share			
Stock dividend yield ratio (%)	Common share			
	Preferred share			
Cash dividend per share	Common share	9,400	8,000	9,000
	Preferred share			
Stock dividend per share	Common share			

Preferred share

Table of Contents**II. BUSINESS****1. Business Summary****A. Industry Status****(1) Characteristics of the Industry**

As of December 31, 2007, the number of domestic mobile phone subscribers reached 43.5 million and with a 89.8% penetration rate, and 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 90%, 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.

(2) Industry Growth

(Unit: 1,000 persons)

Classification	End of 2007	End of 2006	End of 2005	End of 2004	End of 2003
Penetration rate (%)	89.8	83.2	79.4	75.9	70.1
Number of subscribers					
SK Telecom	21,968	20,271	19,530	18,783	18,313
Others (KTF, LGT)	21,530	19,926	18,812	17,803	15,279
Total	43,498	40,197	38,342	36,586	33,592

(Data: Ministry of Information and Communication website)

(3) Market Characteristics

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.

B. Company Status**(1) Market Share**

* Historical market share of the Company

(Unit: %)

Classification	2007	2006	2005
Mobile phone	50.5	50.4	50.9

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* Comparative market share

(As of December 31, 2007)

(Unit: %)

	Classification	SK Telecom	KTF	LG Telecom
Market share		50.5	31.5	18.0

(Data: Ministry of Information and Communication website)

(2) New Business Contents and Prospects

N/A

2. Major Products

A. Status of Major Products as of December 31, 2007

(Unit: in million Won, %)

Business field	Sales type	Item	Major trademarks	Sales amount (ratio)
Information and communication	Services	Mobile phone	June, NATE and others	11,083,820(98.2%)
		Others	Others	202,080(1.8%)

B. Price Trend of Major Products

	Item	During 2007	During 2006	During 2005
Mobile phone	Basic fee (per month)	13,000	13,000	13,000
(Based on standard call charge)	Service fee (per 10 seconds)	20	20	20

* Caller ID service became free of charge beginning January 2006.

3. Investment Status

A. Investments in Progress

(Unit: Won 100 million)

Business field	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
Network/Common	Upgrade/ New installation	2007	Network, systems and others	Capacity increase and quality improvement; systems improvement	17.500	18,554	

* Amount already invested is the cumulative

amount
expended
through the first
to the fourth
quarter of 2007

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B. Future Investment Plan

(Unit: Won 100 million)

Business field	Expected investment amount		Expected investment for each year		Investment effect
	Asset type	Amount	2008	2009	
Network/Common	Network, systems and others	17,500	17,500	N/A	Upgrades to the existing services and provision of new services
Total		17,500	17,500	N/A	

* The expected investment amount of Won 1,750.0 billion is the planned investment amount for 2008.

4. Derivative Products and Others

A. Derivatives Contracts

(1) FX Swap

a) Purpose of Contracts: Currency Exchange or Interest Rate Risk Hedging

b) Contract Terms

- Cross Currency Swap

(As of December 31, 2007)

(Unit: in million Won)

Contract amount	Contract party	Contract date	Proceeds payment method	Income/loss on valuation
US\$125 million	Citibank	March 23, 2004	Exchange on the date immediately preceding the principal and interest payment date	(35,024)
US\$125 million	Credit Suisse BNP	March 23, 2004	Same as above	(35,818)
US\$50 million	Paribas	March 23, 2004	Same as above	(14,397)
US\$100 million	Calyon			(2,547)

		October 10, 2006	Exchange on the date of the principal and interest payment date	
JPY 9,100 million	SMBC	November 13, 2007	Same as above	5,311
JPY 3,400 million	HSBC	November 13, 2007	Same as above	430

* Income/loss on valuation was appropriated for capital adjustment.

- Cross Currency Swap

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(As of December 31, 2007)

(Unit: in million Won)

Contract amount	Contract party	Contract date	Proceeds payment method	Income/loss on valuation
US\$150 million	Morgan Stanley	July 20, 2007	Exchange on the date immediately preceding the principal and interest payment date	1,995
US\$150 million	Merrill Lynch	July 20, 2007	Same as above	3,197
US\$150 million	Barclays Capitals	July 20, 2007	Same as above	2,124

* Income/loss on valuation was appropriated for Income Statement.

- FX Swap

(As of December 31, 2007)

(Unit: in million Won)

Contract amount	Contract party	Contract date	Proceeds payment method	Income on valuation
US\$100 million	Credit Suisse	May 27, 2004	Exchange before principal payment date	(23,125)
HKD 10,941 million	8 Banks including Hana Bank	September 16, 2007	Payment of HK Dollars and receipt of Korean Won on September 16, 2008	(12,646)

* Income/loss on valuation was appropriated for Income Statement.

(2) Interest Rate Swap

- a) Purpose of Contracts: Interest Rate Risk Hedging
 b) Contract Terms

(As of December 31, 2007)

(Unit: in million Won)

Contract amount	Contract party	Contract date	Proceeds payment method	Income/loss on valuation
200 Billion Won	Shinhan Bank	June 28, 2006	Fixing of interest payment date / exchange of floating interest rate	3,170

* Income/loss on valuation was appropriated for capital adjustment.

5. R&D Investments

(Unit: in thousand Won)

Category	2007	2006	2005	Remarks
Raw material	96,217	184,969	234,889	
Labor	39,388,760	33,986,701	35,191,759	
Depreciation	129,208,262	134,461,257	121,335,301	
Commissioned service	90,363,645	83,751,223	86,536,635	
Others	37,609,969	35,680,197	41,730,732	
Total R&D costs	296,666,853	288,064,347	285,029,316	

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(Unit: in thousand Won)

	Category	2007	2006	2005	Remarks
Accounting	Sales and administrative expenses	288,519,863	277,807,352	273,223,885	
	Development expenses (Intangible assets)	8,146,990	10,256,995	11,805,431	
R&D cost / sales amount ratio					
(Total R&D costs / Current sales amount×100)		2.63%	2.70%	2.81%	

6. Other Matters

A. External Fund Procurement Summary

* Domestic procurement

(Unit: in million Won)

Source of procurement	Beginning balance	New procurement	Reduction from repayment	Ending balance	Remarks
Bank	200,000			200,000	
Insurance company					
Merchant banking					
Loan specialty financial company					
Mutual savings bank					
Other financial institutions	9,839		8,197	1,642	
Total procurement from financial institutions	209,839		8,197	201,642	
Corporate bond (public offering)	2,100,000	304,166	700,000	1,704,166	
Corporate bond (private offering)					
Paid-in capital increase (public offering)					
Paid-in capital increase (private offering)					
Asset backed securitization (public offering)					
Asset backed securitization (private offering)					

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Source of procurement	Beginning balance	New procurement	Reduction from repayment	Ending balance	Remarks
Others					
Total procurement from capital market	2,100,000	304,166	700,000	1,704,166	
Borrowings from shareholder, officer and affiliated company					
Others					
Total	2,309,839	304,166	708,197	1,905,808	

* Overseas procurement

(Unit: in million Won)

Procurement source	Beginning balance	New procurement	Reduction in repayment and others	Ending balance	Remarks
Financial institutions	92,960	860		93,820	Exchange rate adjustment
Overseas securities (Corporate bonds)	278,880	377,860		656,740	Exchange rate adjustment
Overseas securities (shares and others)	356,356		87,941	268,415	Exchange requirement
Asset backed securitization					
Others					
Total	728,196	378,720	87,941	1,018,975	

B. Credit Ratings

(1) Corporate Bonds

Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
March 11, 2005	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
March 11, 2005	Corporate bond	AAA	Korea Ratings	Current valuation
March 14, 2005	Corporate bond	AAA	Korea Ratings	Regular valuation
June 13, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 21, 2006	Corporate bond	AAA	Korea Ratings	Regular valuation

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Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
June 22, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
September 1, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular valuation
June 14, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 27, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
November 5, 2007	Corporate bond	AAA	Korea Ratings	Current valuation
November 5, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
November 5, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation

* 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)

Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
January 12, 2005	CP	A1	Korea Ratings	Regular valuation
June 13, 2005	CP	A1	Korea Investors Service, Inc.	Current valuation
June 14, 2005	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 16, 2005	CP	A1	Korea Ratings	Current valuation
December 23, 2005	CP	A1	Korea Investors Service, Inc.	Regular valuation
January 3, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
January 4, 2006	CP	A1	Korea Ratings	Regular valuation
June 13, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 21, 2006	CP	A1	Korea Ratings	Current valuation
June 22, 2006	CP	A1	Korea Investors Service, Inc.	Current valuation
September 1, 2006	CP	A1	Korea Ratings	Regular valuation
December 27, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation

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December 27, 2006	CP	A1	Korea Investors Service, Inc.	Regular valuation
May 29, 2007	CP	A1	Korea Ratings	Current valuation

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Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
June 14, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 27, 2007	CP	A1	Korea Investors Service, Inc.	Current valuation
November 5, 2007	CP	A1	Korea Ratings	Regular valuation
November 5, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
November 5, 2007	CP	A1	Korea Investors Service, Inc.	Regular valuation

* 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.

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(3) International Credit Ratings

Date of credit rating	Subject of valuation	Credit rating of securities	Credit rating company (Credit rating range)	Evaluation type
June 14, 2005	Issuer Rating	A	Fitch (England)	Current valuation
July 14, 2005	Global Bonds	A2	Moody's (U.S.A.)	Current valuation
July 14, 2005	Exchangeable Bonds	A2	Moody's (U.S.A.)	Current valuation
July 27, 2005	Global Bonds	A	S&P (U.S.A.)	Current valuation
July 27, 2005	Exchangeable Bonds	A	S&P (U.S.A.)	Current valuation
July 9, 2007	Global Bonds	A	Fitch (England)	Current valuation
July 9, 2007	Global Bonds	A2	Moody's (U.S.A.)	Current valuation
July 9, 2007	Global Bonds	A	S&P (U.S.A.)	Current valuation

III. FINANCIAL INFORMATION

1. Summary Financial Statements (Consolidated)

Classification	Year ended December 31,				
	2007	2006	2005	2004	2003
Current assets	4,813,072	4,663,962	4,598,580	4,390,692	4,069,525
Quick assets	4,766,020	4,644,184	4,590,796	4,338,371	4,038,009
Inventory	47,052	19,778	7,784	52,321	31,516
Fixed assets	14,235,863	11,576,006	10,106,193	9,892,665	9,748,692
Investments	5,446,711	3,236,783	1,989,934	1,665,841	1,432,200
Tangible assets	4,969,354	4,507,335	4,663,369	4,703,922	4,641,547
Intangible assets	3,433,962	3,518,411	3,452,889	3,522,903	3,674,944
Other non-current assets	385,836	313,477			
Total assets	19,048,935	16,239,968	14,704,772	14,283,358	13,818,217
Current liabilities	3,016,874	3,208,416	2,863,373	3,066,893	4,530,910
Fixed liabilities	4,344,428	3,548,464	3,513,860	4,010,721	3,193,460
Total liabilities	7,361,302	6,756,880	6,377,233	7,077,614	7,724,370
Capital	44,639	44,639	44,639	44,639	44,639
Capital surplus	2,924,960	2,950,327	2,954,840	2,968,301	2,911,556
Capital adjustment	(-)2,041,577	(-)2,019,567	(-)2,048,515	(-)2,058,292	(-)2,158,244
Accumulated comprehensive income	1,591,258	490,010			
Retained earnings	8,914,970	7,847,434	7,267,649	6,152,898	5,139,911

(Unit: in million Won)

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(Unit: in million Won)

Classification	Year ended December 31,				
	2007	2006	2005	2004	2003
Minority Interest	253,383	170,245			
Total capital	11,687,633	9,483,088	8,327,540	7,205,743	6,093,847
Sales	12,018,163	11,027,977	10,721,820	10,570,615	10,272,081
Operation income	1,810,412	2,621,132	2,670,616	2,439,749	3,105,107
Ordinary income	1,985,292	2,021,578	2,561,567	2,123,176	2,754,335
Current net income	1,562,265	1,449,552	1,868,307	1,493,414	1,965,277
Consolidated Current net income	1,648,876	1,451,491	1,872,978	1,491,479	1,966,100
Numbers of Consolidated Companies	26	18	17	11	11

2. Summary Financial Statements (Non Consolidated)

(Unit: in million Won)

Classification	Year ended December 31,				
	2007	2006	2005	2004	2003
Current assets	4,094,059	4,189,325	4,172,485	3,854,345	3,460,706
Quick assets	4,075,378	4,172,887	4,166,500	3,843,384	3,452,682
Inventory	18,681	16,438	5,985	10,961	8,024
Fixed assets	14,048,990	11,624,728	10,349,191	10,166,360	9,915,253
Investments	5,950,585	3,547,942	2,366,760	2,112,488	1,763,359
Tangible assets	4,594,413	4,418,112	4,595,884	4,605,253	4,551,626
Intangible assets	3,174,942	3,405,158	3,386,547	3,448,619	3,600,268
Other non-current assets	329,051	253,516			
Total assets	18,143,049	15,814,053	14,521,676	14,020,705	13,375,959
Current liabilities	2,484,548	2,985,620	2,747,268	2,859,711	4,231,974
Fixed liabilities	4,221,016	3,522,006	3,516,528	4,033,902	3,202,147
Total liabilities	6,705,564	6,507,626	6,263,796	6,893,613	7,434,121
Capital	44,639	44,639	44,639	44,639	44,639
Capital surplus	2,939,353	2,962,699	2,966,198	2,983,166	2,915,964
Capital adjustment	(-)2,041,578	(-)2,019,568	(-)2,022,817	(-)2,057,422	(-)2,159,114
Accumulated comprehensive income	1,589,206	473,904			
Retained earnings	8,905,865	7,844,753	7,269,861	6,156,708	5,140,349
Total capital	11,437,485	9,306,427	8,257,881	7,127,091	5,941,838

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(Unit: in million Won)

Classification	Year ended December 31,				
	2007	2006	2005	2004	2003
Sales	11,285,900	10,650,952	10,161,129	9,703,681	9,520,244
Operation income	2,171,543	2,584,370	2,653,570	2,359,581	3,080,660
Ordinary income	2,307,785	2,021,643	2,554,613	2,115,778	2,714,194
Current net income	1,642,451	1,446,598	1,871,380	1,494,852	1,942,750

* See the attached
Korean GAAP
Non-consolidated
Financial
Statements.

IV. AUDITOR'S OPINION**1. Auditor****2007**

Deloitte Anjin LLC

2006

Deloitte Anjin LLC

2005

Deloitte Anjin LLC

2. Audit Opinion**Term****Year ended December 31, 2007****Year ended December 31, 2006****Year ended December 31, 2005****Auditor's opinion**

Appropriate

Appropriate

Appropriate

Issues noted**3. Remuneration for Independent non-executive Auditors for the Past Three Fiscal Years****A. Audit Contracts**

(Unit: in thousand Won)

Term	Auditors	Contents	Fee	Total hours
Year ended December 31, 2007	Deloitte Anjin LLC	Semi-annual review	1,066,318	11,468
		Quarterly review		
Year ended December 31, 2006	Deloitte Anjin LLC	Non-consolidated financial statements audit	656,000	7,637
		Consolidated financial statements audit		
Year ended December 31, 2005	Deloitte Anjin LLC	Semi-annual review	447,000	5,177
		Quarterly review		
		Non-consolidated financial statements audit		

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		Consolidated financial statements audit		
		Semi-annual review		
		Quarterly review		
Year ended	Deloitte Anjin	Non-consolidated financial		
December 31, 2007	LLC	statements audit	1,066,318	11,468
		Consolidated financial statements audit		

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V. MANAGEMENT STRUCTURE

1. Summary of Management Structure

A. Board of Directors

(1) Authority of the Board of Directors

a) Authority of the board of directors under Article 7 of the Regulations of the Board of Directors

Convocation of shareholders meeting and submission of agenda

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

Enactment of and revision to the Regulations for the Board of Directors

Annual business plan and budgeting

Approval of investments of Won 15 billion or above

Planned budget increases and changes for investments or Won 15 billion or above

Diversification into new businesses

Investments and joint ventures of Won 15 billion or above (excluding matters subject to prior approval by independent non-executive directors)

Establishment of subsidiaries

Guarantees of Won 15 billion or above (excluding matters subject to prior approval by independent non-executive directors)

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Transactions undertaken with related parties equal to or above the lesser of an amount equivalent to 10% of capital or Won 10 billion, and any material changes to such transactions in accordance with the Anti-trust Law and Fair Trade Act

Enactment of and amendment to the Internal Trading Procedures

Other matters considered necessary by the Board of Directors and those requiring Board of Directors approval under applicable laws

b) Reporting items under Article 7.2 of the Regulations of the Board of Directors

The representative director must report the following to the Board of Directors within two months after the date of occurrence:

Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 15 billion

New investments and joint ventures under Won 15 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 15 billion or above

Matters related to guarantees of under Won 15 billion

Internal trading not subject to approval by the Board of Directors

Matters delegated to the representative director that the Board of Directors requires to be reported

(2) Publication of Information on Director Candidates Prior to the Shareholders Meeting for the Election of Directors and Shareholders Nomination

a) On February 22, 2008, in the notice of the annual general meeting of shareholders, information on Shin Bae Kim, Young Ho Park, Rak Yong Uhm, Jay Young Chung, Jae Ho Cho, candidates for the Board of Directors, was publicly disclosed.

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

Meeting	Date	Agenda	Approval
276 th (the first meeting of 2007)	January 25, 2007	- Financial statements for the year ended December 31, 2006 - Annual business report for the year ended December 31, 2006	Approved as proposed Approved as proposed
277 th (the second meeting of 2007)	February 13, 2007	- Organization of Independent Non-executive Director Nomination Committee	Approved as proposed
278 th (the third meeting of 2007)	February 13, 2007	- Convocation of the 23 rd General Meeting of Shareholders - Change in the Fair Trade Voluntary Compliance Program manager	Approved as proposed Approved as proposed

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Meeting	Date	Agenda	Approval
279th (the fourth meeting of 2007)	March 9, 2007	- Election of the representative director and appointments of executive directors - Election of committee members	Approved as proposed Approved as proposed
280th (the fifth meeting of 2007)	April 27, 2007	- Entry into UN Global Compact	Approved as proposed
281th (the sixth meeting of 2007)	May 29, 2007	- WCDMA Investment Plan	Approved as proposed
282th (the seventh meeting of 2007)	June 29, 2007	- Capital Investment in AD Chips & Acquisition of Convertible Bond - Capital Investment in iHQ - Capital Investment in NTREEV - Issuance of Global Bond - Capital Injection into USA Holdings Inc.	Disapproval Approved as proposed Approved as proposed Approved as proposed Approved as proposed
283th (the eighth meeting of 2007)	July 27, 2007	- Interim Dividend	Approved as proposed
284th (the ninth meeting of 2007)	September 20, 2007	- Capital Increase Review on SK Telecom USA Holdings - New Corporate Establishment and Equity Participation in the USA - Transactions with SK C&C during 4Q 2007	Approved Approved as proposed Approved as proposed
285th (the tenth meeting of 2007)	October 16, 2007	- Extension of Stock Buyback Trust Contract	Approved as proposed
286th (the 11th meeting of 2007)	November 2, 2007	- Organization of Independent Non-executive Director Nomination Committee - Issuance of Corporate Bond - Treasury Stock Buyback - Change in WCDMA Investment Plan	Approved as proposed Approved as proposed Approved as proposed Approved as proposed
287th (the 12th meeting of 2007)	November 30, 2007	- Stock Acquisition of Hanaro Telecom - Plan for Cooperation among Affiliates - Enter into Global LBS Business by Acquiring Foreign LBS Solution Business	Approved as proposed Approved as proposed Approved as proposed

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Meeting	Date	Agenda	Approval
288th (the 13th meeting of 2007)	December 21, 2007	- Management Plan of 2008 - Treasury Stock Sales to E.S.O.P.	Approved as proposed Approved as proposed
289th (the first meeting of 2008)	January 31, 2008	- Financial statements for the year ended December 31, 2007 - Annual business report for the year ended December 31, 2007 - Establishment of Corporate for Convergence Business in USA	Approved as proposed Approved as proposed Approved as proposed
290th (the second meeting of 2008)	February 19, 2008	- Convocation of the 24 rd General Meeting of Shareholders - Issuance of Corporate Bond	Approved as proposed Approved as proposed
291th (the third meeting of 2008)	March 14, 2008	- Election of the representative director - Election of committee members	Approved as proposed Approved as proposed

(4) Committee Structure and Activities of the Board of Directors

- a) Independent non-executive Director Nomination Committee
Organization

(As of March 14, 2008)

Members**Number of Persons**

4

Company Directors

Shin Bae Kim, Sung Min Ha

Independent non-executive Directors

Yong Woon Kim , Hyun Chin Lim

* The Independent Non-executive Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation.
Activities

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Date	Details	Approval	D.S. Shim (100%)*	S.T. Yang (92%)*	S.C. Lee (100%)*	H.J. Lim (100%)*
	- Election of the Chairman: Seung Taik Yang					
Feb. 13, 2007	- 23 rd General Meeting of Shareholders: Nomination of Independent non-executive director candidates : Dal Sup Shim	Approved	Before Election	For	For	
Nov. 30 2007	- Appointment of Representative Director of the Committee	Approved	For			For
Feb. 19 2008	- 24 th General Meeting of Shareholders: Nomination of Independent non-executive director candidates : Rak Yong Uhm, Jay Young Chung, Jae Ho Cho	Approved	For			For

* Participation Rate to the Board of Directors Meetings

b) Compensation Review Committee Organization

(As of March 14, 2008)

Members**Independent non-executive Directors**

Yong Woon Kim, 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.
Activities

Date	Details	Approval	D.S. Kim (100%)	Y.W. Kim (100%)	D.K. Byen (100%)	D.S. Shim (100%)	S.T. Yang (92%)	J.S. Yoon (50%)	S.C. Lee (100%)	H.J. Lim (100%)

Vote

Apr. 26, 2007	- Appointment of Representative Director of the Committee	Approved	For	For	For	For	For	Absent	For	For
Jul. 27, 2007	- CEO Evaluation and Remuneration Scheme									

* Participation
Rate to the
Board of
Directors
Meetings

c) Capex Review Committee
Organization

(As of March 14 , 2008))

Members

Number of Persons

5 persons

Company Directors

Young Ho Park, Sung Min Ha

Independent non-executive Directors

Rak Yong Uhm, Dal Sup Shim, Jay Young Chung

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* The Capex Review Committee is a committee established by the resolution of the Board of Directors.

Activities

Date	Details	Approval	D.K. Byun (83%)*	S.T. Yang (100%)*	J.S. Yoon (67%)*	S.C. Lee (83%)*
Apr. 26, 2007	- Appointment of Representative Director of the Committee	Approved	For	For	Absent	For
June 28, 2007	- Acquisition of AD Chips - IHQ Capital Increase - Stock Acquisition and Capital Increase in Ntreev Soft					
Sep. 19, 2007	- New Corporate Establishment and Equity Participation in the USA					
Nov. 1, 2007	- Change in WCDMA Investment Plan					
Nov. 29, 2007	- Entering into Global LBS Business by Acquiring Foreign LBS Solution Business		Absent		Absent	
Dec. 20, 2007	- 2008 Investment Plan					Absent

* Participation Rate to the Board of Directors Meetings

d) Audit Committee: See B. Audit System below.

* The Audit Committee is a committee established under the provisions of the Articles of Incorporation.

B. Audit System

(1) Establishment and Organization of the Audit Committee

a)

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The Audit Committee is composed of three or more directors. However, independent non-executive directors must account for 2/3 or more, and the members are elected by the resolution of the Board of Directors each year.

- b) The Audit Committee is convened when deemed necessary by the chairman or is requested by two or more of the committee members.
 - c) The quorum for resolution is majority attendance with majority consent of the attending members.
- (2) Authority of the Audit Committee
-

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Includes authority to inquire on the subsidiary companies, right to investigate the business operations and asset conditions, and right to request for a business status report pursuant to the Audit Committee Regulations.

(3) Members of the Audit Committee

Audit Committee Members are directors Yong Woon Kim, Dal Sup Shim, Hyun Chin Lim and Jae Ho Cho.

* Yong Woon Kim resigned on March 27, 2008 (Disclosed on March 28, 2008)

(4) Major Activities of the Audit Committee

Meeting	Date	Agenda	Approval	Remarks
The first meeting of 2007	January 24, 2007	<ul style="list-style-type: none"> - Financial statements for 23rd Fiscal Year - Business report for 23rd Fiscal Year - Report on operation of internal accounting controls - Report on K GAAP audit of the financial statements for the year ended December 31, 2006 - Report on the review of internal accounting controls for the year ended December 31, 2006 		
The second meeting of 2007	February 12, 2007	<ul style="list-style-type: none"> - Report on the 2006 second-half management audit and the 2007 plan - Auditor's opinion on internal controls - Audit report for the year ended December 31, 2005 - Evaluation of internal accounting controls - Election of committee chairman - Reaffirmation of services to be provided by external auditors for fiscal year 2007 	<ul style="list-style-type: none"> Approved as proposed Approved as proposed Approved as proposed Approved as proposed Approved as proposed To be re-proposed at subsequent meeting 	
The third meeting of 2007	April 26, 2007	<ul style="list-style-type: none"> - Report on internal audit regarding the appropriateness of imposition of certain fines - Accounting audit schedule for 2007 - Remuneration for outside auditor for 2007 		
The fourth meeting	May 28, 2007	<ul style="list-style-type: none"> - Collective re-approval of outside auditor's service schedule for 2007 	<ul style="list-style-type: none"> Approved as proposed Approved as proposed 	

of 2007

**The fifth
meeting of 2007**

June 28, 2007

- Issuance of Global Bond plan
 - Report on US-GAAP audit of the
financial statements for the year ended
December 31, 2007
-

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Meeting	Date	Agenda	Approval	Remarks
The sixth meeting of 2007	July 26, 2007	<ul style="list-style-type: none"> - Interim dividend plan - Financial results for the first half of 2007 - Report on K-GAAP audit of the financial statements for the first half of 2007 - Management audit results for the first half of 2007 		
The seventh meeting of 2007	September 19, 2007	<ul style="list-style-type: none"> - Evaluation of internal accounting controls 		
The eighth meeting of 2007	November 1, 2007	<ul style="list-style-type: none"> - Issuance of Corporate Bond - Treasury Stock Buyback 		
The ninth meeting of 2007	November 29, 2007	<ul style="list-style-type: none"> - 2008 Shareholder Return Policy 		
The tenth meeting of 2007	December 20, 2007	<ul style="list-style-type: none"> - Transactions with SK C&C during 4Q 2007 - Raise of 200 Service Fee for Outside Auditors - 2008 Shareholder Return Policy 	Approved as proposed Approved as proposed	
The first meeting of 2008	January 31, 2008	<ul style="list-style-type: none"> - Audit Report on Internal Monitoring System - 2007 Management Audit Results and Management Audit Plan - Financial statements for 24rd Fiscal Year - Business Report for 24rd Fiscal Year - 2008 Transactions Plan with SK C&C - Evaluation of internal accounting controls 	Approved as proposed	
The second meeting of 2008	February 19, 2008	<ul style="list-style-type: none"> - Results Reports on Review of Internal Accounting Management System - Reports on 2007 K-GAAP Audit - Auditor s Report for Fiscal Year 2007 - Evaluation of Internal Accounting Management System Operation - Issuance of Corporate Bond 	Approved as proposed Approved as proposed	

C. Exercise of Voting Rights by the Shareholders

(1) Use of the Cumulative Voting System

- a) Pursuant to the Articles of Incorporation, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

 - b) Articles of Incorporation
Article 32 (3) (Election of Directors): Cumulative voting under Article 382-2 of the Commercial Code will not be applied for the election of directors.
-

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Article 4 of the 12th 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.

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D. Compensation of Officers and Others

(1) Compensation of Directors (including Independent non-executive Directors) and Members of the Audit Committee
(Unit: in million Won)

Classification	Total payment	Total amount approved by the Meeting of Shareholders	Average payment per person	Remarks
Company directors	4,892		1,223	
Independent non-executive directors	617	12,000	77	Including members of the Audit Committee
(2) Granting and Exercise of Stock Options	N/A\			

2. Affiliated Companies

(1) Summary of Corporate Group

Name: SK Group

(2) Capital Investments between Affiliated Companies

(As of January 22, 2008)

* Based on common shares

Investing company	Invested companies						SK E&C	SK Shipping
	SK Corporation	SK Energy	SK Networks	SK Telecom	SK Chemicals	SKC		
SK Corporation		31.18%	40.475	21.75%	42.50%		72.13%	
SK Energy								
SK Networks				1.34%		0.02%	17.71%	
SK Telecom								
SK Chemicals						58.03%		
SKC							10.16%	
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C	25.42%							
SK incheon oil								
Daehan City Gas								
SK Telink								

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	CCES	YN Energy	Pohang City Gas	Invested companies		SK Scitech	SK NJC	SK Telink
				Daehan City Gas	Daehan Engineering			
Investing companies								
SKC								
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
SK Incheon oil								
Daehan City Gas					100.00%			
SK Telink								
SK E&S	100.00%	100.00%	100.00%	40.00%				
iHQ								
SK D&D								
SK Communications								
Total affiliated companies	100.00%	100.00%	100.00%	40.00%	100.00%	50.00%	60.00%	90.77%

	Busan City Gas	Jeonnam City Gas	Gangwon City Gas	Invested companies		Chungnam City Gas	SK Wyverns	Infosec
				GBES	OK Cashbag Service			
Investing companies								
SK Corporation								
SK Energy					96.67%			
SK Networks								
SK Telecom					1.19%		99.99%	
SK Chemicals								
SKC								20.63%
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								48.14%
SK Incheon oil								
Daehan City Gas								
SK Telink								
SK E&S	40.00%	100.00%	100.00%	100.00%		100.00%		
iHQ								
SK D&D								
SK Communications								
Total affiliated companies	40.00%	100.00%	100.00%	100.00%	97.86%	100.00%	99.99%	68.77%

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	MRO	SK	Invested companies					TU	
				Encar			Media		
Investing companies	Korea	Telesys	Innoace	AirCROSS	network	Global C&I	Paxnet		
SK Corporation									
SK Energy					50.00%				
SK Networks	51.00%		43.08%						
SK Telecom			14.25%	100.00%		50.00%	59.74%	32.70%	
SK Chemicals									
SKC		77.13%							
SK E&C									
SK Shipping									
SK Securities						40.00%			
Walkerhill									
SK C&C									
SK Incheon oil									
Daehan City Gas									
SK Telink									
SK E&S									
iHQ									
SK D&D									
SK Communications									
Total affiliated companies	51.00%	77.13%	57.33%	100.00%	50.00%	90.00%	59.74%	32.70%	
				Invested companies					
	SK	SK	SK	Seoul		SK	SK Mobile		
Investing companies	D&D	Utis	CTA	Records	Independent	Petrochemical	Energy	SKC Media	
SK Corporation									
SK Energy			33.67%				88.34%		
SK Networks									
SK Telecom				60.00%					
SK Chemicals		60.00%				100.00%			
SKC							11.66%	100.00%	
SK E&C	44.98%								
SK Shipping									
SK Securities									
Walkerhill									
SK C&C					67.78%				

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	Invested companies							
	SK	SK	SK	Seoul		SK	SK Mobile	SKC
Investing companies	D&D	Utis	CTA	Records	Independence	Retrochemical	Energy	Media
SK Incheon oil								
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								
SK D&D								
SK Communications								
Total affiliated companies	44.98%	60.00%	33.67%	60.00%	67.78%	100.00%	100.00%	100.00%
	Invested companies							
		YTN		NTREEV	SK	SK		
Investing companies	iHQ	Media	I Film Co.	Soft	I-Media	Communication	Ecogreen	Pullbbang
SK Corporation								
SK Energy								
SK Networks							55.00%	66.67%
SK Telecom	37.09%			66.69%		64.82%		
SK Chemicals								
SKC								
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C					40.00%			
SK Incheon oil								
Daehan City Gas								
SK Telink								
SK E&S								
iHQ		51.42%	45.00%					
SK D&D								
SK Communications					60.00%			
Total affiliated companies	37.09%	51.42%	45.00%	66.69%	100.00%	64.82%	55.00%	66.67%
	Invested companies							
		SKC		SKN	Nuri	Commerce	Reviden	
Investing companies	Island	Air Gas		Service	Solution	Planet	Asset	
SK Corporation								
SK Energy								

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Investing companies	Island	Invested companies				
		SKC Air Gas	SKN Service	Nuri Solution	Commerce Planet	Reviden Asset
SK Networks			100.00%			
SK Telecom					100.00%	
SK Chemicals						
SKC		80.00%				
SK E&C						99.00%
SK Shipping						
SK Securities						
Walkerhill						
SK C&C				45.55%		
SK Incheon oil	50.00%					
Daehan City Gas						
SK Telink						
SK E&S						
iHQ						
SK D&D						1.00%
SK Communications						
Total affiliated companies	50.00%	80.00%	100.00%	45.55%	100.00%	100.00%

VI. SHARES**1. Distribution of Shares**

A. Shareholdings of Major Shareholders and other Related Parties

(As of December 31, 2007)

(Unit: share, %)

Name	Relationship	Types of shares	Number of shares owned (equity rate)			Ending	Cause of change
			Beginning	Increase	Decrease		
		Number of shares	Ownership ratio	Number of shares	Number of shares	Number of shares	Ownership ratio
SK Corporation	Parent company	Common stock	17,663,127	21.75		17,663,127	21.75
SK Networks	Affiliated company	Common stock	1,085,325	1.34		1,085,325	1.34
Tae Won Choi	Officer of affiliated company	Common stock	100	0.00		100	0.00
Shin Won Choi	Officer of affiliated company	Common stock	770	0.00	770		0.00

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(As of December 31, 2007)

(Unit: share, %)

Name	Relationship	Types of shares	Number of shares owned (equity rate)				Cause of change		
			Beginning Number of shares	Ownership ratio	Increase of shares	Decrease of shares		Ending Number of shares	Ownership ratio
Shin Bae Kim	Director	Common stock	1,270	0.00			1,270	0.00	
Dae Kyu Byun	Director	Common stock	50	0.00			50	0.00	
Jae Seung Yoon	Director	Common stock	200	0.00			200	0.00	
Bang Hyung Lee	Director	Common stock	400	0.00			400	0.00	
Sung Min Ha	Director	Common stock	738	0.00			738	0.00	
Total		Common stock	18,751,980	23.10		770	18,751,210	23.09	
		Preferred stock	0	0			0	0	
		Total	18,751,980	23.10		770	18,751,210	23.09	

Largest shareholder: SK Corporation

Number of related parties: 8 persons

* SK Corporation purchased SK Telecom s shares (1,085,325 shares) from SK Networks on February 25, 2008

B. Shareholders with More than 5% Shareholding

(As of December 31, 2007)

(Unit: share, %)

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	Citibank ADR SK Corporation	24,321,893	29.96			24,321,893	29.96
2	SK Telecom	17,663,127	21.75			17,663,127	21.75
3	SK Telecom	8,609,034	10.60			8,609,034	10.60
	Total	50,594,054	62.31			50,594,054	62.31

C. Shareholder Distribution

(As of December 31, 2007)

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Classification	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
Total minority shareholders	23,320	99.93	25,811,059	31.79	
Minority shareholders (corporate)	1,186	5.08	11,674,791	14.37	
Minority shareholders (individual)	22,134	94.85	14,136,268	17.41	
Largest shareholder	8	0.03	18,751,210	23.09	
Major shareholders					
Other shareholders	8	0.03	36,631,442	45.12	
Other shareholders (corporate)	6	0.03	11,493,465	14.16	
Other shareholders (individual)	2	0.00	25,137,977	30.96	
Total	23,336	100.00	81,193,711	100.00	

Table of Contents**2. Share Price and Trading Volume in the Last Six Months**

A. Domestic Securities Market

(Unit: Won, shares)

Types		December 2007	November 2007	October 2007	September 2007	August 2007	July 2007
Common							
share	Highest	274,000	256,000	240,000	212,000	206,500	221,000
	Lowest	249,000	204,500	209,000	206,000	192,000	200,000
Monthly transaction							
volume		5,847,036	10,755,565	5,675,597	2,494,024	4,408,098	5,311,253

B. Overseas Securities Market

New York Stock Exchange

(Unit: US\$, ADR)

Types		December 2007	November 2007	October 2007	September 2007	August 2007	July 2007
Depository							
receipt	Highest	32.83	33.03	33.33	29.70	29.33	30.30
	Lowest	29.84	29.00	30.02	28.05	26.15	27.41
Monthly transaction							
volume		26,024,900	38,418,408	29,156,341	20,339,291	42,018,148	32,018,574

VII. EMPLOYEES

(As of December 31, 2007)

(Unit: persons, in million Won)

Classification	Number of employees			Total	Average service year	Total half year wage	Average wage per person	Remarks
	Office managerial positions	Production positions	Others					
Male	3,956			3,956	9.9	237,698	60.1	
Female	586			586	8.1	28,450	48.6	
Total	4,542			4,542	9.6	266,148	58.6	

Table of Contents**VIII. TRANSACTIONS WITH RELATED PARTIES****1. Transactions with the Largest Shareholder**

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

(As of December 31, 2007)

(Unit: in million Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending	Accrued interest	Remarks
			Beginning	Increase	Decrease			
SK Wyverns	Affiliated company	Long-term and short-term loans	5,282	575	1,725	4,132		

B. Equity Investments

(As of December 31, 2007)

(Unit: in million Won)

Name (Corporate name)	Relationship	Types of Investment	Details				Note
			Beginning	Increase	Decrease	Ending	
SKT U.S.A. Holdings	Affiliated company	Common share	199,047	137,578		336,625	
AirCROSS	Affiliated company	Common share	300	2,140		2,440	
TU Media	Affiliated company	Common share	64,611	32,368		96,979	
China STC	Affiliated company	Common share	1,343	5,646		6,989	
SK Telecom(CHINA) Holding Co.,Ltd.	Affiliated company	Common share		19,070		19,070	
iHQ	Affiliated company	Common share	41,846	10,000		51,846	
Commerce Planet	Affiliated company	Common share		6,276		6,276	
Baba.com	Affiliated company	Common share		1,975		1,975	
ENTREEV	Affiliated company	Common share		17,720		17,720	

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Name (Corporate name)	Relationship	Types of Investment	Details				Note
			Beginning	Increase	Decrease	Ending	
Helio Inc.	Affiliated company	Common share	1,100	242		1,342	
SKT Holdings America Inc.	Affiliated company	Common share		4,050		4,050	
	Total		308,247	237,065		545,312	

2. Transactions with Shareholders (excluding the largest shareholder and others), Officers, Employees and other Interested Parties

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

* Agents

(Unit: in million Won)

Name (Corporate name)	Relationship	Account category	Change details				Accrued interest	Remarks
			Beginning	Increase	Decrease	Ending		
Hong Eun and others	Agency	Long-term and short-term loans	64,984	207,772	157,797	114,959		

* Overseas investment companies

(Unit: in million Won)

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

B. Equity Investments

(Unit: in million Won)

Name (Corporate name)	Relationship	Types of Investment	Details				Remarks
			Beginning	Increase	Decrease	Ending	
Nayio Media, Inc.		Common share	248		248		
DCM V.L.P.				4,692		4,692	
Sky Lake Fund				1,172		1,172	
Centurion IT Investment Group			3,000		1,070	1,930	

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Name (Corporate name)	Relationship	Types of Investment	Details			Ending	Remarks
			Beginning	Increase	Decrease		
KTB Investment Group			1,060		371	689	
Bridge Mobile Alliance				2,475		2,475	
KINX		Common share	54		54		
NTS Company		Common share	95		95		
JS Tech		Common share	95		95		
P&T Telecom		Common share	95		95		
GN Solitech		Common share	95		95		
RF Solution		Common share	95		95		
Kyoungseo Telecom		Common share	95		95		
PWNT		Common share	95		95		
WithNet		Common share	95		95		
NS Tech		Common share	95		95		
Hangil Telecom		Common share	95		95		
M-Cube works		Common share	188		188		
Stic Investment		Common share	8,651		8,611	40	
China Unicom		Common share		1,333,009		1,333,009	
Translink Capital L.L.C.		Common share		798		798	
Total			14,246	1,342,146	11,587	1,344,805	

IX. OTHER RELEVANT MATTERS**1. Developments in the Items mentioned in prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

Date of Disclosure	Title	Report	Reports status
October 26, 2001	Resolution on trust agreement for the acquisition of treasury	1. Signatories: Shinhan Bank, Hana Bank, Cho Hung	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won

shares and others	Bank, Korea Exchange Bank	318 billion).
	2. Contract amount: Won 1,300 billion	2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.
	3. Purpose: to increase shareholder value	3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.
		4. As of December 31, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion.

Table of Contents**2. Summary Minutes of the Shareholders Meeting**

Date	Agenda	Resolution
23 rd Fiscal Year Meeting of Shareholders (March 9, 2007)	1. Approval of the financial statements for the year ended December 31, 2006	Approved (Cash dividend, Won 7,000 per share)
	2. Remuneration limit for Directors	Approved (Won 12 billion)
	3. Election of Directors	Approved (Jung Nam Cho, Sung Min Ha)
	- Election of executive directors	Approved (Dal Sup Shim)
	- Election of independent non-executive directors as Audit Committee members	
24 rd Fiscal Year Meeting of Shareholders (March 14, 2008)	1. Approval of the financial statements for the year ended December 31, 2007	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of incorporation	
	3. Remuneration limit for Directors	
	4. Election of Directors	Approved (Won 12 billion)
	- Election of executive directors	Approved (Shin Bae Kim, Young Ho Park)
	- Election of independent non-executive directors	Approved (Rak Yong Uhm, Jay Young)

- Election of independent non-executive directors as Audit Committee members
Chung)
Approved(Jae
Ho Cho)

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SK TELECOM CO., LTD.

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

AND INDEPENDENT AUDITORS REPORT

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Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of SK Telecom Co., Ltd. (the Company) as of December 31, 2007 and 2006, the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, and the related non-consolidated statement of changes in stockholders' equity for the year ended December 31, 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2007 and 2006, the results of its operations, changes in its retained earnings and its cash flows for the years then ended, and the changes in its stockholders' equity for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2(a). Such U.S. dollar amounts are presented solely for the convenience of readers outside of the Republic of Korea.

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Accounting principles and auditing 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 audit such financial statements may differ from those generally accepted and applied in other countries.

Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

January 31, 2008

Notice to Readers

This report is effective as of January 31, 2008, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the auditors' report.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
ASSETS	(In millions)		(In thousands)	
CURRENT ASSETS:				
Cash and cash equivalents (Notes 2 and 12)	₩ 575,646	₩ 241,100	\$ 615,138	\$ 257,641
Short-term financial instruments (Note 20)	79,360	61,953	84,804	66,203
Trading securities (Notes 2 and 3)	633,911	665,299	677,400	710,941
Current portion of long-term investment securities (Notes 2 and 3)	99,858	156	106,709	167
Accounts receivable – trade, net of allowance for doubtful accounts of ₩59,581 million as of December 31, 2007 and ₩88,285 million as of December 31, 2006 (Notes 2, 12 and 23)	1,620,334	1,700,650	1,731,496	1,817,322
Short-term loans, net of allowance for doubtful accounts of ₩753 million as of December 31, 2007 and ₩9,212 million as of December 31, 2006 (Notes 2, 5 and 23)	74,532	61,967	79,645	66,218
Accounts receivable – other, net of allowance for doubtful accounts of ₩23,253 million as of December 31 2007 and ₩26,708 million as of December 31, 2006 (Notes 2, 12 and 23)	855,062	1,257,244	913,723	1,343,496
Inventories (Note 2)	18,681	16,439	19,963	17,567
Prepaid expenses	94,080	113,256	100,534	121,026
Current deferred income tax assets, net (Notes 2 and 17)	29,688	40,113	31,725	42,865
Currency swap (Notes 2 and 25)		16,660		17,803
Advanced income and other	12,907	14,488	13,792	15,482
Total Current Assets	4,094,059	4,189,325	4,374,929	4,476,731
NON-CURRENT ASSETS:				
Property and equipment, net (Notes 2, 6, 11, 22 and 23)	4,594,413	4,418,112	4,909,610	4,721,214
Intangible assets, net (Notes 2, 7 and 11)	3,174,942	3,405,159	3,392,757	3,638,768
Long-term financial instruments (Notes 20)	10,019	10,024	10,706	10,712
Long-term investment securities (Notes 2 and 3)	5,041,393	2,376,268	5,387,255	2,539,290
	899,172	1,161,651	960,859	1,241,345

Equity securities accounted for using the equity method (Notes 2 and 4)				
Long-term loans, net of allowance for doubtful accounts of ₩23,783 million as of December 31, 2007 and ₩23,148 million as of December 31, 2006 (Notes 2, 5 and 23)	76,642	12,828	81,900	13,708
Guarantee deposits, net of allowance for doubtful accounts of nil as of December 31, 2007 and ₩163 million as of December 31, 2006 (Notes 2,12 and 23)	122,209	120,006	130,593	128,239
Long-term currency swap (Notes 2 and 25)	13,057		13,953	
Long-term interest rate swap (Notes 2 and 25)	3,170		3,387	
Long-term deposits and other	113,973	120,680	121,793	128,960
Total Non-Current Assets	14,048,990	11,624,728	15,012,813	12,422,236
TOTAL ASSETS	₩ 18,143,049	₩ 15,814,053	\$ 19,387,742	\$ 16,898,967

(Continued)

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SK TELECOM CO., LTD.
NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	December 31, 2007 (In millions)	December 31, 2006 (In millions)	December 31, 2007 (In thousands)	December 31, 2006 (In thousands)
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES:				
Accounts payable (Notes 12 and 23)	₩ 1,112,351	₩ 1,107,786	\$ 1,188,663	\$ 1,183,785
Income taxes payable (Note 17)	314,830	331,496	336,429	354,238
Accrued expenses (Notes 2 and 24)	374,058	373,865	399,720	399,514
Dividend payable	308	268	329	286
Withholdings	222,653	327,895	237,928	350,390
Current portion of long-term debt, net (Notes 2, 8 and 11)	410,575	794,186	438,742	848,671
Current portion of subscription deposits (Note 10)	7,540	15,760	8,057	16,841
Currency swap (Notes 2 and 25)	12,646		13,514	
Advanced receipts and other	29,587	34,364	31,617	36,722
Total Current Liabilities	2,484,548	2,985,620	2,654,999	3,190,447
NON-CURRENT LIABILITIES:				
Bonds payable, net (Notes 2 and 8)	2,281,160	1,978,874	2,437,658	2,114,633
Long-term borrowings (Note 9)	293,820	292,960	313,977	313,058
Subscription deposits (Note 10)	6,426	21,140	6,867	22,590
Long-term payables other, net of present value discount of ₩27,886 million as of December 31, 2007 and ₩42,461 million as of December 31, 2006 (Note 2)	422,114	517,539	451,073	553,044
Obligations under capital lease (Notes 2 and 11)		1,642		1,755
Accrued severance indemnities, net (Note 2)	22,150	9,568	23,670	10,224
Non-current deferred income tax liabilities, net (Notes 2 and 17)	1,044,690	530,454	1,116,360	566,845
Long-term currency swap (Notes 2 and 25)	110,911	112,970	118,520	120,720
Long-term interest rate swap (Notes 2 and 25)		454		485
Guarantee deposits received and other (Notes 2, 23 and 24)	39,745	56,404	42,472	60,276
Total Non-Current Liabilities	4,221,016	3,522,005	4,510,597	3,763,630
Total Liabilities	6,705,564	6,507,625	7,165,596	6,954,077

STOCKHOLDERS EQUITY:				
Capital stock (Notes 1 and 13)	44,639	44,639	47,701	47,701
Capital surplus (Notes 2, 8, 13 and 16)	2,939,353	2,962,699	3,141,006	3,165,953
Capital adjustments:				
Treasury stock (Notes 1 and 15)	(2,041,483)	(2,014,927)	(2,181,538)	(2,153,160)
Loss on disposal of treasury stock (Note 15)	(95)	(7,887)	(102)	(8,428)
Stock options (Notes 2 and 16)		3,246		3,469
Accumulated other comprehensive income (loss) (Note 18):				
Unrealized gains on valuation of long-term investment securities, net (Notes 2, 3 and 17)	1,626,689	408,521	1,738,287	436,547
Equity in other comprehensive income (loss) of affiliates, net (Notes 2, 4 and 17)	(27,965)	82,200	(29,884)	87,839
Loss on valuation of currency swap, net (Notes 2, 17 and 25)	(11,816)	(16,487)	(12,627)	(17,618)
Gain (loss) on valuation of interest swap, net (Notes 2, 17 and 25)	2,298	(329)	2,456	(352)
Retained earnings (Note 14):				
Appropriated	7,335,037	6,679,234	7,838,253	7,137,459
Unappropriated	1,570,828	1,165,519	1,678,594	1,245,480
Total Stockholders Equity	11,437,485	9,306,428	12,222,146	9,944,890
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 18,143,049	₩ 15,814,053	\$ 19,387,742	\$ 16,898,967

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	2007 (In millions)	2006	2007 (In thousands)	2006
OPERATING REVENUE (Notes 2 and 23)	₩ 11,285,900	₩ 10,650,952	\$ 12,060,162	\$ 11,381,654
OPERATING EXPENSES (Notes 2 and 23)				
Labor cost	(409,884)	(396,147)	(438,004)	(423,324)
Commissions paid(Note 2)	(4,035,757)	(3,316,551)	(4,312,628)	(3,544,081)
Depreciation and amortization (Notes 6 and 7)	(1,723,017)	(1,513,092)	(1,841,224)	(1,616,897)
Network interconnection	(998,154)	(955,954)	(1,066,632)	(1,021,537)
Leased line	(388,796)	(395,113)	(415,469)	(422,219)
Advertising	(304,194)	(300,829)	(325,063)	(321,467)
Research and development (Note 2)	(214,795)	(211,752)	(229,531)	(226,279)
Rent	(207,199)	(193,877)	(221,414)	(207,178)
Frequency usage	(164,072)	(158,958)	(175,328)	(169,863)
Repair	(161,050)	(146,312)	(172,099)	(156,350)
Cost of goods sold	(83,584)	(39,686)	(89,318)	(42,409)
Other	(423,855)	(438,311)	(452,932)	(468,381)
Sub-total	(9,114,357)	(8,066,582)	(9,739,642)	(8,619,985)
OPERATING INCOME	2,171,543	2,584,370	2,320,520	2,761,669
OTHER INCOME:				
Interest income (Note 3)	77,344	68,624	82,650	73,332
Dividends	21,113	20,351	22,561	21,747
Commissions (Note 23)	35,601	41,080	38,043	43,898
Reversal of allowance for doubtful accounts	513	162	548	173
Foreign exchange and translation gains (Note 2)	11,112	2,744	11,874	2,932
Equity in earnings of affiliates (Notes 2 and 4)	266,811	83,144	285,115	88,848
Gain on disposal of investment assets	3,005	26,975	3,211	28,826
Gain on disposal of property, equipment and intangible assets	7,306	4,453	7,807	4,758
Gain on transactions and valuation of currency swap				

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(Notes 2 and 25)	10,799	16,660	11,540	17,803
Gain on conversion of convertible bond				
(Note 3)	373,140		398,739	
Gain on repayment of bond	5,600		5,984	
Other	39,070	46,907	41,753	50,126
Sub-total	851,414	311,100	909,825	332,443

(Continued)

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
OTHER EXPENSES:				
Interest and discounts (Note 2)	(₩215,856)	(₩237,535)	(\$230,665)	(\$253,831)
Donations	(72,471)	(103,002)	(77,443)	(110,068)
Foreign exchange and translation losses (Note 2)	(12,079)	(2,871)	(12,908)	(3,068)
Loss on valuation of trading securities (Notes 2 and 3)	(1,203)		(1,286)	
Equity in losses of affiliates (Notes 2 and 4)	(249,425)	(212,109)	(266,537)	(226,661)
Impairment loss on investment securities (Notes 2 and 3)	(4,386)	(27,344)	(4,687)	(29,220)
Loss on disposal of investment assets	(81)	(3,486)	(87)	(3,725)
Loss on disposal of property, equipment and intangible assets	(30,213)	(16,407)	(32,286)	(17,533)
Impairment loss on assets (Note 2)	(369)	(6,866)	(394)	(7,337)
Loss on transaction and valuation of currency swap (Notes 2 and 25)	(33,876)	(9,258)	(36,200)	(9,893)
Special severance indemnities (Note 2)		(144,021)		(153,901)
External research and development costs (Note 2)	(73,725)	(66,055)	(78,783)	(70,587)
Other	(21,488)	(44,873)	(22,960)	(47,951)
 Sub-total	 (715,172)	 (873,827)	 (764,236)	 (933,775)
 INCOME BEFORE INCOME TAXES	 2,307,785	 2,021,643	 2,466,109	 2,160,337
 PROVISION FOR INCOME TAXES (Notes 2 and 17)	 (665,334)	 (575,045)	 (710,979)	 (614,496)
 NET INCOME (Note 18)	 ₩ 1,642,451	 ₩ 1,446,598	 \$ 1,755,130	 \$ 1,545,841
 NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 19)	 ₩ 22,607	 ₩ 19,734	 \$ 24.16	 \$ 21.09

DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 19)	₩	22,289	₩	19,458	\$	23.82	\$	20.80
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See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF
APPROPRIATIONS OF RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
RETAINED EARNINGS BEFORE APPROPRIATIONS:				
Beginning of year	₩ 1,044	₩ 1,712	\$ 1,117	\$ 1,828
Interim dividends (Note 21)	(72,667)	(73,714)	(77,653)	(78,770)
Retirement of treasury stock		(209,077)		(223,419)
Net income for the year	1,642,451	1,446,598	1,755,130	1,545,841
End of year	1,570,828	1,165,519	1,678,594	1,245,480
TRANSFER FROM VOLUNTARY RESERVES:				
Reserve for research and manpower development (Note 14)		188,000		200,898
Reserve for loss on disposal of treasury stock (Note 14)		221,197		236,372
Reserve for improvement of financial structure (Note 14)	33,000		35,264	
	33,000	409,197	35,264	437,270
APPROPRIATIONS:				
Reserve for research and manpower development (Note 14)		(180,000)		(192,349)
Reserve for business expansion (Note 14)	(193,000)	(885,000)	(206,241)	(945,715)
Reserve for technology development (Note 14)	(800,000)		(854,884)	
Cash dividends (Note 21)	(609,712)	(508,672)	(651,540)	(543,569)
	(1,602,712)	(1,573,672)	(1,712,665)	(1,681,633)
UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO THE FOLLOWING YEAR	₩ 1,116	₩ 1,044	\$ 1,193	\$ 1,117

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
YEAR ENDED DECEMBER 31, 2007

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders equity
(In millions of Korean won)						
Balance, January 1, 2007	₩ 44,639	₩ 2,962,699	(₩2,019,568)	₩ 473,905	₩ 7,844,753	₩ 9,306,428
Cash dividends (Note 21)					(508,672)	(508,672)
Interim dividends (Note 21)					(72,667)	(72,667)
Net income					1,642,451	1,642,451
Conversion of convertible bonds (Note 8)		(11,116)				(11,116)
Stock options (Notes 2 and 16)		3,246	(3,246)			
Difference between the acquisition cost and the net book value incurred from the transactions between under common control companies (Note 13)		(15,476)				(15,476)
Treasury stock (Notes 2 and 15)			(26,556)			(26,556)
Loss on disposal of treasury stock (Notes 2 and 15)			7,792			7,792
Unrealized gain on valuation of long-term investment securities, net (Notes 2, 3 and 18)				1,218,168		1,218,168
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 17)				(110,165)		(110,165)
				4,671		4,671

Loss on valuation of currency swap, net (Notes 2, 17 and 25)						
Gain (loss) on valuation of interest swap, net (Notes 2, 17 and 25)				2,627		2,627
Balance, December 31, 2007	₩ 44,639	₩ 2,939,353	(₩ 2,041,578)	₩ 1,589,206	₩ 8,905,865	₩ 11,437,485
(In thousands of U.S. dollars) (Note 2)						
Balance, January 1, 2007	\$ 47,701	\$ 3,165,953	(\$ 2,158,119)	\$ 506,416	\$ 8,382,939	\$ 9,944,890
Cash dividends (Note 21)					(543,569)	(543,569)
Interim dividends (Note 21)					(77,653)	(77,653)
Net income					1,755,130	1,755,130
Conversion of convertible bonds (Note 8)		(11,878)				(11,878)
Stock options (Notes 2 and 16)		3,469	(3,469)			
Difference between the acquisition cost and the net book value incurred from the transactions between under common control companies (Note 13)		(16,538)				(16,538)
Treasury stock (Notes 2 and 15)			(28,378)			(28,378)
Loss on disposal of treasury stock (Notes 2 and 15)			8,326			8,326
Unrealized gain on valuation of long-term investment securities, net (Notes 2, 3 and 17)				1,301,740		1,301,740
Equity in other comprehensive income changes of				(117,723)		(117,723)

affiliates, net (Notes 2, 4 and 17)						
Loss on valuation of currency swap, net (Notes 2, 17 and 25)				4,991		4,991
Gain (loss) on valuation of interest swap, net (Notes 2, 17 and 25)				2,808		2,808

Balance, December 31, 2007	\$ 47,701	\$ 3,141,006	(\$2,181,640)	\$ 1,698,232	\$ 9,516,847	\$ 12,222,146
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See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	₩1,642,451	₩1,446,598	\$ 1,755,130	\$ 1,545,841
Expenses not involving cash payments:				
Provision for severance indemnities	32,496	40,636	34,725	43,424
Depreciation and amortization	1,852,226	1,647,554	1,979,297	1,760,583
Allowance for doubtful accounts	46,197	77,188	49,366	82,483
Foreign translation loss	8,915	623	9,527	666
Loss on valuation of trading securities	1,203		1,286	
Impairment loss on investment securities	4,386	27,344	4,687	29,220
Equity in losses of affiliates	249,425	212,109	266,537	226,661
Loss on disposal of investment assets	81	3,486	87	3,725
Loss on disposal of property, equipment and intangible assets	30,213	16,407	32,286	17,533
Impairment loss on assets	369	6,866	394	7,337
Loss on transaction and valuation of currency swap	33,876	9,258	36,200	9,893
Donations	286	10	306	11
Amortization of discounts on bonds and other	42,545	48,194	45,462	51,500
Sub-total	2,302,218	2,089,675	2,460,160	2,233,036
Income not involving cash receipts:				
Foreign translation gain	(4,910)	(245)	(5,247)	(262)
Reversal of allowance for doubtful accounts	(513)	(162)	(548)	(173)
Equity in earnings of affiliates	(266,811)	(83,144)	(285,115)	(88,848)
Gain on disposal of investment assets	(3,005)	(26,975)	(3,211)	(28,826)
Gain on disposal of property, equipment and intangible assets	(7,306)	(4,453)	(7,807)	(4,758)
Gain on transaction and valuation of currency swap	(10,799)	(16,660)	(11,540)	(17,803)
Gain on conversion of convertible bond	(373,140)		(398,739)	
Gain on repayment of bond	(5,600)		(5,984)	
Other	(371)	(1,618)	(397)	(1,728)
Sub-total	(672,455)	(133,257)	(718,588)	(142,398)

Changes in assets and liabilities related
to operating activities:

Accounts receivable trade	41,657	(146,225)	44,515	(156,257)
Accounts receivable other	398,064	59,964	425,373	64,078
Inventories	(815)	(9,971)	(871)	(10,655)
Prepaid expenses	67,378	60,271	72,000	64,406
Advanced payments and other	(11,132)	12,712	(11,896)	13,584
Accounts payable	4,489	136,443	4,797	145,804
Income tax payable	(20,348)	(45,536)	(21,744)	(48,660)
Accrued expenses	(11,240)	38,824	(12,011)	41,487
Withholdings	105,242)	122,834	(112,462)	131,261
Current portion of subscription deposits	(8,220)	885	(8,784)	946
Advanced receipts and other	(4,235)	17,290	(4,524)	18,476
Deferred income taxes	111,977	(65,081)	119,659	(69,546)
Severance indemnities payments	(6,005)	(259,870)	(6,417)	(277,698)
Deposits for group severance indemnities and other deposits	(14,833)	163,184	(15,851)	174,379
Dividends received from affiliate	7,134	1,318	7,623	1,408
Sub-total	448,629	87,042	479,407	93,013
Net Cash Provided by Operating Activities	3,720,843	3,490,058	3,976,109	3,729,492
(Continued)				

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2007 AND 2006

	Korean won		Translation into U.S. dollars (Note 2)	
	2007	2006	2007	2006
	(In millions)		(In thousands)	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Decrease in short-term financial instruments	₩	₩ 12,246	\$	\$ 13,086
Decrease in long-term financial instruments		5		3
Decrease in trading securities, net		30,186		80,061
Decrease in current portion of long-term investment securities		156		167
Collection of short-term loans		113,396		93,410
Proceeds from sales of long-term investment securities		4,623		304,629
Proceeds from sales of equity securities accounted for using the equity method		9,801		108,470
Decrease in guarantee deposits		19,854		30,054
Decrease in other non-current assets		11,333		11,030
Proceeds from disposal of property and equipment		27,892		13,731
Proceeds from disposal of intangible assets		5,832		1,362
Cash inflows from transaction of currency swap		17,242		18,425
Sub-total		240,320		654,996
Cash outflows for investing activities :				
Acquisition of short-term financial instruments		(17,407)		(18,601)
Increase in long-term financial instruments				(10,000)
Extension of short-term loans		(91,272)		(86,743)
Extension of long-term loans		(98,112)		(11,083)
Acquisition of long-term investment securities		6,609)		(1,069,172)
Acquisition of equity securities accounted for using the equity method		(258,558)		(217,793)
Increase in guarantee deposits and other		(74,696)		(131,662)
Acquisition of property and equipment		(1,754,455)		(1,466,932)
Increase in intangible assets		(82,978)		(52,603)
		(8,769)		(9,371)

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Cash outflows from transaction of currency swap				
Sub-total	(2,752,856)	(3,045,988)	(2,941,714)	(3,254,957)
Net Cash Used in Investing Activities	(2,512,536)	(2,390,992)	(2,684,907)	(2,555,025)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash inflows from financing activities:				
Issuance of bonds	651,562	384,990	696,262	411,402
Proceeds from long-term borrowings		294,800		315,025
Increase in guarantee deposits received and other	1,858	3,370	1,985	3,601
Proceeds from disposal of treasury stock	45,133		48,229	
Cash inflows from transaction of currency swap	2,901		3,100	
Sub-total	701,454	683,160	749,576	730,028
Cash outflows for financing activities:				
Repayment of current portion of long-term debt	(798,197)	(814,704)	(852,957)	(870,596)
Repayment of bonds	(43,027)		(45,979)	
Payment of dividends	(581,309)	(662,815)	(621,189)	(708,287)
Decrease in subscription deposits	(14,714)	(2,630)	(15,723)	(2,810)
Acquisition of treasury stock	(118,512)	(209,077)	(126,642)	(223,421)
Cash outflows from transaction of currency swap	(11,838)		(12,650)	
Decrease in other non-current liabilities	(7,618)	(3,666)	(8,141)	(3,918)
Sub-total	(1,575,215)	(1,692,892)	(1,683,281)	(1,809,032)
Net Cash Used in Financing Activities	(873,761)	(1,009,732)	(933,705)	(1,079,004)
NET INCREASE IN CASH AND CASH EQUIVALENTS	334,546	89,334	357,497	95,463
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	241,100	151,766	257,641	162,178
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	₩ 575,646	₩ 241,100	\$ 615,138	\$ 257,641

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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 (formerly Korea Stock Exchange) and the New York and London Stock Exchanges, respectively. As of December 31, 2007, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Group	18,748,452	23.09
POSCO Corp.	2,341,569	2.88
Institutional investors and other minority shareholders	51,494,656	63.43
Treasury stock	8,609,034	10.60
	81,193,711	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea. The accompanying financial statements were approved by the Company's board of directors on January 31, 2008. Significant accounting policies followed in preparing the accompanying financial statements are summarized as follows:

a. Basis of Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea (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 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 ₩935.80 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 December 31, 2007. 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.

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b. Adoptions of New Statements of Korea Accounting Standards (SKAS)

On January 1, 2007, the Company adopted SKAS No. 11 and SKAS No. 21 through No. 23. The adoption of such accounting standards did not have an effect on the financial position of the Company as of December 31, 2007 and net income of the Company for the year then ended. Details of primary change due to such adoption of SKAS are as follows:

Pursuant to adoption of SKAS No. 21, Preparation and Presentation of Financial Statements , statement of changes in stockholders equity was prepared only for the year ended December 31, 2007 in accordance with the transitional provision of the above SKAS. Certain amounts classified as capital adjustments through 2006 are classified as accumulated other comprehensive income (loss); such amounts include unrealized gain/loss on available-for-sale securities, equity in capital adjustments of affiliates and gain/loss on valuation of derivative instruments. In addition, certain amounts classified as investment assets through 2006 are classified as other non-current assets; such amounts include long-term loans, guarantee deposits, long-term deposits and others. Earnings per share amounts, which were reported on a periodic basis, are reflected in the accompanying statements of income. The accompanying balance sheet as of December 31, 2006, which is comparatively presented, was reclassified in accordance with SKAS No. 21.

c. Cash Equivalents

Cash equivalents are highly liquid investments and short term financial instruments, which are readily convertible without significant transaction cost, do not have significant risk of changes in interest rates, and with original maturities of three months or less.

d. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the estimated collectibility of individual accounts and historical bad debt experience.

e. Inventories

Inventories, which consist mainly of replacement units for wireless telecommunication facilities, supplies for sales promotion, and merchandise for e-commerce business are stated at the lower of cost or market value, with cost determined using the moving average method. The Company maintains perpetual inventory system, which is adjusted to physical inventory counts performed at year end. When the market value of inventories is less than the acquisition cost, the carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. There was no such loss for the years ended December 31, 2007 and 2006.

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f. Securities (Excluding securities accounted for using the equity method of accounting)

Debt and equity securities are initially recorded at their acquisition costs (fair value of considerations paid) including incidental cost incurred in connection with acquisition of the related securities and classified into trading, available-for-sale and held-to-maturity securities depending on the acquisition purpose and nature.

Trading securities are stated at fair value with gains or losses on valuation reflected in current operations.

Securities classified as available-for-sale are reported at fair value. Unrealized gains or losses on valuation of available-for-sale securities are included in accumulated other comprehensive income (loss) and the unrealized gains or losses are reflected in net income when the securities are sold or if there is an objective evidence of impairment such as bankruptcy of investees. Equity securities are stated at acquisition cost if fair value cannot be reliably measured.

Held-to-maturity securities are presented at acquisition cost after premiums or discounts are amortized or accreted, respectively. The Company recognizes write-downs resulting from declines in the fair value below its book value on the balance sheet date if there is objective evidence of impairment. The related write-downs are recorded in current operations as a loss on impairment of investment securities.

Trading securities are presented in the current asset section of the balance sheet, and available-for-sales and held-to-maturity securities are presented in the current asset section of the balance sheet if their maturities are within one year; otherwise, such securities are recorded in the non-current section of the balance sheet.

g. Equity Securities Accounted for Using the Equity Method

Investment securities of affiliated companies, in which the Company has the ability to exercise significant influence, are carried using the equity method of accounting, whereby the Company's initial investment is recorded at cost and the carrying value is subsequently increased or decreased to reflect the Company's portion of stockholders' equity of the investee. Differences between the purchase cost and net asset fair value of the investee are amortized over 5 to 20 years using the straight-line method. When applying the equity method of accounting, unrealized inter-company gains and losses are eliminated (See Note 4). In addition, the Company provides for additional losses for those investments accounted for using the equity method that are reduced to zero to the extent that the Company has other investment assets related to the equity method investees.

When the Company's share of equity interest in the equity method investees increases as a result of capital transactions of the investees with (or without) consideration, the increase in the Company's proportionate shares in the investees are treated as goodwill or negative goodwill and when the Company's share of equity interest in the equity method investees decreases as a result of capital transactions of the investees with (or without) consideration, the decrease in the Company's proportionate shares in the investees are accounted for as gain or loss on disposal. However, if equity method investees are subsidiaries, such differences in the Company's proportionate shares in the investees are accounted for as accumulated other comprehensive income (loss) in the Company's stockholders' equity.

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In translating the foreign currency statements of the Company's foreign-based investees, the Company applies (a) the current rate of exchange at the balance sheet date to the investee's balance sheet items (except historical rates applied for stockholders' equity), and (b) the average rate for the current period for income statements items. After translating the balance sheet and income statements items as noted above, the Company's portion of the amount after deducting the translated total liabilities from translated total assets and equity is recorded as accumulated other comprehensive income (loss) in the Company's stockholders' equity.

h. Troubled Debt Restructuring

In case that contractual terms such as on the face amount, interest rate, or maturity should be changed to alleviate the debtor's burdens in accordance with an agreement between the creditor and the debtor, initiation of corporate reorganization procedures under court trustee or under debtor's management, the Company recognizes the restructured receivables at present value of the expected future cash flows discounted by the reasonable interest rate and amortizes the difference between face value and present value to interest income using the effective interest rate method.

i. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major renewals and betterments, which prolong the useful life or enhance the value of assets, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed using the declining balance method (except for buildings and structures acquired on or after January 1, 1995 which are depreciated using the straight-line method) over the estimated useful lives (4-30 years) of the related assets (See Note 6).

Interest expense and other financing charges for borrowings related to the manufacture or construction of property and equipment are charged to current operations as incurred.

j. Intangible Assets

Intangible assets are recorded at cost, less amortization computed using the straight-line method over 5 to 20 years. The amortization for the years ended December 31, 2007 and 2006 were ₩439,509 million and ₩366,516 million, respectively.

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With its application for a license to provide IMT 2000 service, the Company has a commitment to pay ₩1,300,000 million to the Ministry of Information Communication (MIC → ₩650,000 million was paid in March 2001 by SK IMT Co., Ltd. (a former subsidiary of the Company), which was merged into the Company on May 1, 2003, and the remainder is required to be paid over 10 years with an annual interest rate equal to the 3-year-maturity government bond rate minus 0.75% (4.56% as of December 31, 2007). The future payment obligations are ₩110,000 million (related present value discount: ₩681 million) in 2008, ₩130,000 million in 2009, ₩150,000 million in 2010 and ₩170,000 million in 2011. On December 4, 2001, SK IMT Co., Ltd. received the IMT 2000 license from MIC, and recorded the total license cost (measured at present value) as an intangible asset. As a result of the merger with SK IMT Co., Ltd., the Company acquired such IMT license of ₩1,259,253 million and assumed the related long-term payable with principal amount of ₩650,000 million on May 1, 2003 (the date of merger). 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 of the IMT license which expires in December 2016. As of December 31, 2007, the present value discount related to the current portion and long-term portion of payments to be made to MIC totaled ₩681 million and ₩27,886 million, respectively.

k. Impairment Losses

When the recoverable amount of assets (that are not recorded at fair value) including investment assets (except for trading and available for sale investments in listed companies), property and equipment, and intangible assets is significantly less than the carrying value due to obsolescence, physical damage, decline in market value or other causes, the carrying value is reduced to the recoverable amount and any difference is charged to current operation as an impairment loss. The Company recorded such impairment loss of ₩ 369 million and ₩ 6,866 million for the years ended December 31, 2007 and 2006, respectively.

l. Convertible Bonds

The proceeds from issuance of convertible bonds are allocated between the conversion rights and the debt issued; and the portion allocable to the conversion rights is accounted for as capital surplus with a corresponding conversion right adjustment deducted from the related bonds. Such conversion right adjustment is amortized to interest expense using the effective interest rate method over the redemption period of the convertible bonds. The portion allocable to the conversion rights is measured by deducting the present value of the debt at time of issuance from the gross proceeds from issuance of convertible bonds, with the present value of the debt being computed by discounting the expected future cash flows (including call premium, if any) using the effective interest rate applied to ordinary or straight debt of the Company at the issue date.

m. Discounts on Bonds

Discounts on bonds are amortized to interest expense using the effective interest rate method over the redemption period of the bonds.

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n. Valuation of Long-term Payables

Long-term payables resulting from long-term installment transactions are stated at the present value of the expected future cash flows. Imputed interest amounts are recorded in present value discount accounts which are deducted directly from the related nominal payable balances. Such imputed interest is included in operations using the effective interest rate method over the redemption period.

o. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when i) it has a present obligation as a result of a past event, ii) it is probable that a disbursement of economic resources will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation (See Note 24). When a possible range of loss in connection with a probable loss contingency as of the balance sheet date is estimable with reasonable certainty, and some amount within that range appears at the time to be a better estimate than any other amount within the range, the Company accrues such amount. When no amount within the range appears to be a better estimate than any other amount, the minimum in that range is recorded.

The Company does not recognize the following contingent obligations as liabilities:

Possible obligations related to past events, for which the existence of a liability can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

Present obligations arising out of past events or transactions, for which i) a disbursement of economic resources to fulfill such obligations is not probable or ii) a disbursement of economic resources is probable, but the related amount cannot be reasonably estimated.

In addition, the Company does not recognize potential assets related to past events or transactions, for which the existence of an asset or future benefit can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

p. Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive severance indemnities upon termination of their employment based on length of service and rate of pay. Accruals for severance indemnities are recorded to approximate the amount required to be paid if all employees were to terminate at the balance sheet date.

The Company has deposits with insurance companies to fund the portion of the employees' severance indemnities which is in excess of the tax deductible amount allowed under the Corporate Income Tax Law, in order to take advantage of the additional tax deductibility for such funding. Such deposits with outside insurance companies, where the beneficiaries are the Company's employees, totaling ~~₩~~38,706 million and ₩23,895 million as of December 31, 2007 and 2006, respectively, are deducted from accrued severance indemnities.

In accordance with the Korean National Pension Fund Law, the Company transferred a portion of its accrued severance indemnities to the National Pension Fund through March 1999. Such transfers, amounting to ₩50 million as of December 31, 2007 and 2006, respectively, are deducted from accrued severance indemnities.

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Actual payment of severance indemnities amounted to ₩6,005 million and ₩259,870 million for the years ended December 31, 2007 and 2006, respectively.

Effective March 31, 2006, the Company changed its policy for the severance indemnities applicable to those employees who joined the Company before or on December 31, 2002 from cumulative method, where employees are entitled to get paid more than one month of salary each year depending on the length of service, to simple multiplier method, where employees are paid one month of salary each year regardless of their service period in accordance with the resolution of the Company's joint labor-management conference held on March 16, 2006. As a result of such policy change, the Company distributed early settlements to those eligible employees on their accumulated severance indemnities as of December 31, 2006 on a mandatory basis. In addition, the Company paid the additional bonuses of ₩125,890 million for those employees who received the mandatory distribution for their early settlement as compensation for those employees. The Company recorded such settlements as compensation costs as special severance indemnities in other expenses for the year ended December 31, 2006. In addition, the Company executed the early retirement program and the related special bonus of ₩18,131 million were paid to eligible employees and accounted for as special severance indemnities in other expenses for the year ended December 31, 2006.

q. Accounting for Employee Stock Option Compensation Plan

The Company adopted the fair value based method of accounting for its employee stock option compensation plan (See Note 16). Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period. For stock options, fair value is determined using an option-pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, expected dividends and the current risk-free interest rate for the expected life of the option. However, as permitted under Korean GAAP, the Company excludes the volatility factor in estimating the value of its stock options granted before December 31, 2003, which results in measurement at minimum value. The total compensation cost of an option estimated at the grant date is not subsequently adjusted for changes in the price of the underlying stock or its volatility, the actual life of the option, dividends on the stock, or the risk-free interest rate. In addition, recognized compensation costs, related to stock options expired due to such stock options not being exercised within the exercisable period, are transferred to other capital surplus from capital adjustments (See Note 16).

r. Accounting for Leases

A lease is classified as a finance lease or an operating lease depending on the extent of transfer to the Company of the risks and rewards incidental to ownership. If a lease meets any one of the following criteria, it is accounted for as a finance lease:

The lease transfers ownership of the asset to the lessee by the end of the lease term;

The lessee has the option to purchase the asset at a bargain price and it is certain that the option will be exercised;

The lease term is for the major part (75% or more) of the economic life of the asset even if title is not transferred;

At the date of lease commencement the present value of the minimum lease payments amounts to at least substantially all (90% or more) of the fair value of the leased asset; or

The leased assets are of such a specialized nature that only the Company can use them without major modifications.

All other leases are treated as operating leases.

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s. Research and Development Costs

The Company charges substantially all research and development costs to expense as incurred. The Company incurred internal research and development costs of ₩214,795 million and ₩211,752 million for the years ended December 31, 2007 and 2006, respectively. In addition, external research and development costs were ₩73,725 million and ₩66,055 million for the years ended December 31, 2007 and 2006, respectively.

t. Accounting for Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Korean won based on the prevailing rate of exchange at the dates of transactions. Monetary assets and liabilities denominated in foreign currency are translated into Korean won at the Base Rates announced by Seoul Money Brokerage Services, Ltd. on the balance sheet date, which were ₩938.20 and ₩929.60 to US\$1.00 at December 31, 2007 and 2006, respectively. The resulting gains or losses arising from the translation or settlement of such assets and liabilities are included in current operations.

u. Derivative Instruments

The Company records rights and obligations arising from derivative instruments as assets and liabilities, which are stated at fair value. The gains and losses that result from the change in the fair value of derivative instruments are reported in current earnings. However, for derivative instruments designated as hedging the exposure of variable cash flows, the effective portions of the gains or losses on the hedging instruments are recorded as accumulated other comprehensive income (loss) and credited/charged to operations at the time the hedged transactions affect earnings, and the ineffective portions of the gains or losses are credited/charged immediately to operations.

v. Revenue Recognition

Operating revenue is recognized when cellular telephone communication and related services are provided.

w. Income Tax

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets and liabilities.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred income tax assets and liabilities are classified into current and non-current based on the classification of related assets or liabilities for financial reporting purposes (See Note 17).

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x. Handset Subsidies to Long-term Mobile Subscribers

Effective March 27, 2006, the Telecommunication Law of Korea was revised to allow wireless carriers to provide handset subsidies to customers who have maintained their wireless account with the same carrier for 18 months or longer and who have not received such subsidies within the last two years to acquire new or renewed customer relationships. The Company commenced its handset subsidy program on the effective date of the revised Telecommunications Law and included a clause in the service contract which allows the Company to change the terms of its subsidy program, including the Company's ability to terminate the program at any time after a thirty day notice to its customers. The Company charges such handset subsidies to commissions paid as the related payments are made.

y. Use of Estimates

The Company's management makes reasonable estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the Republic of Korea. These estimates and assumptions can change according to additional experiences, changes in circumstances, new information and other and could differ from actual results.

z. Reclassifications

Certain reclassifications have been made in prior periods' financial statements to conform to classifications used in the current period. Such reclassifications did not have an effect on the previously reported net assets as of December 31, 2006 and net income for the year then ended.

Table of Contents**3. INVESTMENT SECURITIES****a. Trading Securities**

Trading securities as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	December 31, 2007			December 31, 2006
	Acquisition cost	Fair value	Carrying amount (Note)	Fair value and carrying amount
Beneficiary certificates	₩635,114	₩633,911	₩ 633,911	₩ 665,299

(note) The difference between the fair value and the acquisition cost of trading securities amounting to ₩1,203 million as of December 31, 2007 was accounted for as loss on valuation of trading securities in other expenses.

b. Long-term Investment Securities

Long-term investment securities as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	December 31, 2007		December 31, 2006	
Available-for-sale equity securities	₩	4,675,021	₩	992,455
Available-for-sale debt securities		466,230		1,383,969
Total		5,141,251		2,376,424
Less current portion		(99,858)		(156)
Long-term portion	₩	5,041,393	₩	2,376,268

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

Available-for-sale equity securities as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	Number of Shares	Percentage (%)	December 31, 2007		Carrying amount	
			Acquisition cost	Fair value	December 31, 2007	December 31, 2006
(Investments in listed companies)						
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	₩ 5,781	₩ 8,629	₩ 8,629	₩ 5,897
hanarotelecom incorporated KRTnet Corporation	11,045,000	4.8	121,677	116,525	116,525	88,581
POSCO	234,150	4.4	1,171	2,470	2,470	2,517
DAEA TI Co., Ltd. (Formerly Comas Interactive Co., Ltd.)	2,481,310	2.8	332,662	1,426,753	1,426,753	766,725
Extended Computing Environment Co., Ltd.	99,120	0.2	1,695	228	228	83
nTels Co., Ltd.	133,333	3.3	10	905	905	876
Qualcomm Inc.	205,200	8.2	34	1,525(note a)	1,525	
China Unicom Ltd.	55,805	0.1	2,756	2,060	2,060	
	899,745,075	6.6	1,333,009	1,936,840(note b)	1,936,840	
Sub-total			1,798,795	3,495,935	3,495,935	864,679
(Investments in non-listed companies)						
LG Powercomm Co., Ltd. (Formerly Powercomm Co., Ltd.)	7,500,000	5.0	240,243	89,422(note c)	89,422	80,370
SK C&C Co., Ltd.	6,000,000	30.0	501,651	1,307,064(note d)	1,037,604	
Japan MBCO	54,000	7.3	27,332(note e)			
Eonex Technologies	144,000	12.3	3,600(note f)		4,593	4,593

Inc.					
The Korea					
Economic					
Daily	2,585,069	13.8	13,964(note f)	13,964	13,964
Others			117,325(note f)	16,700	25,411
Sub-total			904,115	1,162,283	124,338
(Investments in funds)					
Others			16,803(note f)	16,803	3,438
Sub-total			16,803	16,803	3,438
Total			₩ 2,719,713	₩ 4,675,021	₩ 992,455

(note a) The common stocks of nTelsCo., Ltd. were newly listed on the Korea Securities Dealers Automated Quotation during the year ended December 31, 2007.

(note b) In accordance with the resolution of the Company's board of directors on August 20, 2007, convertible bonds of China Unicom Ltd. were converted into common stock and reclassified to available-for sale equity securities from available-for-sale debt securities.

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(note c) The Company recorded its investments in common stock of LG Powercomm Co., Ltd. at its fair value, which was estimated by an outside professional valuation company using the present value of expected future cash flows. The unrealized loss on valuation of investments amounting to ₩109,345 million (net of tax effect of ₩41,476 million) and ₩115,908 million (net of tax effect of ₩43,965 million) as of December 31, 2007 and 2006, respectively, were recorded as accumulated other comprehensive loss.

(note d) The investment in common stock of SK C&C Co., Ltd. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the three months ended December 31, 2007, as the SK C&C Co., Ltd. became the ultimate parent

company of the Company. The Company recorded its investments in common stock of SK C&C Co., Ltd. at its fair value, which was estimated by an outside professional valuation company using the present value of expected future cash flows and the unrealized gain on valuation of investments totaling £501,155 million (net of tax effect of ₩190,093 million) as of December 31, 2007 including the equity in other comprehensive income of affiliates amounting to ₩112,589 million (net of tax effect of ₩42,706 million) incurred prior to the reclassification was recorded as accumulated other comprehensive income. In addition, its acquisition cost was adjusted to the carrying amount valued using the equity method of accounting less the equity in other comprehensive income of affiliates prior to the reclassification.

(note e)

Due to the impairment of the Company's investments in common stock of Japan MBCO, the Company recorded impairment loss on such investments of ₩27,332 million for the year ended December 31, 2006.

(note f) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost. The investment in common stock of Eonex Technologies Inc. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the year ended December 31, 2003, as the Company's ownership in such investees decreased to less than 20% and the Company no longer exercises significant influence. Such securities were transferred to available-for-sale securities at the carrying amount valued using the equity method of accounting prior to the reclassification.

Meanwhile, during the year ended December 31, 2007, the investment in common stock of Pantech Co., Ltd. was reclassified to available-for-sale equity securities from equity securities accounted for using the equity method as the Company no longer exercise significant influence over the investee as a result of Pantech's 20 to 1 stock consolidation which resulted in decrease in the Company's ownership to 0.5% from 22.7%. And, the carrying amount of the investment as of December 31, 2007 is nil.

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

Available-for-sale debt securities as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	Maturity	Acquisition cost	Carrying amount	
			December 31, 2007	December 31, 2006
Public bonds	(note a)	₩ 51,545	₩ 51,341	₩ 51,300
Currency stabilization bonds	(note b)	49,948	49,713	49,894
Closed beneficiary certificates (note c)	October, 2009	4,750	4,787	
Bond-type beneficiary certificates	(note d)	350,000	359,389	5,072
Convertible bonds of Real Telecom Co., Ltd. (note e)	March, 2007	10,656		
Convertible bonds of China Unicom Ltd. (note f)	July, 2009			1,276,703
Convertible bonds of Eonex Technologies, Inc. (note g)	October, 2008	1,000	1,000	1,000
Total		467,899	466,230	1,383,969
Less current portion		(100,304)	(99,858)	(156)
Long-term available-for-sale debt securities		₩ 367,595	₩ 366,372	₩ 1,383,813

The interest income incurred from available-for-sale debt securities for the years ended December 31, 2007 and 2006 was ₩4,800 million and ₩7,991 million, respectively.

(note a) The maturities of public bonds as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

Maturity	December 31, 2007	December 31, 2006
One year or less	₩ 50,145	₩ 156
More than one year and within five years	1,196	51,144
	₩ 51,341	₩ 51,300

(note b) The maturities of currency stabilization bonds as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

Maturity	December 31, 2007	December 31, 2006
One year or less	₩ 49,713	₩ 49,894

(note c) Returns on the closed beneficiary certificates were accounted for as interest income.

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(note d) The maturities of bond-type beneficiary certificates as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

Maturity	December 31, 2007	December 31, 2006
More than one year and within five years	₩ 359,389	₩

(note e) Due to the impairment of such bonds, the Company recorded an impairment loss of ₩10,656 million prior to December 31, 2004 and as of December 31, 2007, the principal amount of the bond has not been redeemed at its maturity.

(note f) In accordance with the resolution of the Company's board of directors dated August 20, 2007, convertible bonds of China Unicom Ltd. were converted into its common stock and reclassified to available-for sale equity securities from available-for-sale debt securities. As a result of such conversion, the Company recorded gain on conversion of convertible bonds of ₩373,140 million for the year ended December 31, 2007.

(note g) On October 11, 2006, the Company purchased convertible bonds of Eonex Technologies, Inc. at face value of ₩1,000 million. Such convertible bonds can be converted into 7,142 shares of common stock of Eonex Technologies, Inc. at ₩140,000 per share during the period from April 1, 2007 to October 11, 2008. Unless either previously redeemed or converted, the notes are redeemable at 106% of the principal amount at maturity. If all such bonds are converted, the Company's equity interest in Eonex Technologies, Inc. will increase to 12.9%.

Table of Contents**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 years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	For the year ended December 31, 2007			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 115	₩ 2,732	₩	₩ 2,847
hanarotelecom incorporated	(33,096)	27,944		(5,152)
KRTnet Corporation	1,347	(47)		1,300
POSCO	434,063	660,028		1,094,091
DAEA TI Co., Ltd. (formerly Comas Interactive Co., Ltd.)	(1,611)	145		(1,466)
eXtended Computing Environment Co., Ltd.	866	29		895
nTels Co., Ltd.		1,490		1,490
Qualcomm Inc. Ltd.		(696)		(696)
China Unicom		599,012		599,012
SK C&C Co., Ltd.		691,248		691,248
LG Powercomm Co., Ltd. (formerly Powercomm Co., Ltd.)	(159,873)	9,053		(150,820)
Eonex Technologies Inc.	2,011			2,011
Public bonds	(5)	(200)		(205)
Currency stabilization bonds	12	(247)		(235)
Convertible bonds of China Unicom Ltd.	319,648	208,095	(527,743)	
Beneficiary certificates		9,389		9,389
Sub-total	563,477	2,207,975	(527,743)	2,243,709
Less tax effect	(154,956)	(607,193)	145,129	(617,020)
Total	₩ 408,521	₩ 1,600,782	(₩382,614)	₩ 1,626,689

	For the year ended December 31, 2006			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 14	₩ 101	₩	₩ 115
hanarotelecom incorporated	(65,237)	32,141		(33,096)
KRTnet Corporation	1,475	(128)		1,347
POSCO	168,563	265,500		434,063
Comas Interactive Co., Ltd.	(1,611)			(1,611)
eXtended Computing Environment Co., Ltd.		866		866
LG Powercomm Co., Ltd.	(163,113)	3,240		(159,873)

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Eonex Technologies Inc.	2,011			2,011
Public bonds		(5)		(5)
Currency stabilization bonds	(218)	907	(677)	12
Convertible bonds of China Unicom Ltd.		319,648		319,648
Sub-total	(58,116)	622,270	(677)	563,477
Less tax effect	15,982	(171,124)	186	(154,956)
Total	(₩42,134)	₩ 451,146	(₩491)	₩ 408,521

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

Equity securities accounted for using the equity method of accounting as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	Number of shares	December 31, 2007		Net asset value		Carrying Amount	
		Ownership percentage (%)	Acquisition cost			December 31, 2007	December 31, 2006
Pantech Co., Ltd.	1,278,515	0.5	₩	₩	(note a)	₩	₩
SK Communications Co., Ltd.	28,029,945	64.8	175,441	141,199	(note b)	160,025	177,913
SK Telink Co., Ltd.	943,997	90.8	5,296	97,136		97,136	86,284
SK C&C Co., Ltd.	6,000,000	30.0			(note c)		272,554
SK Wyverns Baseball Club Co., Ltd.	199,997	100.0	1,000				
STIC Ventures Co., Ltd.					(note d)		8,651
Paxnet Co., Ltd.	5,590,452	59.7	26,563	14,145		30,237	30,807
Global Credit & Information Co., Ltd.	300,000	50.0	2,410	3,306		3,851	3,704
TU Media Corp.	17,538,064	32.7	96,979	5,527	(note e)	5,527	7,016
Aircross Co., Ltd.	1,575,000	100.0	2,440	5,967	(note f)	5,967	1,713
IHQ, Inc.	14,960,784	37.1	51,846	19,638	(note g)	38,911	38,938
Ntreev Soft Co., Ltd.	2,064,970	66.7	33,120	11,938	(note h)	13,220	
Baba Club	200,000	100.0	3,970		(note i)	1,733	
Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.)	26,396	100.0	10,374	2,315	(note j)	6,266	
Seoul Records, Inc.	9,582,321	60.0	27,874	19,376		21,415	25,995
Harex Info Tech, Inc.	225,000	21.2	3,375	417		1,118	1,835
SK Mobile		42.5	10,322	3,272		3,272	4,643
SKT Vietnam PTE Ltd. (formerly SLD Telecom PTE Ltd.)	180,476,700	73.3	191,273	101,412		101,776	118,463
Skytel Co., Ltd.	1,756,400	26.4	2,159	7,797		7,797	6,009
SK China Company Ltd.		20.7	3,195	1,086			93
SK Telecom China Co., Ltd.		100.0	7,340	7,154		7,154	6,536

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ULand Company Ltd.	14,100,100	70.1	17,511	4,026		5,290	6,761
SK Telecom USA Holdings, Inc.	1,000	100.0	336,625	63,023	(note k)	63,023	77,786
SK Telecom International, Inc.	109	100.0	17,467	26,454		26,454	25,146
SK Telecom China Holding Co., Ltd.		100.0	19,070	19,070	(note l)	19,070	
SK USA, Inc.	49	49.0	3,184	3,140		3,140	2,969
Helio, Inc.	794,375	0.6	1,342	333		333	1,100
Korea IT Fund Centurion IT Investment Association	190	63.3	190,000	210,568		210,568	193,060
1st Music Investment Fund of SK-PVC	30	53.2	1,930	2,463		2,463	3,262
2nd Music Investment Fund of SK-PVC	1,385	69.3	6,925	5,607		5,607	7,186
SK-KTB Music Investment Fund	1,585	79.3	7,925	8,517		8,517	8,238
IMM Cinema Fund	297	74.3	14,850	13,367		13,367	15,311
Michigan Global Cinema Fund	120	45.6	12,000	9,089		9,089	11,569
3rd Fund of Isu Entertainment	40	36.4	4,000	3,542		3,542	3,773
Other investments in affiliates	25	31.3	2,500	1,690	(note m)	1,690	2,419
			22,113			21,614	11,917
Total			₩ 1,312,419			₩ 899,172	₩ 1,161,651

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(note a) Pantech Co., Ltd.
(Pantech)
requested its
creditor banks for
a debt
restructuring due
to deterioration of
its liquidity on
December 11,
2006. On
December 15,
2006, Pantech
entered into
creditor banks
agreement (the
Agreement) with
its eight creditor
banks including
Korea
Development
Bank (KDB), its
main creditor
bank. Currently,
the creditor banks
association,
which was
organized
according to the
Agreement and
represented by
KDB, has been
supervising
Pantech 's debt
repayment
schedule and
operations. In the
first half of 2007,
the Company 's
shares of Pantech
were reduced to
1,278,515 shares
from 25,570,306
shares in
accordance with
the Pantech 's 20 to
1 stock
consolidation. In
accordance with

debt-equity swap, the Company's ownership decreased from 22.7% to 0.5% for the year ended December 31, 2007. As a result, the investment in common stock of Pantech was reclassified to available-for-sale equity securities during the year ended December 31, 2007 as the Company no longer exercise significant influence over the investee.

(note b) SK Communications Co., Ltd. merged with Empas Corporation on November 1, 2007 and Empas Corporation issued new stocks to the stockholders of SK Communications Co., Ltd. at the exchange ratio of 1 to 3.5732182 between the common stock of SK Communications Co., Ltd. and Empas Corporation. In addition, Empas Corporation changed its name to SK

Communications Co., Ltd. Due to this merger, the Company's shares of SK Communications Co., Ltd. increased to 28,029,945 shares from 7,844,454 shares and the Company's ownership decreased from 85.9% to 64.8 % at December 31, 2007.

(note c) For the year ended December 31, 2007, the Company's shares of SK C&C Co., Ltd. were increased to 6,000,000 shares from 300,000 shares as a result of SK C&C Co., Ltd.'s 20 to 1 stock split. In addition, the investment in common stock of SK C&C Co., Ltd. was reclassified to available-for-sale equity securities, as SK C&C Co., Ltd. became the ultimate parent company of the Company by increasing its ownership interest in SK Holdings Co., Ltd. to 25.42% as of December 31,

2007.

(note d) For the year ended December 31, 2007, the Company disposed all of its 1,600,000 shares of Stick Ventures Co., Ltd.

(note e) For the year ended December 31, 2007, the Company additionally invested ₩32,368 million in TU Media Corp. which increased the Company's ownership from 29.6% to 32.7%.

(note f) For the year ended December 31, 2007, the Company acquired 975,000 shares of Air cross Co., Ltd.'s common stock from WiderThan Co., Ltd. and others, which increased the Company's ownership from 38.1% to 100.0%.

(note g) For the year ended December 31, 2007, the Company additionally invested

₩10,000 million
in IHQ, Inc.
which increased
the Company's
ownership from
34.8% to 37.1%.

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(note h) For the year ended December 31, 2007, the Company acquired 1,440,720 shares of Ntreev Soft Co., Ltd.'s common stock from IHQ, Inc. and others at ₩23,120 million with additional investment of ₩10,000 million in Ntreev Soft Co., Ltd. Therefore, the Company holds 66.7% ownership interest in Ntreev Soft Co., Ltd.

(note i) For the year ended December 31, 2007, the Company acquired 200,000 shares of Baba Club's common stock. As a result, the Company holds 100% ownership in Baba Club. Meanwhile, Baba Club was merged with Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.), the Company's subsidiary, on January 10, 2008.

(note j) For the year ended December 31, 2007, the Company acquired 26,396 shares of Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.)'s common stock. As

a result, the Company holds 100% ownership in Commerce Planet Co., Ltd.

(note k) In 2005, the Company incorporated SK Telecom USA Holdings, Inc. with an investment of US\$122 million in order to invest in and manage Helio, Inc., a joint venture company in the United States of America, which was established in order to provide wireless telecommunication services in the United States of America. In addition, the Company invested additional US\$149.5 million and US\$78.5 million in SK USA Holdings, Inc. for the year ended December 31, 2007 and 2006, respectively (See Note 26).

(note l) For the year ended December 31, 2007, the Company incorporated SK Telecom China Holdings Co, Ltd., a wholly owned subsidiary, with an initial investment of ₩19,070 million.

(note m) As allowed under Korean GAAP, investments in equity securities of SK Telecom Europe Limited and others were not accounted for 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 years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

		For the year ended December 31, 2007						Ending balance
		Beginning balance	Acquisition	Equity in earnings (losses)	Equity in other comprehensive income of affiliates	Dividend received	Other increase (decrease)	
SK Communications Co., Ltd	(note a)	₩ 177,913	₩	(₩26,254)	₩ 8,366	₩	₩	₩ 160,025
SK Telink Co., Ltd.	(notes a and b)	86,284		15,543	(198)	(4,493)		97,136
SK C&C Co., Ltd.	(notes a and b)	272,554		225,966	4,391	(1,260)	(501,651)	
SK Wyverns Baseball Club Co., Ltd.	(note a)			3,378				
STIC Ventures Co., Ltd.	(note a)	8,651		(40)	(239)		(8,372)	
Paxnet Co., Ltd.	(notes a and b)	30,807		151	6	(727)		30,237
Global Credit & Information Co., Ltd.		3,704		147				3,851
TU Media Corp.	(notes a and c)	7,016	32,368	(33,821)	(370)		334	5,527
Aircross Co., Ltd.	(note a)	1,713	2,140	2,114				5,967
IHQ, Inc.	(notes a and d)	38,938	10,000	(10,723)	698		(2)	38,911
Ntreev Soft Co., Ltd.	(notes a and e)		33,196	720	(5,219)		(15,477)	13,220
Baba Club	(notes a and f)		3,970	(243)			(1,994)	1,733
Commerce Planet Co., Ltd. (Formerly Philio Co., Ltd.)	(notes a and f)		10,374	(10)			(4,098)	6,266

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Seoul Records, Inc.	(note a)	25,995		(4,223)	(357)		21,415
Harex Info Tech, Inc.		1,835		(717)			1,118
SK Mobile	(note a)	4,643		(1,655)	284		3,272
SKT Vietnam PTE Ltd. (Formerly SLD Telecom PTE Ltd.)	(note a)	118,463		(17,586)	899		101,776
	(notes a and b)	6,009		2,784	(342)	(654)	7,797
Skytel Co., Ltd.	(note a)	93		(112)	19		
SK Telecom China Co., Ltd.	(note a)	6,536		93	525		7,154
ULand Company Limited.	(note a)	6,761		(1,816)	345		5,290
SK Telecom USA Holdings, inc.	(note a)	77,786	137,578	(145,870)	(6,471)		63,023
SK Telecom International, Inc.	(note a)	25,146		1,108	200		26,454
SK Telecom China Holding Co., Ltd.	(note a)		19,070				19,070
SK USA, Inc.	(note a)	2,969		144	27		3,140
Helio, Inc.	(notes a and d)	1,100	242	(1,121)	184	(72)	333
Korea IT Fund	(note a)	193,060		14,384	3,124		210,568
Centurion IT Investment Association	(notes a and g)	3,262		(29)	300	(1,070)	2,463
1st Music Investment Fund of SK-PVC	(note a)	7,186		(1,586)	7		5,607
2nd Music Investment Fund of SK-PVC	(note a)	8,238		279			8,517
SK-KTB Music Investment Fund	(note a)	15,311		(152)	(1,792)		13,367
IMM Cinema Fund	(note a)	11,569		(2,507)	27		9,089
Michigan Global Cinema Fund	(note a)	3,773		(231)			3,542
		2,419		(729)			1,690

3rd Fund of Isu (note
Entertainment a)

Total ₩ 1,149,734 ₩ 248,938 ₩ 17,386 ₩ 4,414 (₩7,134) (₩532,402) ₩ 877,558

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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 year ended December 31, 2007. 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) The Company received dividends from SK Telink Co., Ltd., SK C&C Co., Ltd., Paxnet Co., Ltd. and Skytel Co., Ltd., and the corresponding amount was deducted from the carrying amount of equity method securities.

(note c) Other increase in investments in TU Media Corp. represents realization of equity in other comprehensive income of affiliates as TU Media Corp. became the Company's subsidiary as a result of the Company's additional investment in TU Media Corp. for the year

ended
December 31,
2007.

(note d) Other increase (decrease) in investments in equity securities of IHQ, Inc. and Helio, Inc. represent gains on disposal of investments in equity securities, which have resulted from the dilution of the Company's ownership as a result of capital transactions of the investees.

(note e) Other decrease in investments in Ntreev Soft Co., Ltd. represents the difference between the purchase cost and net asset value of the investee, which is offset against the Company's capital surplus as Ntreev Soft Co., Ltd. is the Company's subsidiary (See Note 13).

(note f) Other decrease in investments in Baba Club and Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.)

represents the goodwill recognized, which resulted from the Company's acquisition of a portion of BaBa Club and Commerce Planet Co., Ltd.'s assets and operational business units after the investment in equity securities of Baba Club and Commerce Planet Co., Ltd., respectively.

(note g) Other decrease in investments in Centurion IT Investment Association resulted from the collection of a portion of the Company's investment.

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	For the year ended December 31, 2006						
	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in other comprehensive income of affiliates	Dividend received	Other increase (decrease)	Ending balance
Pantech Co., Ltd.	₩ 55,634	₩	(₩55,731)	₩ 97	₩	₩	₩
SK Capital Co., Ltd. (note a)	37,501		5			(37,506)	
SK Communications Co., Ltd	158,170		14,939	4,804			177,913
SK Telink Co., Ltd.	70,863		15,384	37			86,284
SK C&C Co., Ltd. (note b)	198,251		42,075	33,218	(990)		272,554
SK Wyverns Baseball Club Co., Ltd.			575				
STIC Ventures Co., Ltd.	8,308		956	(613)			8,651
Paxnet Co., Ltd.	27,372		1,707	1,728			30,807
Global Credit & Information Co., Ltd.	3,276		428				3,704
TU Media Corp.	32,393		(25,377)				7,016
Aircross Co., Ltd.	970		743				1,713
WiderThan Co., Ltd. (note c)	12,827		(500)	(55)		(12,272)	
IHQ, Inc. (note d)	13,935	27,406	(4,346)	845		1,098	38,938
Seoul Records, Inc.	27,242		(1,247)				25,995
Harex Info Tech, Inc.	2,568		(733)				1,835
SK Mobile		10,322	(5,543)	(136)			4,643
SKT Vietnam PTE Ltd. (Formerly SLD Telecom PTE Ltd.)	55,358	97,286	(17,543)	(16,638)			118,463
Skytel Co., Ltd. (note b)	4,872		1,912	(447)	(328)		6,009
SK China Company Ltd.	483		(267)	(123)			93
SK Telecom China Co., Ltd.	6,927		(291)	(100)			6,536

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ULand Company Limited.	12,564		(6,812)	1,009			6,761
SK Telecom USA Holdings, inc.	103,751	75,833	(92,524)	(9,274)			77,786
SK Telecom International, Inc.	25,957		1,284	(2,095)			25,146
SK USA, Inc.	3,353		(116)	(268)			2,969
(note e)			2,338	722	190,000		193,060
Korea IT Fund Centurion IT Investment Association	3,635		(430)	57			3,262
1st Music Investment Fund of SK-PVC	6,990		196				7,186
2nd Music Investment Fund of SK-PVC	7,966		272				8,238
SK-KTB Music Investment Fund	14,999		312				15,311
IMM Cinema Fund	11,884		(341)	26			11,569
Michigan Global Cinema Fund	4,000		(227)				3,773
3rd Fund of Isu Entertainment	2,500		(81)				2,419
SKT-HP Ventures, LLC (note f)	5,272		18		(5,290)		
Total	₩ 919,821	₩ 210,847	(₩ 128,965)	₩ 12,794	(₩ 1,318)	₩ 136,030	₩ 1,148,634

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- (note a) Investment was fully liquidated due to dissolution of SK Capital Co., Ltd. for the year ended December 31, 2006.
- (note b) The Company received dividends from SK C&C Co., Ltd. and Skytel Co., Ltd. and the corresponding amount was deducted from the carrying amount of equity method securities.
- (note c) The Company sold all of investments in equity securities of WiderThan Co., Ltd. for the year ended December 31, 2006 and recognized gains on disposal of investment in equity securities of ₩20,456 million.
- (note d) Other increase in investments in equity securities of IHQ, Inc. represent gains on disposal of investments in equity securities, which have resulted from the

dilution of the Company's ownership as a result of investees sale of their unissued shares to third parties.

(note e) Other increase in investments in Korea IT Fund is the carrying amount transferred from available-for-sale equity securities.

(note f) Investment was fully liquidated due to dissolution of SKT-HP Ventures, LLC for the year ended December 31, 2006.

Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	For the year ended December 31, 2007			Ending balance
	Beginning balance	Increase (Decrease)	Amortization	
SK Communications Co., Ltd.	₩22,417	₩	(₩1,398)	₩21,019
SK C&C Co., Ltd.	4,464	(4,160)	(304)	
Paxnet Co., Ltd.	17,164		(1,073)	16,091
Global Credit & Information Co., Ltd.	587		(42)	545
TU Media Corp.	784	9,572	(10,356)	
IHQ, Inc.	24,780		(5,506)	19,274
Ntreev Soft Co., Ltd.		1,602	(320)	1,282
Baba Club (note a)		2,888	(384)	2,504
Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.)		4,601	(651)	3,950
Seoul Records, Inc.	2,855		(816)	2,039
Harex Info Tech, Inc.	1,051		(350)	701
SK Mobile				
SKT Vietnam PTE Ltd. (formerly SLD Telecom PTE Ltd.)	384		(21)	363
ULand Company Ltd.	4,502		(257)	4,245
Helio Inc.		38	(38)	

Total	₩78,988	₩ 14,541	(₩21,516)	₩72,013
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(note a) Baba Club's negative capital of ₩772 million was included in the differences between the acquisition cost and the net asset value of equity method investee at acquisition date.

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	For the year ended December 31, 2006			
	Beginning balance	Increase	Amortization	Ending balance
Pantech Co., Ltd.	₩ 793	₩	(₩793)	₩
SK Communications Co., Ltd.	23,814		(1,397)	22,417
SK C&C Co., Ltd.	4,870		(406)	4,464
Paxnet Co., Ltd.	18,237		(1,073)	17,164
Global Credit & Information Co., Ltd.	628		(41)	587
TU Media Corp.	993		(209)	784
IHQ, Inc.	6,267	22,001	(3,488)	24,780
Seoul Records, Inc.	3,670		(815)	2,855
Harex Info Tech, Inc.	1,402		(351)	1,051
SK Mobile		3,192	(3,192)	
SKT Vietnam PTE Ltd. (formerly SLD Telecom PTE Ltd.)	406		(22)	384
ULand Company Ltd.	3,628	1,132	(258)	4,502
Total	₩ 64,708	₩ 26,325	(₩12,045)	₩ 78,988

Details of changes in unrealized inter-company gains incurred from sales of assets for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	For the year ended December 31, 2007			
Subsidiary	Beginning balance	Increase	Decrease	Ending balance
SK Communications Co., Ltd.	₩ 2,913	₩ 263	(₩984)	₩ 2,192
ULand Company Ltd.		4,051	(1,070)	2,981
SK China Company Ltd.	1,086			1,086
Total	₩ 3,999	₩ 4,314	(₩2,054)	₩ 6,259

	For the year ended December 31, 2006			
Subsidiary	Beginning balance	Increase	Decrease	Ending balance
Pantech Co., Ltd.	₩	₩ 270	(₩270)	₩
SK Communications Co., Ltd.	4,016		(1,103)	2,913
SK China Company Ltd.	1,086			1,086
Total	₩ 5,102	₩ 270	(₩1,373)	₩ 3,999

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Details of market price of the equity securities accounted for using the equity method as of December 31, 2007 are as follows (In millions of Korean won, except for market price per share):

	Market price per share (In Korean won)	Number of shares owned by the Company	Market price
SK Communications Co., Ltd.	₩ 32,500	28,029,945	₩910,973
IHQ, Inc.	3,355	14,960,784	50,193
Seoul Records, Inc.	4,190	9,582,321	40,150

The condensed financial information of the investees as of and for the year ended December 31, 2007 is as follows (In millions of Korean won):

	Total assets	Total liabilities	Revenue	Net income (loss)
SK Communications Co., Ltd.	₩321,608	₩ 92,180	₩197,266	(₩30,008)
SK Telink Co., Ltd.	162,362	55,347	235,127	18,661
SK Wyverns Baseball Club Co., Ltd.	7,277	8,030	27,705	3,440
Paxnet Co., Ltd.	34,165	9,883	36,640	2,155
Global Credit & Information Co., Ltd.	12,261	5,649	54,278	377
TU Media Corp.	350,012	333,110	119,766	(74,243)
Aircross Co., Ltd.	22,489	16,522	24,526	2,090
IHQ, Inc.	70,649	14,875	41,395	(14,046)
Ntreev Soft Co., Ltd.	26,209	8,008	15,232	2,140
Baba Club	1,322	2,093	6,176	(1,068)
Commerce Planet Co., Ltd. (formerly Philio Co., Ltd.)	8,355	6,040	26,719	(497)
Seoul Records, Inc.	41,728	9,437	34,237	(5,679)
Harex Info Tech, Inc.	3,544	1,573	5,626	(1,589)
SK Mobile	8,777	1,077	2,367	(3,949)
SKT Vietnam PTE Ltd. (formerly SLD Telecom PTE Ltd.)	161,461	23,146	1,858	(24,940)
Skytel Co., Ltd.	32,924	3,398	24,631	9,900
SK Telecom China Co., Ltd.	7,491	337	8,596	116
ULand Company Limited	6,597	858	3,069	1,146
SK Telecom USA Holdings, Inc.	63,169	146		(147,361)
SK Telecom International, Inc.	27,823	1,369	14,180	1,219
SK USA, Inc.	7,454	1,045	7,712	196
Helio Inc.	157,342	158,109	110,311	(302,470)
Korea IT Fund	332,476		33,644	22,710
Centurion IT Investment Association	4,630	1	107	93
1 st Music Investment Fund of SK-PVC	8,156	59	156	(2,291)
2 nd Music Investment Fund of SK-PVC	10,801	54	414	352
SKT-KTB Music Investment Fund	18,109	107	454	(205)
IMM Cinema Fund	19,928	7	1,866	(4,459)
Michigan Global Cinema Fund	9,742		1,070	(634)

3 rd Fund of Isu Entertainment	5,408	234	(2,332)
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Table of Contents**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	December 31, 2007 (note)			December 31, 2006
	Short-term	Long-term	Total	
Loans to employees stock ownership association	₩ 1,522	₩ 33,294	₩ 34,816	₩ 7,526
Loans to employees for housing and other	72	118	190	277
Total	₩ 1,594	₩ 33,412	₩ 35,006	₩ 7,803

(note) At December 26, 2007, the Company loaned ₩31,017 million to employees stock ownership association for the purpose of supporting employees acquisition of the Company's treasury stocks. The loan will be paid over five years after two years from the lending date.

6. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	Useful lives (years)	2007	2006
Land		₩ 444,252	₩ 462,393
Buildings and structures	30,15	1,496,535	1,488,824
Machinery	6	12,395,823	11,235,472
Vehicles	4	22,541	21,136
Other	4	942,375	956,670
Construction in progress		292,134	130,667
		15,593,660	14,295,162
Less accumulated depreciation		(10,999,247)	(9,877,050)
Property and equipment, net		₩ 4,594,413	₩ 4,418,112

The standard value of land declared by the government as of December 31, 2007 and 2006 are ₩547,524 million and ₩506,831 million, respectively.

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Details of change in property and equipment for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	For the year ended December 31, 2007					Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 462,393	₩ 471	(₩20,310)	₩ 1,698	₩	₩ 444,252
Buildings and structures	1,101,232	4,997	(3,487)	7,821	(56,079)	1,054,484
Machinery	2,346,517	77,327	(7,434)	1,322,956	(1,244,114)	2,495,252
Vehicles	2,341	2,039	(119)	848	(1,913)	3,196
Other	374,962	1,019,025	(13,141)	(965,140)	(110,611)	305,095
Construction in progress	130,667	650,596	(893)	(488,236)		292,134
Total	₩4,418,112	₩1,754,455	(₩45,384)	(₩120,053)	(₩1,412,717)	₩4,594,413

	For the year ended December 31, 2006					Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 461,513	₩ 115	(₩645)	₩ 1,410	₩	₩ 462,393
Buildings and structures	1,145,497	4,620	(824)	7,539	(55,600)	1,101,232
Machinery	2,429,564	43,869	(8,169)	1,013,305	(1,132,052)	2,346,517
Vehicles	2,786	1,460	(113)		(1,792)	2,341
Other	292,214	830,772	(16,319)	(640,111)	(91,594)	374,962
Construction in progress	264,309	586,096		(719,738)		130,667
Total	₩4,595,883	₩1,466,932	(₩26,070)	(₩337,595)	(₩1,281,038)	₩4,418,112

7. INTANGIBLE ASSETS

Intangible assets as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007			2006		
	Acquisition cost	Accumulated amortization	Carrying amounts	Acquisition cost	Accumulated amortization	Carrying amounts
Goodwill	₩2,341,625	(₩772,378)	₩1,569,247	₩2,335,532	(₩643,310)	₩1,692,222
Frequency use rights	1,385,120	(424,818)	960,302	1,385,120	(308,287)	1,076,833
Software development costs	207,173	(194,144)	13,029	231,318	(190,611)	40,707

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Computer software	1,036,432	(450,858)	585,574	858,375	(303,272)	555,103
Other	120,907	(74,117)	46,790	109,753	(69,459)	40,294
	₩ 5,091,257	(₩) 1,916,315	₩ 3,174,942	₩ 4,920,098	(₩) 1,514,939	₩ 3,405,159

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Details of changes in intangible assets for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	Beginning balance	For the year ended December 31, 2007				Ending balance
		Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,692,222	₩	₩	₩6,093 (note)	(₩129,068)	₩ 1,569,247
Frequency use rights	1,076,833				(116,531)	960,302
Software development costs	40,707	473	(5,673)	1,679	(24,157)	13,029
Computer software	555,103	68,848	(5,100)	129,330	(162,607)	585,574
Other	40,294	13,657	(473)	458	(7,146)	46,790
	₩ 3,405,159	₩ 82,978	(₩11,246)	₩ 137,560	(₩439,509)	₩ 3,174,942

(note) The amount represents the goodwill that resulted from the purchase of Baba Club s and Philio Co., Ltd. s business for the year ended December 31, 2007.

	Beginning balance	For the year ended December 31, 2006				Ending balance
		Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,820,884	₩	₩	₩	(₩128,662)	₩ 1,692,222
Frequency use rights	1,184,292	687			(108,146)	1,076,833
Software development costs	61,256	65		9,339	(29,953)	40,707
Computer software	279,758	46,157	(914)	323,644	(93,542)	555,103
Other	40,357	5,694	(63)	519	(6,213)	40,294
	₩ 3,386,547	₩ 52,603	(₩977)	₩ 333,502	(₩366,516)	₩ 3,405,159

The book value as of December 31, 2007 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩ 1,563,560	Goodwill related to acquisition of Shinsegi Telecomm, Inc.	12 years and 3 months
IMT license	868,465	Frequency use rights relating to W-CDMA Service	(note a)
WiBro license	85,823	WiBro Service	(note b)
DMB license	6,014	DMB Service	8 years and 6 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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Bonds payable as of December 31, 2007 and 2006 are as follows (In millions of Korean won, thousands of U.S. dollars and thousands of Japanese Yen):

	Maturity year	Annual interest rate (%)	2007	2006
Domestic general bonds	2007	5.0 6.0	₩	₩ 700,000
	2008	5.0	300,000	300,000
	2009	5.0	300,000	300,000
	2010	4.0	200,000	200,000
	2011	3.0	200,000	200,000
	2013	4.0	200,000	200,000
	2014	5.0	200,000	
	2016	5.0	200,000	200,000
Dollar denominated bonds (US\$300,000)	2011	4.25	281,460	278,880
Dollar denominated bonds (US\$400,000)	2027	6.63	375,280	
		3-month Euro Yen LIBOR rate +0.55		
Yen denominated bonds (JPY 12,500,000)	2012	(note)	104,166	
Convertible bonds (US\$229,160)	2009		268,415	356,356
Total			2,629,321	2,735,236
Less: discounts on bonds			(46,138)	(39,097)
Less: conversion right adjustments			(19,665)	(43,629)
Add: long-term accrued interest			17,256	22,910
Net			2,580,774	2,675,420
Less: portion due within one year			(299,614)	(696,546)
Long-term portion			₩2,281,160	₩1,978,874

(note) The 3-months Euro Yen LIBOR rate as of December 31, 2007 is 0.895%.

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

On May 27, 2004, the Company issued zero coupon convertible bonds with a maturity of five years in the principal amount of US\$329,450,000 for US\$324,923,469, with an initial conversion price of ₩235,625 per share of the Company's common stock, which was greater than market value at the date of issuance. Subsequently, the initial conversion price was changed to ₩211,099 per share in accordance with anti-dilution protection. 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 103.81% of the principal amount on May 27, 2007 (3 years from the issuance date). The conversion right may be exercised during the period from July 7, 2004 to May 13, 2009 and the number of common shares to be converted as of December 31, 2007 is 1,277,164 shares. Effective July 1, 2007, the conversion price was changed from ₩211,943 to ₩211,099 and the number of shares to be converted was changed from 1,688,842 shares to 1,695,593 shares due to the payment of interim dividends in accordance with the resolution of the Company's board of

directors on July 27, 2007.

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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 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. The Company entered into an agreement with Credit Suisse First Boston International to reduce the effect of fluctuation with respect to cash settlement payments that may be more or less than the proceeds from sales of treasury shares held in trust. Unless either previously redeemed or converted, the notes are redeemable at 106.43% of the principal amount at maturity.

During the year ended December 31, 2006, the convertible bonds with a principal amount of US\$25,210,000 were converted into 136,613 shares of treasury stock (See Note 15), and the principal amount of the convertible bonds decreased from US\$329,450,000 to US\$304,240,000. In addition, the consideration for conversion right (capital surplus) decreased by ₩3,733 million (net of tax effect of ₩1,416 million).

During the year ended December 31, 2007, the conversion rights for the convertible bond with a principal amount of US\$75,080,000 were exercised. The Company paid ₩42,962 million in cash to bond holders with a principal amount of US\$36,260,000 without delivering the Company's common stocks due to the 49% ownership limitation as explained above and the convertible bonds with a principal amount of US\$38,820,000 were converted into 216,347 shares of treasury stock (See Note 15). Therefore, the principal amount of the convertible bonds decreased from US\$304,240,000 to US\$229,160,000. In addition, the consideration for conversion right (capital surplus) decreased by ₩11,116 million (net of tax effect of ₩4,216 million).

9. LONG-TERM BORROWINGS

Long-term borrowings as of December 31, 2007 and 2006 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Lender	Final maturity year	Annual interest rate (%) (note)	2007	2006
Long-term floating rate discount bill	Shinhan Bank	June 29, 2010	91 days CD yield + 0.25%	₩ 200,000	₩ 200,000
Long-term floating rate borrowings	Calyon Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 50,000	US\$ 50,000
	DBS Bank			US\$ 25,000	US\$ 25,000
	SMBC			US\$ 25,000	US\$ 25,000
Total				US\$ 100,000 ₩ 200,000	US\$ 100,000 ₩ 200,000
Equivalent in Korean won				₩ 293,820	₩ 292,960
Less: current portion					

Long-term borrowings	₩ 293,820	₩ 292,960
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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 December 31, 2007 in accordance with the loan agreement.
(note) At December 31, 2007, the 91 days CD yield and the 6M LIBOR rate are 5.82% and 4.65%, respectively.

Table of Contents**10. SUBSCRIPTION DEPOSITS**

The Company receives subscription deposits from customers of cellular services at the subscription date. The Company has no obligation to pay interest on subscription deposits but is required to return them to subscribers upon termination of the subscription contract.

Long-term subscription deposits held as of December 31, 2007 and 2006 are as follows (In millions of Korean won except deposit per subscriber amounts):

Service type	Deposit per subscriber (in Korean won)	December 31,	December 31,
		2007	2006
Cellular	₩ 200,000	₩ 6,426	₩ 21,140

The Company offers existing and new cellular subscribers the option of obtaining credit insurance from Seoul Guarantee Insurance Company (SGIC) in lieu of the subscription deposits. Existing subscribers who elect this option are refunded their subscription deposits. As a result, the balance of subscription deposits has been decreasing.

11. LEASES

The Company acquired certain computer equipment and software from SK C&C Co., Ltd. and succeeded certain capital lease agreements between SK C&C Co., Ltd. and HP Financial Service. Details of capital lease assets acquired and liabilities assumed from SK C&C Co., Ltd. as of and for the year ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

		2007	2006
Acquisition cost	Office equipment	₩ 8,271	₩ 15,784
	Computer software	5,728	7,180
		₩ 13,999	₩ 22,964
Accumulated depreciation	Office equipment	₩ 6,509	₩ 8,662
	Computer software	2,387	1,555
		₩ 8,896	₩ 10,217
Carrying amounts	Office equipment	₩ 1,761	₩ 7,122
	Computer software	3,342	5,625
		₩ 5,103	₩ 12,747

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Depreciation expenses	Office equipment	₩ 1,970	₩ 8,071
	Computer software	1,146	1,437
		₩ 3,116	₩ 9,508

The Company's minimum future lease payments as of December 31, 2007 are as follows (In millions of Korean won):

	Annual lease payments	Interest	Principal
2008	₩ 1,664	(₩22)	₩ 1,642
Less: current portion			(1,642)
Capital lease liabilities			₩

Table of Contents**12. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 8 and 9, respectively) as of December 31, 2007 and 2006 are as follows (In millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Great Britain pounds, thousands of Singapore dollars, thousands of Swiss Franc, thousands of Euros and thousands of Chinese yuan):

	December 31, 2007		December 31, 2006	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$ 357,039	₩ 334,974	US\$ 959	₩ 892
	EUR 117	162	EUR 2	2
Accounts receivable trade	US\$ 4,164	3,906	US\$ 16,534	15,370
	EUR 248	303	EUR 248	303
	CNY 5,620	722		
Accounts receivable other	US\$ 965	905	US\$ 1,657	1,541
Guarantee deposits	US\$ 12	11	US\$ 17	16
	JPY 16,912	141	JPY 21,536	168
		₩ 341,124		₩ 18,292
Accounts payable	US\$ 22,552	21,159	US\$ 16,046	14,916
	JPY 16,954	138	JPY 18,704	146
	HK\$ 248	14	HK\$ 190	23
	GBP 931	1,461	GBP 48	88
	SG\$ 27	18	SG\$ 6	3
	EUR 588	1,750	EUR 813	993
	CHF 250	208	CHF 250	190
	CNY 2	1	CNY 2	1
		₩ 24,749		₩ 16,360

13. 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 December 31, 2007 and 2006 are as follows:

	December 31, 2007	December 31, 2006
Authorized shares	220,000,000	220,000,000
Issued shares	81,193,711	81,193,711
Outstanding shares, net of treasury stock	72,584,677	72,667,459

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Significant change in capital stock and capital surplus for the years ended December 31, 2007 and 2006 are as follows
(In millions of Korean won except for share data):

	Number of shares issued	Capital stock	Capital surplus
At January 1, 2006	82,276,711	₩44,639	₩2,966,198
Consideration for conversion right (note a)			(3,733)
Transferred from stock options in capital adjustment (note b)			234
Retirement of treasury stock (note c)	(1,083,000)		
At December 31, 2006	81,193,711	44,639	2,962,699
Transferred from stock options in capital adjustment (note d)			3,246
Consideration for conversion right (note e)			(11,116)
Offset against capital surplus by equity security accounted for using the equity method (note f)			(15,476)
At December 31, 2007	81,193,711	₩44,639	₩2,939,353

(note a) During the year ended December 31, 2006, the convertible bonds with a face value of US\$25,210,000 were converted and the capital surplus amount (in connection with the related conversion rights) decreased by ₩3,733 million (net of tax effect of ₩1,416 million).

(note b) During the year ended December 31, 2006, the exercisable period for the stock options

representing 43,390 shares, of which recognized compensation costs were ₩234 million, expired and the related stock options of ₩234 million in capital adjustments were transferred to capital surplus in accordance with Korean GAAP [See Note 2 (q)].

(note c) The Company retired 491,000 shares and 592,000 shares of treasury stock on August 17, 2006 and September 29, 2006, respectively, and reduced retained earnings before appropriations in accordance with Korean Commercial laws.

(note d) During the year ended December 31, 2007, the exercisable period for the stock options representing 65,730 shares, for which the Company recognized compensation costs of ₩3,246 million, expired and the

related stock options of ~~₩~~3,246 million in capital adjustments were transferred to capital surplus in accordance with Korean GAAP [See Note 2 (q)].

(note e) During the year ended December 31, 2007, the conversion rights for the convertible bonds with a face value of US\$75,080,000 were exercised and the capital surplus amount (in connection with the related conversion rights) decreased by ~~₩~~11,116 million (net of tax effect of ~~₩~~4,216 million).

(note f) During the year ended December 31, 2007, the Company acquired Ntreev Soft Co., Ltd.'s common stocks from IHQ, Inc. a subsidiary of the Company. The difference between the acquisition cost and the net book value of Ntreev Soft Co., Ltd. amounting to ~~₩~~15,476 million

was offset against
the Company's
capital surplus.

Table of Contents**14. RETAINED EARNINGS**

Details of appropriated retained earnings as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	December 31, 2007	December 31, 2006
Legal reserve	₩ 22,320	₩ 22,320
Reserve for improvement of financial structure	33,000	33,000
Reserve for loss on disposal of treasury stock	255,984	477,182
Reserve for research and manpower development	872,595	880,594
Reserve for business expansion	6,151,138	5,266,138
Total	₩ 7,335,037	₩ 6,679,234

a. Legal Reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends for each accounting period until the reserve equals 50% of outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

b. Reserve for Improvement of Financial Structure

Through 2006, the Financial Control Regulation for Listed Companies in Korea required that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income tax, if any) on the disposal of property and equipment should be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reached 30%. However, this regulation was abolished during the year ended December 31, 2007 and no such requirement exist as of December 31, 2007.

c. Reserve for Loss on Disposal of Treasury Stock and Research and Manpower Development

Reserves for loss on disposal of treasury stock and research and manpower development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures for tax purposes. These reserves will be reversed from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

d. Reserve for Business Expansion

The reserve for business expansion is voluntary and was approved by the board of directors and stockholders.

Table of Contents**15. TREASURY STOCK**

Upon issuances of stock dividends and new common stock, and the merger with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 77,970 shares for ₩6,110 million through 2005. In addition, the Company acquired 8,584,445 shares of treasury stock in the market or through the trust funds for ₩2,040,995 million through 2005 in order to stabilize the market price of its stock. In addition, during the year ended December 31, 2006, the convertible bonds with a principal amount of US\$25,210,000 were converted into 136,163 shares of common stock. Such conversion was settled by the Company by using its treasury stock with carrying value totaling ₩32,178 million, which resulted in loss on disposal of treasury stock of ₩7,887 million. In addition, the losses on disposal of treasury stock decreased by ₩336 million for the year ended December 31, 2007 to reflect the change in accumulated temporary differences related to treasury stocks based on the prior year tax return.

On August 17, 2006, the Company retired 491,000 shares of treasury stock, which were acquired by the Company during the period from August 1, 2006 through August 14, 2006 for ₩92,518 million in accordance with a resolution of the board of directors on July 28, 2006. On September 29, 2006, the Company retired 592,000 shares of treasury stock, which were acquired by the Company during the period from September 4, 2006 through September 27, 2006 for ₩116,559 million in accordance with a resolution of the board of directors on August 31, 2006. In connection with the retired treasury stocks discussed above, the Company reduced its retained earnings before appropriations by ₩209,077 million in accordance with Korean Commercial law.

From November 9, 2007 through December 31, 2007, the Company acquired 471,000 shares of treasury stock for ₩118,511 million in order to stabilize the market price of its stock in accordance with a resolution of the board of directors on November 2, 2007. In addition, for the year ended December 31, 2007, its treasury stock of 216,347 shares and 171,871 shares with carrying value totaling ₩51,199 million were issued to the convertible bond holders at their execution of conversion rights and treasury stock of 171,871 shares with carrying value totaling ₩40,756 million were sold to its employees' stock ownership association. As a result of these transactions, loss on disposal of treasury stock decreased by ₩7,456 million.

16. STOCK OPTIONS

On March 17, 2000, March 16, 2001 and March 8, 2002, in accordance with the approval of its stockholders or its board of directors, the Company granted stock options to its management, representing 17,800 shares at an exercise price of ₩424,000 per share, 43,820 shares at an exercise price of ₩211,000 per share and 65,730 shares at an exercise price of ₩267,000 per share. The stock options will become exercisable after three years from the date of grant and shall be exercisable for two years from the first exercisable date. Upon exercise of stock options, the Company will issue its common stock. If the employees leave the Company within three years after the grant of stock options, such employees forfeit their unvested stock options awarded. Stock options representing 530 shares for which total compensation cost was ₩3 million were forfeited during the year ended December 31, 2004.

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The value of stock options granted is determined using the Black-Scholes option-pricing model, without considering the volatility factor in estimating the value of its stock options, as permitted under Korean GAAP. The following assumptions are used to estimate the fair value of options granted in 2000, 2001 and 2002; risk-free interest rate of 9.1% for 2000, 5.9% for 2001 and 6.2% for 2002; expected life of three years for 2000, 2001 and 2002; expected dividend of ₩500 per share for 2000, 2001 and 2002. Under these assumptions, total compensation cost, the recognized compensation cost (included in labor cost) for the years ended December 31, 2007 and 2006 and the outstanding balance of stock options in capital adjustment as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

Grant date	Total Compensation cost	Recognized compensation cost		Stock options in capital adjustment	
		2007	2006	December 31, 2007	December 31, 2006
March 17, 2000(note a)	₩ 1,533	₩	₩	₩	₩
March 16, 2001(note b)	234				
March 8, 2002(note c)	3,246				3,246
	₩ 5,013	₩	₩	₩	₩ 3,246

(note a) During the year ended December 31, 2005, the exercisable period expired for stock options representing 17,800 shares, for which the Company had recognized compensation cost of ₩1,533 million. The related capital adjustment of ₩1,533 million was transferred to capital surplus.

(note b) During the year ended December 31,

2006, the exercisable period expired for stock options representing 43,820 shares, for which the Company had recognized compensation cost of ₩234 million. The related capital adjustment of ₩234 million was transferred to capital surplus.

(note c) During the year ended December 31, 2007, the exercisable period expired for stock options representing 65,730 shares, for which the Company had recognized compensation cost of ₩3,246 million. The related capital adjustment of ₩3,246 million was transferred to capital surplus.

If the Company had not excluded the volatility factor (expected volatility of 66.8% for options granted in 2000, 67.5% for options granted in 2001, and 63.0% for options granted in 2002), the pro forma total compensation cost would be ₩15,967 million (₩3,738 million, ₩3,617 million and ₩8,613 million for options granted in 2000, 2001 and 2002, respectively) and the recognized compensation cost for the year ended December 31, 2007 would be nil, and the pro forma net income and net income per common share for the years ended December 31, 2007, 2006 and 2005 are as follows:

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	(In millions of Korean won, except for net income per share)		
	2007	2006	2005
Pro forma income before income tax	₩2,307,785	₩2,021,643	₩2,554,315
Pro forma net income	1,642,451	1,446,598	1,871,082
Pro forma net income per share (In Korean Won)	22,607	19,734	25,417

Table of Contents**17. INCOME TAXES**

a. Details of income tax expense

Income tax expense for the years ended December 31, 2007 and 2006 consist of the following (In millions of Korean won):

	2007	2006
Current	₩ 553,357	₩ 607,776
Deferred (note a)	111,977	(32,731)
 Income tax expense	 ₩ 665,334	 ₩ 575,045

(note a) Changes in net deferred tax liabilities for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won) :

	2007	2006
Ending balance of net deferred tax liabilities	₩ 1,015,002	₩ 490,341
Beginning balance of net deferred tax liabilities	(490,341)	(348,563)
Adjustment to the beginning net deferred income tax liabilities based on tax return filed	3,444	10,453
Tax effect of temporary differences charged or credited directly to related components of stockholders equity	(416,128)	(184,962)
	₩ 111,977	(₩32,731)

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b. Reconciling items between accounting income and taxable income

Reconciling items between accounting income and taxable income for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
(Temporary Differences)		
Additions:		
Allowance for doubtful accounts	₩ 36,425	₩ 52,228
Accrued interest income	4,576	3,931
Reserves for research and manpower development	210,000	188,000
Reserves for loss on disposal of treasury stock		218,097
Equity in losses of affiliates		115,562
Equity in other comprehensive income of affiliates	150,880	
Unrealized losses on valuation of long-term investment securities	320,838	137
Loss on impairment of long-term investment securities	4,386	
Accrued expenses	24,519	50,886
Depreciation	51,097	52,411
Loss on impairment of other assets	2,651	971
Loss on valuation of currency swap		9,258
Loss on valuation of currency swap (other comprehensive income)		4,695
Accrued severance indemnities	20,817	20,058
Deposits for severance indemnities	1,337	148,610
Consideration of conversion right	23,965	21,589
Interest expense from convertible bonds	14,975	
Other	64,022	71,617
Sub-total	930,488	958,050
Deductions:		
Reserves for research and manpower development		(180,000)
Allowance for doubtful accounts	(43,975)	(124,184)
Depreciation	(18,268)	(19,594)
Accrued interest income	(5,025)	(8,714)
Equity in earnings of affiliates	(17,386)	
Equity in other comprehensive income of affiliates		(15,483)
Unrealized gains on valuation of long-term investment securities	(2,001,070)	(621,729)
Accrued expenses	(28,251)	(57,066)
Loss on impairment of other assets	(971)	(5,109)
Gain on valuation of derivative instruments	(3,624)	
Accrued severance indemnities	(1,337)	(148,610)
Deposits for severance indemnities	(19,984)	(20,058)
Loss on disposal of property assets		(38,719)
Loss on disposal of treasury stock		(30,092)
Gain on conversion of convertible bond	(373,140)	
Other	(40,317)	(42,245)

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Sub-total	(2,553,348)	(1,311,603)
Total Temporary Differences	(1,622,860)	(353,553)
(Permanent Differences)	1,668,302	869,156
Total	₩ 45,442	₩ 515,603

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c. Change in cumulative temporary differences and deferred tax assets (liabilities)

Changes in cumulative temporary differences for the years ended December 31, 2007 and 2006 and deferred tax assets (liabilities) as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

Description	January 1, 2007	Increase (note a)	Decrease (note a)	December 31, 2007
Current:				
Allowance for doubtful accounts	₩ 50,824	25,058	43,975	₩ 31,907
Accrued interest income	(4,574)	(5,027)	(4,576)	(5,025)
Bad debt	112,106	3,896	76	115,926
Accrued expenses	107,151	13,636	28,251	92,536
Other	8,913	(3,470)	4,275	1,168
Total	274,420	34,093	72,001	236,512
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences-net	₩ 145,865	₩ 34,093	₩ 72,001	₩ 107,957
Current deferred tax assets-net (note b)	₩ 40,113			₩ 29,688
Non-current:				
Property and equipment	(₩188,535)	(4,766)	(38,099)	(₩155,202)
Loss on impairment of long-term investment securities	108,145	30,218		138,363
Loss on impairment of other long-term assets	971	2,651	971	2,651
Reserves for research and manpower development	(760,000)		(210,000)	(550,000)
Reserves for loss on disposal of treasury stock	(255,984)			(255,984)
Equity in (earnings) losses of affiliates	114,214	(4,783)	17,271	92,160
Equity in other comprehensive income of affiliates	(123,206)	(445)	(150,880)	27,229
Unrealized loss on valuation of long-term investment securities, net (other comprehensive income)	(563,477)	(2,001,070)	(320,838)	(2,243,709)
Accrued severance indemnities	20,058	20,817	1,337	39,538
Deposits for severance indemnities	(20,058)	(19,985)	(1,337)	(38,706)
Loss on valuation of currency swap	22,502			22,502

Loss on valuation of currency swap (other comprehensive income)	24,249			24,249
Loss on valuation of interest rate swap (other comprehensive income)	454		3,624	(3,170)
Gain on conversion of convertible bond		(373,140)		(373,140)
Considerations for conversion right	(43,629)	8,632	(15,333)	(19,664)
Add long-term accrued interest	22,910		5,654	17,256
Other	(16,848)	54,146	(7,664)	44,962
Total	(1,658,234)	(2,287,725)	(715,294)	(3,230,665)
Temporary differences unlikely to be realized	(270,688)	(17,872)	279,648	(568,208)
Total non-current cumulative temporary differences-net	(₩1,928,922)	(₩2,305,597)	(₩435,646)	(₩3,798,873)
Total non-current deferred tax liabilities-net (note b)	(₩530,454)			(₩1,044,690)

(note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

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(note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

Description	January 1, 2006	Increase (note a)	Decrease (note a)	December 31, 2006
Current:				
Allowance for doubtful accounts	₩ 122,561	₩ 52,447	₩ 124,184	₩ 50,824
Accrued interest income	(3,931)	(4,574)	(3,931)	(4,574)
Bad debt	130,222	(10,536)	7,580	112,106
Accrued expenses	113,117	51,100	57,066	107,151
Other	8,176	7,840	7,103	8,913
Total	370,145	96,277	192,002	274,420
Temporary differences unlikely to be realized	(147,774)		(19,219)	(128,555)
Total current cumulative temporary differences-net	₩ 222,371	₩ 96,277	₩ 172,783	₩ 145,865
Current deferred tax assets-net (note b)	₩ 61,152			₩ 40,113
Non-current:				
Property and equipment	(₩196,446)	₩ 10,128	₩ 2,217	(₩188,535)
Loss on impairment of long-term investment securities	108,145			108,145
Loss on impairment of other long-term assets	7,461	(1,381)	5,109	971
Reserves for research and manpower development	(768,000)	(180,000)	(188,000)	(760,000)
Reserves for loss on disposal of treasury stock	(474,081)		(218,097)	(255,984)
Equity in (earnings) losses of affiliates	(5,025)	119,239		114,214
Equity in other comprehensive income of affiliates	(109,468)	(13,738)		(123,206)
Unrealized loss on valuation of long-term investment securities (other comprehensive income)	58,116	(36,351)	585,242	(563,477)
Accrued severance indemnities	148,465	20,203	148,610	20,058
Deposits for severance indemnities	(148,465)	(20,203)	(148,610)	(20,058)

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Loss on valuation of currency swap	13,244	9,258		22,502
Loss on valuation of currency swap (other comprehensive income)	19,554	4,695		24,249
Loss on valuation of interest rate swap (other comprehensive income)		454		454
Considerations for conversion right	(65,219)	16,441	(5,149)	(43,629)
Add long-term accrued interest	24,808		1,898	22,910
Other	(37,515)	67,963	47,296	(16,848)
Total	(1,424,426)	(3,292)	230,516	(1,658,234)
Temporary differences unlikely to be realized	(65,447)	(211,398)	(6,157)	(270,688)
Total non-current cumulative temporary differences-net	(₩1,489,873)	(₩214,690)	₩ 224,359	(₩1,928,922)
Total non-current deferred tax liabilities-net (note b)	(₩409,715)			(₩530,454)

(note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

(note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

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Deferred tax assets and liabilities before offsetting as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007			2006		
	Current	Non-current	Sub-total	Current	Non-current	Sub-total
Deferred tax assets	₩ 32,346	₩ 3,521	₩ 35,867	₩ 43,066	₩ 50,631	₩ 93,697
Deferred tax liabilities	(2,658)	(1,048,211)	(1,050,869)	(2,953)	(581,085)	(584,038)
Deferred tax assets (liabilities), net	₩ 29,688	₩ 1,044,690	₩ 1,015,002	₩ 40,113	₩ 530,454	₩ 490,341

d. Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss)

Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss) as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
Gains on disposal of treasury stock	(₩36,339)	(₩38,341)
Considerations for conversion right	(12,869)	(17,086)
Unrealized loss on valuation of long-term investment securities, net	(617,020)	(154,956)
Equity in other comprehensive income of affiliates, net	(727)	(41,441)
Loss on valuation of currency swap, net	6,668	6,668
Gain (loss) on valuation of interest rate swap, net	(872)	125
Total	(₩661,159)	(₩245,031)

e. Effective tax rate

Effective tax rates for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
Income before income tax expense	₩ 2,307,785	₩ 2,021,643
Income tax expenses	665,334	575,045
Effective tax rate	28.83%	28.44%

Table of Contents**18. COMPREHENSIVE INCOME**

Details of comprehensive income for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007		2006	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 1,642,451		₩ 1,446,598	
Other comprehensive income (loss):				
Unrealized gain on valuation of long-term investment securities, net	1,218,168	(₩462,064)	450,655	(₩170,938)
Equity in other comprehensive income of affiliates, net	(110,165)	40,714	5,081	(9,091)
Loss on valuation of currency swap, net	4,671		(2,309)	1,291
Gain (loss) on valuation of interest rate swap, net	2,627	(997)	(329)	125
Sub-total	1,115,301	(₩422,347)	453,098	(₩178,613)
Comprehensive income	₩ 2,757,752		₩ 1,899,696	

19. NET INCOME AND ORDINARY INCOME PER SHARE

The Company's net income and ordinary income per share amounts for the years ended December 31, 2007 and 2006 are computed as follows (In millions of Korean won, except for per share income per share):

Net income and ordinary income per share

	2007	2006
Net income and ordinary income	₩ 1,642,451	₩ 1,446,598
Weighted average number of common shares outstanding	72,650,909	73,305,026
Net income and ordinary income per share (In Korean won)	₩ 22,607	₩ 19,734

The weighted average number of common shares outstanding for the years ended December 31, 2007 and 2006 is calculated as follows:

<2007>	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common stocks at January 1, 2007	81,193,711	365 / 365	81,193,711
Treasury stocks at January 1, 2007	(8,526,252)	365 / 365	(8,526,252)
Acquisition of treasury stock	(471,000)	28 / 365 (note a)	(36,337)

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Conversion of convertible bonds into common stock	216,347	29 / 365 (note b)	16,962
Disposal of treasury stock	171,871	6/365	2,825
Total	72,584,677		72,650,909

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<2006>	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common stocks at January 1, 2006	82,276,711	365 / 365	82,276,711
Treasury stocks at January 1, 2006	(8,662,415)	365 /	(8,662,415)
Retirement of treasury stock	(1,083,000)	126 / 365 (note c)	(373,546)
Conversion of convertible bonds into common stock	136,163	172 / 365 (note d)	64,276
Total	72,667,459		73,305,026

(note a) The Company acquired treasury stocks on many different dates during the year ended December 31, 2007, and weighted number of shares was calculated considering each transaction date.

(note b) Treasury stocks were used to settle the conversion of the convertible bonds on several different dates during the year ended December 31, 2007 and weighted number of shares was calculated considering

each transaction date.

(note c) The Company retired treasury stocks which were acquired on two different dates during the year ended December 31, 2006, and weighted number of shares was calculated considering each transaction date.

(note d) Treasury stocks were used to settle the conversion of the convertible bonds on several different dates during the year ended December 31, 2006 and weighted number of shares was calculated considering each transaction date.

Diluted net income and ordinary income per share amounts for the years ended December 31, 2007 and 2006 are computed as follows (In millions of Korean won, except for share data):

Diluted net income and ordinary income per share

	2007	2006
Adjusted net income and ordinary income	₩ 1,655,254	₩ 1,459,875
Adjusted weighted average number of common shares outstanding	74,263,655	75,025,926
Diluted net income and ordinary income per share (in Korean won)	₩ 22,289	₩ 19,458

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Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the years ended December 31, 2007 and 2006 are calculated as follows (In millions of Korean won, except for share data):

	2007	2006
Net income and ordinary income	₩ 1,642,451	₩ 1,446,598
Effect of stock options (note a)		
Effect of convertible bonds (note b)	12,803	13,277
 Adjusted net income and ordinary income	 ₩ 1,655,254	 ₩ 1,459,875
	2007	2006
Weighted average number of common shares outstanding	72,650,909	73,305,026
Effect of stock options (note a)		
Effect of convertible bonds (note b)	1,612,746	1,720,900
 Adjusted weighted average number of common shares outstanding	 74,263,655	 75,025,926

(note a) For the years ended December 31, 2007 and 2006, the outstanding stock options did not have a dilutive effect because the exercise price exceeded the average market price of common stock for the years ended December 2007 and 2006.

(note b) The effect of convertible bonds increased net income related to interest expenses that

would not have 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.

20. RESTRICTED CASH AND CASH EQUIVALENTS

- a. At December 31, 2007, the Company has guarantee deposits restricted for its checking accounts totaling ₩19 million and deposits restricted for a charitable trust for the public totaling ₩10,000 million of which due date is February 8, 2009.
 - b. The Company entered into a contract with First Data Corporation to sell the investment in common stock of KMPS Corporation, which was held by the Company and accounted for as available-for-sale securities. Certain portion of proceeds from sales of such investment totaling ₩1,137 million had been kept in escrow accounts until November 16, 2007 in accordance with this Escrow Agreement. However, due to the advent of the settlement date, this restriction was dissolved during 2007.
-

Table of Contents**21. DIVIDEND DISCLOSURE**

Details of dividends which were declared for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won except for per share data):

		Number of shares	Face value	Dividend ratio	Dividends
	Dividend type	outstanding	per share		
2007	Cash dividends (interim)	72,667,459	₩ 500	200%	₩ 72,667
	Cash dividends (year-end)	72,584,677	₩ 500	1,680%	609,712
	Total				₩ 682,379
2006	Cash dividends (interim)	73,713,657	₩ 500	200%	₩ 73,714
	Cash dividends (year-end)	72,667,459	₩ 500	1,400%	508,672
	Total				₩ 582,386

Dividends payout ratios (including interim dividend) for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
Dividends	₩ 682,378	₩ 582,386
Net income	1,642,451	1,446,598
Dividends payout ratio	41.55%	40.26%

Dividends yield ratios (including interim dividend) for the years ended December 31, 2007 and 2006 are as follows (In Korean won):

	2007	2006
Dividend per share	₩ 9,400	₩ 8,000
Stock price at the year-end	249,000	222,500
Dividends yield ratio	3.78%	3.60%

22. INSURANCE

As of December 31, 2007, certain Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Insured	Risk	Carrying value	Coverage
			US\$ 59,115
Property and equipment	Fire and comprehensive liability	₩ 3,711,836	₩ 7,946,522

In addition, the Company carries directors and officers liability coverage insurance totaling ₩50,000 million.

Table of Contents**23. RELATED PARTY TRANSACTIONS**

As of December 31, 2007 and 2006, the parent company and subsidiaries of the Company are as follows:

a. Holding company and subsidiaries

Type	Company	Ownership percentage (%)	Types of business
Ultimate parent company	SK C&C Co., Ltd.	(note a)	Information technology and software production
Parent company	SK Holdings Co., Ltd. (formerly SK Corporation)	21.8 (note b)	Manufacturing and selling petrochemicals
Subsidiary	SK Communications Co., Ltd.	64.8	Internet website services
	SK Telink Co., Ltd.	90.8	Telecommunication service
	SK Wyverns Baseball Club Co., Ltd.	100.0	Business related sports
	PAXNet Co., Ltd.	59.7	Internet website services
	Global Credit & Information Co., Ltd.	50.0	Credit and collection services
	TU Media Corp.	32.7	Digital multi media broadcasting service
	Aircross Co., Ltd.	100.0	Wireless marketing related business
	IHQ, Inc.	37.1	Entertainment management
	Ntreev Soft Co., Ltd.	66.7	Game software production
	Commerce Planet Co., Ltd. (Formerly Philio Co., Ltd.)	100.0	Cosmetic wholesale
	Seoul Records, Inc.	60.0	Release of music disc
	SKT Vietnam PTE Ltd. (Formerly SLD Telecom PTE Ltd.)	73.3	Telecommunication service
	SK Telecom China Co., Ltd.	100.0	Telecommunication service
	ULand Company Ltd.	70.1	Network and mobile value added service
	SK Telecom USA Holdings, Inc.	100.0	Telecommunication service
	SK Telecom International Inc.	100.0	Telecommunication service
	Helio, Inc.	0.6	Corporation management
	Centurion IT Investment Association	37.5	Investment association
	The First Music Investment Fund of SK-PVC	69.3	Investment association
	The Second Music Investment Fund of SK-PVC	79.3	Investment association
SK-KTB Music Investment Fund	74.3	Investment association	
IMM Cinema Fund	45.6	Investment association	
Michigan Global Cinema Fund	36.4	Investment association	
SK Cyberpass Inc.	70.5 (note c)	Telecommunication service	
YTN Media Inc.	51.4 (note c)	Broadcasting program production	
SK I-Media Co., Ltd.	60.0 (note c)	Game software production	
Helio, LLC.	64.2 (note c)	Telecommunication service	

(note a)

SK C&C Co.,
Ltd. became the
Company's
ultimate parent
company as of
December, 31,
2007 (See Notes
3 & 4).

(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 years ended December 31, 2007 and 2006, and account balances as of December 31, 2007 and 2006 are as follows (In millions of Korean won):

b-(1) Transactions

	For year ended December 31, 2007			For year ended December 31, 2006		
	Purchases of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and equipment	Commissions paid and Other expenses	Commissions earned and other income
Ultimate parent company:						
SK C&C Co., Ltd.	₩ 200,582	₩ 235,337	₩ 8,419	₩ 204,563	₩ 284,349	₩ 7,732
Parent Company:						
SK Holdings Co., Ltd. (formerly SK Corporation)			736	2,158	37,040	12,475
Subsidiaries:						
SK Communications Co., Ltd.	347	36,714	6,189	1,495	44,321	3,509
SK Telink Co., Ltd.		13,442	25,738		13,490	26,836
SK Wyverns Baseball Club Co., Ltd.		23,792	343		18,300	488
PAXNet Co., Ltd.		11,331	3,222		8,985	1,495
Global Credit & Information Co., Ltd.		53,784	1,504		42,787	1,389
TU Media Corp.	11	2,652	55,131	573	1,515	57,301
Aircross Co., Ltd.	2,018	21,837	1,574			
SK Telecom China Co., Ltd.		12,449	684			
SK Telecom International Inc.		6,823				
Helio, Inc.			2,201			
Others	3,273	20,679	1,170	14	27,158	10,534
Equity Method Investees:						
Helio, LLC					3	18,243
Others	673	12,132		3,603	21,184	17,565
Others :						
SK Energy Co., Ltd.		29,301	16,746			
SK Engineering & Construction Co., Ltd.	306,307	16,147	2,883	235,872	7,086	2,381

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SK Networks Co., Ltd.	33,507	698,015	15,378	8,018	471,073	11,110
Innoace Co., Ltd.	23,597	7,378	217	23,986	7,447	218
SK Telesys Co., Ltd.	262,081	12,328	2,476	231,227	6,567	1,673
Others	4,061	29,114	5,232	2,539	17,468	3,946
Total	₩ 836,457	₩ 1,243,255	₩ 149,843	₩ 714,048	₩ 1,008,773	₩ 176,895

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

	As of December 31, 2007					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:						
SK C&C Co., Ltd.	₩ 320	₩	₩	₩	₩ 131,029	₩ 346
SK Holdings Co., Ltd. (formerly SK Corporation)	726					
Subsidiaries:						
SK Communications Co., Ltd.	1,214				12,317	5,606
SK Telink Co., Ltd.	947				414	1,197
SK Wyverns Baseball Club Co., Ltd.	334	575	3,557			
PAXNet Co., Ltd.					614	150
Global Credit & Information Co., Ltd.					7,051	
TU Media Corp.	6,225				10,487	3,016
Aircross Co., Ltd.	2,659				3,699	255
IHQ, Inc.	38				2,008	
Ntreev Soft Co., Ltd.	18				3,640	
Commerce Planet Co., Ltd.	38				2,168	
Seoul Records, Inc.	59				1,077	
SKT Vietnam PTE Ltd.	1,507					
SK Telecom China Co., Ltd.	684					
Helio, Inc.	719					
Others					2,117	
Equity Method Investees:						
Others	208				304	
Others:						
SK Energy Co., Ltd.	1,169			134	4,380	248
SK Engineering & Construction Co., Ltd.	310				8,075	1,135
SK Networks Co., Ltd.	1,158			112	69,337	3,432
Innoace Co., Ltd.					5,672	2,291
SK Telesys Co., Ltd.	28				29,286	
Others	545				7,861	
Total	₩ 18,906	₩ 575	₩ 3,557	₩ 246	₩ 301,536	₩ 17,676

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	As of December 31, 2006					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:						
SK Holdings Co., Ltd. (formerly SK Corporation)	₩ 3,560	₩	₩	₩ 291	₩ 7,962	₩ 6,174
Subsidiaries:						
SK Communications Co., Ltd.	535				7,255	5,459
SK Telink Co., Ltd.	4,352				2,209	955
SK Wyverns Baseball Club Co., Ltd.	475	1,150	4,132			
PAXNet Co., Ltd.	121				913	
Global Credit & Information Co., Ltd.	82				7,645	
SKT Vietnam PTE Ltd. (Formerly SLD Telecom PTE Ltd.)	10,948					
SK Telecom International Inc.					1,673	
Others	16				564	
Equity Method Investees:						
SK C&C Co., Ltd.	650				86,332	346
TU Media Corp.	6,369				886	3,016
Aircross Co., Ltd.	4,275				3,513	226
Helio, LLC.	13,335					
Others	41				540	
Others:						
SK Engineering & Construction Co., Ltd.	258				1,635	942
SK Networks Co., Ltd.	771			113	69,546	3,010
Innoace Co., Ltd.	1				13,574	2,291
SK Telesys Co., Ltd.	12				51,531	
Others	847			900	12,078	
Total	₩ 46,648	₩ 1,150	₩ 4,132	₩ 1,304	₩ 267,856	₩ 22,419

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 year ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

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Payee	For the year ended December 31, 2007			For the year ended December 31, 2006		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
12 Registered directors (including outside directors)	₩ 4,786	₩ 722	₩ 5,508	₩ 4,472	₩ 935	₩ 5,407

In addition, on March 8, 2002, the Company granted stock options to its nine key members of the management, representing 15,110 shares at an exercise price of ₩267,000 per share. The stock options fully vested after three years from the date of grant and are exercisable for two years upon vesting. During the year ended December 31, 2007, the exercisable period elapsed and those stock options representing 15,110 shares have expired.

Table of Contents**24. PROVISION FOR MILEAGE POINTS**

The Company, for its marketing purposes, grants certain mileage points (Rainbow Points and Point Box) to its subscribers based on their usage of the Company's services. Mileage 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 years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007 (note a)	2006 (note a)
Beginning balance	₩ 52,593	₩ 52,172
Decrease (used points)	(12,530)	(10,336)
Decrease (reversal of provision for mileage points)	(27,532)	
Increase	15,137	10,757
Ending balance	₩ 27,668	₩ 52,593

(note a) Effective January 1, 2005, pursuant to adoption of SKAS No.17 [See Note 2(o)], Mileage points provision is recorded at the present value.

Mileage points expire after 5 years. The expected year when unused mileage points as of December 31, 2007 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 year of the usage (note b)	Estimated amount to be paid In nominal value (note b)	Current value (note b)
2008	₩ 12,203	₩ 11,432
2009	8,117	7,125
2010	5,443	4,475
2011	3,676	2,832
2012	2,500	1,804

Ending balance	₩	31,939	₩	27,668
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(note b) The above expected year of the usage and the current value of the estimated amount to be paid are estimated based on the historical usage experience.

Table of Contents**25. 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 December 31, 2007, 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 ₩15,662 million (excluding tax effect totaling ₩6,669 million and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling ₩62,908 million) was accounted for as accumulated other comprehensive loss.

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 December 31, 2007, 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 ₩1,567 million (excluding foreign exchange translation gain arising from U.S. dollar denominated long-term borrowings totaling ₩980 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 December 31, 2007, 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 ₩5,413 million (excluding foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩328 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 December 31, 2007, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩2,298 million (excluding tax effect totaling ₩872 million) was accounted for as accumulated other comprehensive income.

- 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 8 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, loss on valuation of currency swap of ₩12,646 million for the year ended December 31, 2007 was charged to current operations.

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

The Company has entered into a fixed-to-fixed cross currency swap contract with Credit Suisse First Boston International to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds with face amounts of US\$329,450,000 issued on May 27, 2004. In connection with unsettled fixed-to-fixed cross currency swap contract to which the hedge accounting is not applied, loss on valuation of currency swap of ₩623 million and ₩9,258 million for the years ended December 31, 2007 and 2006 was charged to current operations.

Also, 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, gain on valuation of currency swap of ₩7,316 million for the year ended December 31, 2007 was charged to current operations.

As of December 31, 2007, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments as of December 31, 2007 are as follows (In thousands of U.S. dollars, H.K. dollars, Japanese yen and millions of Korean won):

Type	Hedged item	Amount	Duration of contract	Fair value			Total
				Designated as cash flow hedge	Designated as fair value hedge	Not designated	
Non-current assets:							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 400,000	Jul. 20, 2007 ~ Jul. 20, 2017	₩	₩	₩ 7,316	₩ 7,316
Floating-to-fixed interest rate swap	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007 ~ Nov. 13, 2012	5,741			5,741
Floating-to-fixed Interest rate swap	Long-term floating rate discounted bill	₩ 200,000	Jun. 29, 2006 ~ Jun. 29, 2010	3,170			3,170
Total assets				₩ 8,911	₩	₩ 7,316	₩ 16,227
Current liabilities:							
Fix-to-fixed cross currency swap	U.S. dollar denominated China Unicom Equity	HK\$ 10,940,900	Sep. 11, 2007 ~ Sep. 16, 2008	₩	₩ 12,646	₩	₩ 12,646

Securities

Non-current liabilities:

Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$	300,000	Mar. 23, 2004 ~ Apr. 1, 2011	85,239		85,239	
Fix-to-fixed cross currency swap	U.S. dollar denominated convertible bond	US\$	100,000	May 27, 2004 ~ May 27, 2009		23,125	23,125	
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated long-term borrowings	US\$	100,000	Oct. 10, 2006 ~ Oct. 10, 2013	2,547		2,547	
					87,786	23,125	110,911	
Total liabilities					₩ 87,786	₩ 12,646	₩ 23,125	₩ 123,557

Table of Contents**26. COMMITMENTS**

a. Additional investment in SKT USA Holdings, Inc,

In accordance with the resolution of the Company's board of directors on January 26, 2005, the Company and EarthLink, Inc., an internet service provider in the United States of America, agreed to establish Helio, LLC, a joint venture company, in the United States of America in February 2005 in order to provide wireless telecommunication service across the United States of America. The Company, via SK Telecom USA Holdings, Inc., its wholly-owned subsidiary in the United States of America, has invested US\$220 million from 2005 through September 30, 2007 (to maintain 50% of equity interest in the Joint venture Company). In addition, the Company has invested US\$30,000,000 in SK Telecom USA Holdings, Inc. on July 25, 2007 in accordance with the resolution of the Company's board of directors on June 29, 2007, of which additional investment of up to US\$100,000 million was approved. In addition, the Company has invested US\$30,000,000, US\$40,000,000 and US\$30,000,000 in SK Telecom USA Holdings, Inc. on September 21, 2007, November 6, 2007 and December 13, 2007, respectively, in accordance with the resolution of the Company's board of directors on September 20, 2007, of which additional investment of up to US\$200,000 million in SK Telecom USA Holdings, Inc was approved. Helio, LLC extensively launched cellular voice and data services across the United States of America in May 2006 by renting networks from network operators throughout the United States of America also known as partial mobile virtual network operator (MVNO) system.

b. Agreement to acquire equity interests of hanarotelecom incorporated

On December 3, 2007, the Company entered into the agreement to acquire 91,406,249 shares of hanarotelecom incorporated's common stock from AIG Newbridge Capital Limited and others, at the price of ₩11,900 per share (total acquisition cost of 1,087,734 million won) in accordance with the resolution of the Company's board of directors on November 30, 2007. However, if the government approval is not made or the preceding conditions are not fulfilled in connection with the agreement, this agreement might not be executed. If the agreement is completed, the Company's ownership interest in hanarotelecom incorporated will increase to 43.6% from 4.8%.

27. STATEMENTS OF CASH FLOWS

The statements of cash flows are prepared using the indirect method.

Significant non-cash transactions for the years ended December 31, 2007 and 2006 are as follows (In millions of Korean won):

	2007	2006
Conversion of convertible bonds	₩ 5,654	₩ 29,528
Retirement of treasury stock		209,077
Offset of accounts receivable	67,313	85,695
Transfer from advanced payments to construction in progress	12,714	
Transfer from long-term loans to short-term loans	35,971	13,047
Transfer from long-term guarantee deposits received and other to accrued expenses	11,432	13,643
Transfer from long-term deposits and other to prepaid expenses	48,202	72,253

Table of Contents**28. OPERATING RESULTS FOR THE FOURTH QUARTER**

The Company's key operating results for the three months ended December 31, 2007 and 2006 (Unaudited) are as follows (In millions of Korean won, except for income per share):

	4 th Quarter of	
	2007	2006
	(unaudited)	(unaudited)
Operating revenue	₩2,916,012	₩2,759,776
Income before income tax	133,482	371,006
Net income	66,048	279,298
Net income per share (in Korean won)	909	3,926

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**Independent Accountant's Review Report
on Internal Accounting Control System (IACS)**

English Translation of a Report Originally Issued in Korean

To the Representative Director of
SK Telecom Co., Ltd.

We have reviewed the accompanying Report on the Management's Assessment of IACS (the Management's Report) of SK Telecom Co., Ltd. (the Company) as of December 31, 2007. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that based on the assessment of the IACS as of December 31, 2007, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2007, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

We conducted our review in accordance with the IACS Review Standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform a review, objective of which is to obtain a lower level of assurance than an audit, of the Management's Report in all material respects. A review includes obtaining an understanding of a company's IACS and making inquiries regarding the Management's Report and, when deemed necessary, performing a limited inspection of underlying documents and other limited procedures.

A company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness of IACS to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of December 31, 2007, and we did not review its IACS subsequent to December 31, 2007. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.

January 31, 2008

/s/ Deloitte Anjin LLC

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Report on the Assessment of Internal Accounting Control System (IACS)

To the Board of Directors and Audit Committee of
SK Telecom Co., Ltd.

I, as the Internal Accounting Control Officer (IACO) of SK Telecom Co., Ltd. (the Company), assessed the status of the design and operation of the Company s IACS for the year ended December 31, 2007.

The Company s management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been appropriately designed and is effectively operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of preparing and disclosing reliable financial statements reporting. I, as the IACO, applied the IACS Framework established by the Korea Listed Companies Association for the assessment of design and operation of the IACS.

Based on the assessment of the IACS, the Company s IACS has been appropriately designed and is operating effectively as of December 31, 2007, in all material respects, in accordance with the IACS Framework.

January 31, 2008

/s/ Internal Accounting Control Officer

/s/ Chief Executive Officer

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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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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)

Title: Tae Jin Park

Name: Senior Vice President

Date: April 24, 2008