

SK TELECOM CO LTD
Form 6-K
June 27, 2007

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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 JUNE 2007**

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

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

Form 20-F Form 40-F

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

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

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

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

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

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

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QUARTERLY REPORT

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

THIS IS A SUMMARY OF THE QUARTERLY 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. Other businesses related to the 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

N/A

3. Information Regarding Shares

A. Total number of shares

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(As of March 31, 2007)

(Unit: shares)

| Classification | Common shares | Share type | Total | Remarks |
|--|----------------------|-------------------|--------------|----------------|
| 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 | 8,526,252 | | 8,526,252 | |
| VI. Number of shares outstanding (IV-V) | 72,667,459 | | 72,667,459 | |

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B. Capital Stock and Price per Share

(As of March 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 | 36,333,729,500 | 500 | 549.8 | 614.3 |
| Total | | 44,639,473,000 | 40,596,855,500 | 36,333,729,500 | 500 | 549.8 | 614.3 |

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 | AcquisitionDisposition | | Retirement (-) | Amount at the end of period |
|--|--------------------|---|------------------------|-----|-------------------|-----------------------------------|
| | | | (+) | (-) | | |
| Direct acquisition pursuant to Article 189-2 (1) of the relevant Act | Common share | 4,561,572 | | | | |
| | Preferred share | | | | | 4,561,572 |
| Direct acquisition based on causes other than those stipulated in Article 189-2 (1) of the relevant Act | Common share | | | | | |
| | Preferred share | 77,970 | | | | 77,970 |
| Sub-total | Common share | 4,639,542 | | | | 4,639,542 |
| | 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 | | | | 8,526,252 |

Preferred
share

Notes:

- * Of the 4,639,542 shares of treasury stocks directly acquired based on causes other than those provided in Article 189-2 (1) of the relevant Act, 1,688,842 shares were deposited with the Korea Securities Depository as of March 31, 2007 for any exchange of the Company's overseas exchangeable bonds.
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Table of Contents**D. Employee Stock Ownership Program****(1) Transactions with the Employee Stock Ownership Program**

- a) On August 23, 1999, the Company lent Won 118.6 billion of 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.

Terms of the loan: 8-year installment repayment plan following a three-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.

- b) Repayment amount during the first quarter of 2007 : Won 970,569,000

Details of the loan repayment

(As of March 31, 2007)

(Unit: in thousand Won)

| Classification | Amount | Remarks |
|-------------------------------------|---------------|---|
| Initial loan amount | 118,577,755 | Lent on August 23, 1999 to 3,540 persons |
| | 112,018,769 | Includes Won 0.97 billion repaid during the first quarter of 2007 |
| Accumulated repayment amount | 6,558,986 | Expected full repayment by June 2010 |
| Balance | | |

(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)

| Account classification | Types of share | Balance at the beginning of period | Balance at the end of period |
|-------------------------------|-----------------------|---|-------------------------------------|
| E.S.O.P. account | Common share | 197,240 | 186,006 |

* 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.

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

(As of March 31, 2007)

(Unit: shares)

| Classification | Number of shares | Remarks |
|--|------------------|------------|
| Total outstanding shares (A) | Common share | 81,193,711 |
| | Preferred share | |
| Number of shares without voting right (B) | Common share | 8,526,252 |
| | Preferred share | |
| 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 | 72,667,459 |
| | Preferred share | |

5. Dividends and Others

(Unit: in million Won except per share value)

| Classification | 1Q 2007 | 2006 | 2005 |
|--|-----------------|-----------|-----------|
| Par value per share | 500 | 500 | 500 |
| Current net income | 396,310 | 1,446,598 | 1,871,380 |
| Net income per share | 5,454 | 19,734 | 25,421 |
| Income available for distribution as dividend | | 1,608,891 | 1,930,626 |
| Total cash dividend | | 582,386 | 662,529 |
| Total stock dividend | | | |
| Percentage of cash dividend to available income (%) | | 40.3 | 35.4 |
| Cash dividend yield ratio(%) | Common share | 3.6 | 4.9 |
| | Preferred share | | |
| Stock dividend yield ratio (%) | Common share | | |
| | Preferred share | | |
| Cash dividend per share | Common share | 8,000 | 9,000 |
| | Preferred share | | |
| Stock dividend per share | Common share | | |
| | Preferred share | | |

* The total amount of cash dividend for the year ended December 31, 2006 includes the interim dividend amount of Won 73,714 million, and the cash dividend amount per share of Won 8,000 for the same period includes the interim dividend amount of Won 1,000 per share.

* The total amount of cash dividend for the year ended December 31, 2005 includes the interim dividend amount of Won 73,614 million, and the cash dividend amount per share of Won 9,000 for the same period includes the interim dividend amount of Won 1,000 per share.

Table of Contents**II. BUSINESS****1. Business Summary**

A. Industry Status

(1) Characteristics of the Industry

As of March 31, 2007, the number of domestic mobile phone subscribers reached 41.1 million and with a 85% 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 1Q 2007 | End of 2006 | End of 2005 | End of 2004 | End of 2003 |
|-----------------------|---------------|-------------------|----------------|----------------|----------------|----------------|
| Penetration rate (%) | | 85.0 | 83.2 | 79.4 | 75.9 | 70.1 |
| Number of subscribers | SK Telecom | 20,733 | 20,271 | 19,530 | 18,783 | 18,313 |
| | PCS | 20,368 | 19,926 | 18,812 | 17,803 | 15,279 |
| | Total | 41,101 | 40,197 | 38,342 | 36,586 | 33,592 |

(Data: Ministry of Information and Communication website)

Table of Contents**(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. With the market penetration rate reaching as high as 85.0% (as of the end of March 2007), the customer base is continuing to expand to include elementary school and pre-school children. Although demand to date 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 | End of 1Q | | |
|---------------------|----------------|-----------|------|------|
| | | 2007 | 2006 | 2005 |
| Mobile phone | | 50.4 | 50.4 | 50.9 |

* Comparative market share

(As of March 31, 2007)

(Unit: %)

| | Classification | SK | KTF | LG |
|---------------------|----------------|---------|---------|---------|
| | | Telecom | Telecom | Telecom |
| Market share | | 50.4 | 32.0 | 17.5 |

(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 March 31, 2007**

(Unit: in million Won, %)

| Business field | Sales type | Item | Major | Sales amount (ratio) |
|--------------------------------------|------------|--------------|-----------------------|----------------------|
| | | | trademarks | |
| Information and communication | Services | Mobile phone | June, NATE and others | 2,673,678 (98.6%) |
| | | Others | Others | 38,053 (1.4%) |

B. Price Trend of Major Products

| Item | | 1Q 2007 | During 2006 | During 2005 |
|--|-------------------------------------|---------------------|------------------------------|-------------|
| | | Mobile phone | Basic fee (per month) | 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.

Table of Contents**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 | 15,500 | 2,920 | 12,580 |

* Amount already invested is the cumulative amount expended through the first quarter of 2007

B. Future Investment Plan

(Unit: Won 100 million)

| Business field | Asset type | Expected investment amount | Expected investment for each year | | Investment effect |
|----------------|-----------------------------|----------------------------|-----------------------------------|------|---|
| | | | 2008 | 2009 | |
| Network/Common | Network, systems and others | 15,500 | N/A | N/A | Upgrades to the existing services and provision of new services |
| Total | | 15,500 | N/A | N/A | |

* The expected investment amount of Won 1,550.0 billion is the planned investment amount for 2007.

4. Derivative Products and Others

A. Derivatives Contracts

(1) FX Swap

a) Purpose of Contracts: Currency Exchange Risk Hedging

b) Contract Terms

- Cross Currency Swap

(As of March 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 | (36,838) |
| US\$125 million | Credit Suisse | March 23, 2004 | Same as above | (36,712) |
| US\$50 million | BNP Paribas | March 23, 2004 | Same as above | (14,131) |
| US\$100 million | Calyon | October 10, 2006 | Same as above | (99) |
| Total: US\$400 million | | | | (87,780) |

* Income/loss on valuation was calculated using the cash flow hedge accounting and was appropriated for capital adjustment.

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FX Swap

(As of March 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 | (21,769) |
| US\$300 million | Hana Bank | June 30, 2006 | Payment of US Dollars and receipt of Korean Won on July 5, 2007 | 4,132 |
| US\$140 million | Shinhan Bank | | | |
| US\$140 million | Woori Bank | | | |
| US\$140 million | Korea Exchange Bank | | | |
| US\$140 million | Citibank | | | |
| US\$140 million | Barclays Capital | | | |

(2) Interest Rate Swap

a) Purpose of Contracts: Interest Rate Risk Hedging

b) Contract Terms

(As of March 31, 2007)

(Unit: in million Won)

| Contract amount | Contract party | Contract date | Proceeds payment method | Income/loss on valuation |
|------------------------|-----------------------|----------------------|--|---------------------------------|
| 2,000 | Shinhan Bank | June 28, 2006 | Fixing of interest payment date / exchange of floating interest rate | (1,416) |

* Income/loss on valuation was calculated using the cash flow hedge accounting and was appropriated for capital adjustment.

Table of Contents**5. R&D Investments**

(Unit: in thousand Won)

| | Category | 1Q 2007 | 2006 | 2005 |
|---|--|-------------------|--------------------|--------------------|
| Raw material | | 24,750 | 184,969 | 234,889 |
| Labor | | 13,414,757 | 33,986,701 | 35,191,759 |
| Depreciation | | 30,640,254 | 134,461,257 | 121,335,301 |
| Commissioned service | | 20,660,307 | 83,751,223 | 86,536,635 |
| Others | | 6,508,932 | 35,680,197 | 41,730,732 |
| Total R&D costs | | 71,249,000 | 288,064,347 | 285,029,316 |
| Accounting | Sales and administrative expenses | 68,944,824 | 277,807,352 | 273,223,885 |
| | Development expenses (Intangible assets) | 2,304,176 | 10,256,995 | 11,805,431 |
| R&D cost / sales amount ratio | | 1.95% | 2.70% | 2.81% |
| (Total R&D costs / Current sales amount×100) | | | | |

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 | | 3,404 | 6,435 | |
| Total procurement from financial institutions | 209,839 | | 3,404 | 206,435 | |
| Corporate bond (public offering) | 2,100,000 | | | 2,100,000 | |
| Corporate bond (private offering) | | | | | |
| Paid-in capital increase (public offering) | | | | | |

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| Source of procurement | Beginning balance | New procurement | Reduction from repayment | Ending balance | Remarks |
|---|-------------------|-----------------|--------------------------|----------------|---------|
| Paid-in capital increase (private offering) | | | | | |
| Asset backed securitization (public offering) | | | | | |
| Asset backed securitization (private offering) | | | | | |
| Others | | | | | |
| Total procurement from capital market | 2,100,000 | | | 2,100,000 | |
| Borrowings from shareholder, officer and affiliated company | | | | | |
| Others | | | | | |
| Total | 2,309,839 | | 3,404 | 2,306,435 | |

* Overseas procurement

(Unit: in million Won)

| Procurement source | Beginning balance | New procurement | Reduction in repayment and others | Ending balance | Remarks |
|---|-------------------|-----------------|-----------------------------------|----------------|--------------------------|
| Financial institutions | 92,960 | 1,070 | | 94,030 | Exchange rate adjustment |
| Overseas securities (Corporate bonds) | 278,880 | 3,210 | | 282,090 | Exchange rate adjustment |
| Overseas securities (shares and others) | 356,356 | | | 356,356 | |
| Asset backed securitization | | | | | |
| Others | | | | | |
| Total | 728,196 | 4,280 | | 732,476 | |

Table of ContentsB. Credit Ratings
(1) Corporate Bonds

| Credit rating date | Subject of valuation | Credit rating | Credit rating entity (Credit rating range) | Evaluation classification |
|---------------------------|-----------------------------|----------------------|---|----------------------------------|
| March 12, 2004 | Corporate bond | AAA | Korea Ratings | Current valuation |
| March 15, 2004 | Corporate bond | AAA | National Information on Credit Evaluation, Inc. | Current valuation |
| April 23, 2004 | Corporate bond | AAA | Korea Investors Service, Inc. | Current valuation |
| April 23, 2004 | Corporate bond | AAA | Korea Ratings | Current valuation |
| December 6, 2004 | Corporate bond | AAA | Korea Investors Service, Inc. | Current valuation |
| December 6, 2004 | Corporate bond | AAA | National Information on Credit Evaluation, Inc. | Current valuation |
| 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 14, 2005 | Corporate bond | AAA | National Information on Credit Evaluation, Inc. | 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 |
| 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 |

* 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.

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(2) Commercial Paper (CP)

| Credit rating date | Subject of valuation | Credit rating | Credit rating entity (Credit rating range) | Evaluation classification |
|---------------------------|-----------------------------|----------------------|---|----------------------------------|
| January 26, 2004 | CP | A1 | National Information on Credit Evaluation, Inc. | Regular valuation |
| June 8, 2004 | CP | A1 | National Information on Credit Evaluation, Inc. | Current valuation |
| June 11, 2004 | CP | A1 | Korea Ratings | Current valuation |
| June 11, 2004 | CP | A1 | Korea Investors Service, Inc. | Current 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 |
| June 13, 2006 | CP | A1 | Korea Investors Service, Inc. | Current valuation |
| June 21, 2006 | CP | A1 | National Information on Credit Evaluation, Inc. | Current valuation |
| June 22, 2006 | CP | A1 | Korea Investors Service, Inc. | Current valuation |
| September 1, 2006 | CP | A1 | Korea Ratings | Current valuation |
| December 27, 2006 | CP | A1 | National Information on Credit Evaluation, Inc. | Current valuation |
| December 27, 2006 | CP | A1 | Korea Investors Service, Inc. | Current 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.

(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 |

III. FINANCIAL INFORMATION

1. Summary Financial Statements

(Unit: in million Won)

| Classification | Year ended December 31, | | | | |
|-----------------------|-------------------------|------------|------------|------------|-----------|
| | 1Q 2007 | 2006 | 2005 | 2004 | 2003 |
| Current assets | 4,033,638 | 4,189,325 | 4,172,485 | 3,854,345 | 3,460,706 |
| Quick assets | 4,014,481 | 4,172,887 | 4,166,500 | 3,843,384 | 3,452,682 |
| Inventory | 19,157 | 16,438 | 5,985 | 10,961 | 8,024 |
| Fixed assets | 11,795,615 | 11,624,728 | 10,349,191 | 10,166,360 | 9,915,253 |
| Investments | 3,841,897 | 3,547,942 | 2,366,760 | 2,112,488 | 1,763,359 |

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| Classification | Year ended December 31, | | | | |
|---|-------------------------|-------------|-------------|-------------|-------------|
| | 1Q 2007 | 2006 | 2005 | 2004 | 2003 |
| Tangible assets | 4,391,357 | 4,418,112 | 4,595,884 | 4,605,253 | 4,551,626 |
| Intangible assets | 3,315,393 | 3,405,158 | 3,386,547 | 3,448,619 | 3,600,268 |
| Other non-current assets | 246,968 | 253,516 | | | |
| Total assets | 15,829,253 | 15,814,053 | 14,521,676 | 14,020,705 | 13,375,959 |
| Current liabilities | 3,238,898 | 2,985,620 | 2,747,268 | 2,859,711 | 4,231,974 |
| Fixed liabilities | 3,185,321 | 3,522,006 | 3,516,528 | 4,033,902 | 3,202,147 |
| Total liabilities | 6,424,219 | 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 | 2,965,945 | 2,962,699 | 2,966,198 | 2,983,166 | 2,915,964 |
| Capital adjustment | (2,022,477) | (2,019,568) | (2,022,817) | (2,057,422) | (2,159,114) |
| Accumulated comprehensive income | 684,536 | 473,904 | | | |
| Retained earnings | 7,732,391 | 7,844,753 | 7,269,861 | 6,156,708 | 5,140,349 |
| Total capital | 9,405,034 | 9,306,427 | 8,257,881 | 7,127,091 | 5,941,838 |
| Sales | 2,711,730 | 10,650,952 | 10,161,129 | 9,703,681 | 9,520,244 |
| Operation income | 661,984 | 2,584,370 | 2,653,570 | 2,359,581 | 3,080,660 |
| Ordinary income | 563,792 | 2,021,643 | 2,554,613 | 2,115,778 | 2,714,194 |
| Current net income | 396,310 | 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**

| 1Q 2007 | 2006 | 2005 | 2004 |
|--------------------|--------------------|--------------------|-------------------------|
| Deloitte Anjin LLC | Deloitte Anjin LLC | Deloitte Anjin LLC | Deloitte Hana Anjin LLC |

2. Audit Opinion

| Term | Auditor s opinion | Issues noted |
|------------------------------|-------------------|--------------|
| 1Q 2007 | Appropriate | |
| Year ended December 31, 2006 | Appropriate | |
| Year ended December 31, 2005 | Appropriate | |
| Year ended December 31, 2004 | Appropriate | |

Table of Contents**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 |
|---|-------------------------------|---|------------------|---|
| 1Q 2007 | Deloitte Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | To be determined | To be determined |
| Year ended December 31, 2006 | Deloitte Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | 656,000 | 6,206 (excluding time spent on consolidated and US GAAP audit) |
| Year ended December 31, 2005 | Deloitte Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | 447,000 | 5,177 |
| Year ended December 31, 2004 | Deloitte Hana Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | 360,000 | 4,808 |

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B. Non-Audit Services Contract with External Auditors

(Unit: in thousand Won)

| Term | Contract date | Service provided | Service period | Fee |
|-------------------------------------|----------------------|--|-----------------------|------------|
| 1Q 2007 | March 20, 2007 | Tax adjustment for fiscal year 2006 | 10 days | 30,000 |
| Year ended December 31, 2006 | January 1, 2006 | Tax consulting service for fiscal year 2006 | 25 days | 20,000 |
| | February 7, 2006 | Tax training for employees of authorized exclusive dealers | 50 days | 45,000 |
| | March 31, 2006 | Tax adjustment for fiscal year 2005 | 7 days | 27,000 |
| | April 30, 2006 | Tax consulting | 7 days | 45,000 |
| | July 26, 2006 | Financial consulting | 7 days | 40,000 |
| | October 13, 2006 | Evaluation of and preparation of recommendations for improvement of subsidiaries financial system infrastructure | 10 days | 49,500 |
| Year ended December 31, 2005 | November 13, 2006 | Preparation of responses to the U.S. S.E.C. comments on the Company's Form 20-F for 2005 | 10 days | 25,500 |
| | February 4, 2005 | Advisory service regarding the set up of the internal control | 9 days | 46,080 |
| | March 30, 2005 | -Form 20-F for the year ended December 31, 2003 -Response to the U.S. S.E.C. comments regarding the Form 6-K including the U.S. GAAP consolidated financial statements for the six months ended June 30, 2004 | 10 days | 20,200 |
| | March 31, 2005 | Tax adjustment for the year ended December 31, 2004 | 7 days | 24,920 |
| | April 15, 2005 | Tax consulting | 3 days | 5,000 |
| | April 29, 2005 | Tax consulting | 7 days | 19,000 |
| Year ended December 31, 2004 | June 1, 2005 | 2004 English audit | 20 days | 86,000 |
| | July 18, 2005 | Tax consulting | 5 days | 13,500 |
| | December 31, 2005 | Tax consulting | All year (100 hours) | 10,000 |
| | March 2, 2004 | Consulting on the issuance of overseas unsecured debenture | 17 days | 49,500 |
| | March 30, 2004 | Tax adjustment for the year ended December 31, 2003 | 5 days | 22,650 |
| | April 1, 2004 | Financial due diligence | 6 days | 6,100 |
| | April 10, 2004 | Thailand tax consulting | 4 days | 12,000 |

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| Term | Contract date | Service provided | Service period | Fee |
|-------------|----------------------|--|-----------------------|------------|
| | April 14, 2004 | Consulting on issuance of overseas exchangeable bond | 15 days | 48,800 |
| | May 10, 2004 | Indonesia tax consulting | 4 days | 9,600 |
| | September 30, 2004 | U.S. GAAP Consolidated Audit (yearly basis) | 20 days | 86,000 |
| | September 30, 2004 | U.S. GAAP Consolidated Audit (Semi-annual basis) | 30 days | 114,000 |
| | October 15, 2004 | Consulting on internal control recommendations | 50 days | 171,000 |

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 15, 2007, in the notice of the annual general meeting of shareholders, information on Jung Nam Cho, Sung Min Ha and Dal Sup Shim, 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 |
|--|----------------------|---|--|
| 276th (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 |
| 277th (the second meeting of 2007) | February 13, 2007 | Organization of Independent Non-executive Director Nomination Committee | Approved as proposed |
| 278th (the third meeting of 2007) | February 13, 2007 | Convocation of the 29 th 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 |
| (4) Committee Structure and Activities of the Board of Directors | | | |
| a) Independent non-executive Director Nomination Committee Organization | | | |

(As of March 31, 2007)

| Number of Persons | Members | |
|--------------------------|---------------------------|--|
| | Company Directors | Independent non-executive Directors |
| 4 Activities | Shin Bae Kim, Sung Min Ha | Seung Taik Yang, Sang Jin Lee |

| Meeting | Date | Number of Attendees | Details |
|---|-------------------|----------------------------|--|
| 8th Meeting (the first meeting of 2007) | February 13, 2007 | 4 persons /4 persons | Election of the Chairman: Seung Taik Yang 2 nd General Meeting of Shareholders: Nomination of Independent non-executive director candidates Dal Sup Shim |

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

Table of Contentsb) Compensation Review Committee
Organization

(As of March 31, 2007)

Members

| Number of Persons | Company Directors | Independent non-executive Directors |
|--------------------------|--------------------------|--|
| 8 persons | | Dae Sik Kim, Yong Woon Kim, Dae Kyu Byun, Dal Sup Shim, Seung Taik Yang, Jae Seung Yoon, Sang Jin Lee, Hyun Chin Lim |
| Activities | | |

| Meeting | Date | Number of Attendees | Details |
|----------------------------------|----------------|----------------------------|----------------------|
| The first meeting of 2007 | April 26, 2007 | 7 persons/ 8 persons | Election of chairman |

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

c) Capex Review Committee
Organization

(As of March 31, 2007))

Members

| Number of Persons | Company Directors | Independent non-executive Directors |
|--------------------------|--------------------------|--|
| 5 persons | Lee Bang Hyung | Dae Kyu Byun, Seung Taik Yang, Jae Seung Yoon, Sang Chin Lee |
| Activities | | |

| Meeting | Date | Number of Attendees | Details |
|----------------------------------|----------------|----------------------------|----------------------|
| The first meeting of 2007 | April 26, 2007 | 4 persons/ 5 persons | Election of chairman |

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

d) Globalization Committee
Organization

(As of March 31, 2007)

Number of Persons

4 persons

Activities

N/A

Company Directors

Ha Sung Min

Members

Independent non-executive Directors

Dae Sik Kim, Dae Kyu Byun, Sang Chin Lee

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

e) 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) 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

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 Dae Sik Kim, Yong Woon Kim, Dal Sup Shim and Hyun Chin Lim.

(4) Major Activities of the Audit Committee

| Meeting | Date | Agenda | Approval | Remarks |
|-----------------------------------|-------------------|---|-----------------|----------------|
| The first meeting of 2007 | January 24, 2007 | Financial statements for the year ended December 31, 2006 Annual business report for the year ended December 31, 2006 Report on operation of internal accounting controls | | |
| The second meeting of 2007 | February 12, 2007 | Report on K GAAP audit of the financial statements for the | | |

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| | |
|--|----------------------|
| year ended December 31, 2006 | |
| Report on the review of internal accounting controls | |
| for the | |
| year ended December 31, 2006 | |
| Report on the 2006 second-half management audit | |
| and the | |
| 2007 plan | |
| Auditor's opinion on internal controls | Approved as proposed |
| Audit report for the year ended December 31, 2005 | Approved as proposed |
| Evaluation of internal accounting controls | Approved as proposed |

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| Meeting | Date | Agenda | Approval | Remarks |
|----------------------------------|----------------|---|---|----------------|
| The third meeting of 2007 | April 26, 2007 | Election of committee chairman | Approved as proposed | |
| | | Reaffirmation of services to be provided by external auditors for fiscal year 2007 | To be re-proposed at subsequent meeting | |
| | | Report on internal audit regarding the appropriateness of imposition of certain fines | | |

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.

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.

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 | 3,320 | 12,000 | 830 | |
| Independent non-executive directors | 133 | | 18 | Including members of the Audit Committee |

(2) Granting and Exercise of Stock Options

All of the options granted by the Company in or after 2001, in the total amount of 109,550 shares, have expired and there are no options that remain outstanding. The exercise period for the stock options granted on March 8, 2002 (for 65,730 shares) was from March 8, 2005 to March 7, 2007, and all such options have expired without exercise.

Table of Contents**2. Affiliated Companies**

(1) Summary of Corporate Group

Name: SK Group

(2) Capital Investments between Affiliated Companies

(As of March 31, 2007)

* Based on common shares

| Investing company | Invested companies | | | | | | | |
|-----------------------------------|--------------------|---------------|---------------|--------------|---------------|---------------|----------------|---------------|
| | SK Corporation | SK Networks | SK Telecom | SK Chemicals | SKC | SK E&C | SK Shipping | SK Securities |
| SK Corporation | | 40.58% | 21.75% | | 44.19% | | 72.13% | |
| SK Networks | | | 1.34% | | | 0.02% | 17.71% | 22.71% |
| SK Telecom | | | | | | | | |
| SK Chemicals | | | | | | 58.03% | | |
| SKC | | | | 2.90% | | | 10.16% | 12.41% |
| SK E&C | | | | | | | | |
| SK Shipping | | | | | | | | |
| SK Securities | 0.17% | | | | | | | |
| Walkerhill | | | | | | | | |
| SK C&C | 11.16% | | | | | | | |
| SK incheon oil | | | | | | | | |
| Daehan City Gas | | | | | | | | |
| SK Telink | | | | | | | | |
| SK E&S | | | | | | | | |
| SK Communications | | | | | | | | |
| iHQ | | | | | | | | |
| Empas | | | | | | | | |
| Total affiliated companies | 11.33% | 40.58% | 23.09% | 2.90% | 44.19% | 58.05% | 100.00% | 35.12% |

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| Investing companies | Invested companies | | | | | | | |
|-----------------------------------|--------------------|--------|--------|--------|--------|--------------|----------|------------|
| | Walkerhill | SK E&S | SK Gas | SK C&C | DOPCO | Cheongju Gas | Gumi Gas | Pohang Gas |
| SK Corporation | | 51.00% | | | 32.38% | | | |
| SK Networks | 9.68% | | | 15.00% | 4.61% | | | |
| SK Telecom | | | | 30.00% | | | | |
| SK Chemicals | 0.25% | | | | | | | |
| SKC | 7.50% | | | | | | | |
| SK E&C | | | | | | | | |
| SK Shipping | | | | | | | | |
| SK Securities | | | | | | | | |
| Walkerhill | | | | | | | | |
| SK C&C | | | | | | | | |
| SK incheon oil | | | | | 5.23% | | | |
| Daehan City Gas | | | | | | | | |
| SK Telink | | | | | | | | |
| SK E&S | | | 45.53% | | | 100.00% | 100.00% | 100.00% |
| SK Communications | | | | | | | | |
| iHQ | | | | | | | | |
| Empas | | | | | | | | |
| Total affiliated companies | 17.43% | 51.00% | 45.53% | 45.00% | 42.23% | 100.00% | 100.00% | 100.00% |

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| Investing companies | Invested companies | | | | | | Busan City Gas |
|-----------------------------------|-----------------------|-----------------------|----------------|-------------------|------------------|------------------------|----------------------|
| | Daehan City Gas | Daehan Engineering | SK Sci-tech | K-Power 65.00% | SK NJC 60.00% | SK Telink 90.77% | |
| SK Corporation | | | | | | | |
| SK Networks | | | | | | | |
| SK Telecom | | | | | | | |
| SK Chemicals | | | 50.00% | | 60.00% | | |
| 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 | 40.00% | | | | | | 40.00% |
| SK Communications | | | | | | | |
| iHQ | | | | | | | |
| Empas | | | | | | | |
| Total affiliated companies | 40.00% | 100.00% | 50.00% | 65.00% | 60.00% | 90.77% | 40.00% |

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| | Invested companies | | | | | | |
|-----------------------------------|---------------------------|-------------------------|-------------------------|---------------------------|-----------------------------------|------------------------------|-----------------------|
| | Stellar | Jeonnam City | Gangwon City | Iksan City Gas | OK Cashbag Service | Chungnam City Gas | SK Wyverns |
| Investing companies | Shipping | Gas | Gas | Gas | 96.67% | | |
| SK Corporation | | | | | | | |
| SK Networks | | | | | | | |
| SK Telecom | | | | | 1.19% | | 99.99% |
| SK Chemicals | | | | | | | |
| SKC | | | | | | | |
| SK E&C | | | | | | | |
| SK Shipping | 100.00% | | | | | | |
| SK Securities | | | | | | | |
| Walkerhill | | | | | | | |
| SK C&C | | | | | | | |
| SK incheon oil | | | | | | | |
| Daehan City Gas | | | | | | | |
| SK Telink | | | | | | | |
| SK E&S | | 100.00% | 100.00% | 100.00% | | 100.00% | |
| SK Communications | | | | | | | |
| iHQ | | | | | | | |
| Empas | | | | | | | |
| Total affiliated companies | 100.00% | 100.00% | 100.00% | 100.00% | 97.86% | 100.00% | 99.99% |

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| Investing companies | Infosec | Invested companies | | | | Innoace | AirCROSS |
|-----------------------------------|---------------|--------------------|----------------------|---------------|---------------|----------------|----------|
| | | MRO Korea | SK Communications | SK Telesys | | | |
| SK Corporation | | | | | | | |
| SK Networks | | 51.00% | | | | | |
| SK Telecom | | | 85.90% | | 14.25% | 100.00% | |
| SK Chemicals | | | | | | | |
| SKC | 20.63% | | | 77.13% | | | |
| SK E&C | | | | | | | |
| SK Shipping | | | | | | | |
| SK Securities | | | | | | | |
| Walkerhill | | | | | | | |
| SK C&C | 48.14% | | | | | | |
| SK incheon oil | | | | | | | |
| Daehan City Gas | | | | | | | |
| SK Telink | | | 1.18% | | | | |
| SK E&S | | | | | | | |
| SK Communications | | | | | | | |
| iHQ | | | | | | | |
| Empas | | | | | | | |
| Total affiliated companies | 68.77% | 51.00% | 87.08% | 77.13% | 14.25% | 100.00% | |

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| Investing companies | Encar network | Global C&I | Invested companies | | | |
|-----------------------------------|------------------|---------------|--------------------|---------------|---------------|---------------|
| | | | Paxnet | TU Media | SK Utis | SK CTA |
| SK Corporation | 50.00% | | | | | 50.00% |
| SK Networks | | | | | | |
| SK Telecom | | 50.00% | 59.74% | 32.70% | | |
| SK Chemicals | | | | | 60.00% | |
| SKC | | | | | | |
| SK E&C | | | | | | |
| SK Shipping | | | | | | |
| SK Securities | | 40.00% | | | | |
| Walkerhill | | | | | | |
| SK C&C | | | | | | |
| SK incheon oil | | | | | | |
| Daehan City Gas | | | | | | |
| SK Telink | | | | | | |
| SK E&S | | | | | | |
| SK Communications | | | | | | |
| iHQ | | | | | | |
| Empas | | | | | | |
| Total affiliated companies | 50.00% | 90.00% | 59.74% | 32.70% | 60.00% | 50.00% |

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| Investing companies | Invested companies | | | | | | SK Incheon Oil 90.63% |
|-----------------------------------|--------------------|---------------|---------------|---------------------|-------------------------------|----------------|--------------------------------|
| | Seoul Records | In2Gen | Independence | SK Petrochemical | SK Mobile Energy 88.34% | SKC Media | |
| SK Corporation | | | | | | | |
| SK Networks | | | | | | | |
| SK Telecom | 60.00% | | | | | | |
| SK Chemicals | | 44.56% | | 100.00% | | | |
| SKC | | | | | 11.66% | 100.00% | |
| SK E&C | | | | | | | |
| SK Shipping | | | | | | | |
| SK Securities | | | | | | | |
| Walkerhill | | | | | | | |
| SK C&C | | | 67.78% | | | | |
| SK incheon oil | | | | | | | |
| Daehan City Gas | | | | | | | |
| SK Telink | | | | | | | |
| SK E&S | | | | | | | |
| SK Communications | | | | | | | |
| iHQ | | | | | | | |
| Empas | | | | | | | |
| Total affiliated companies | 60.00% | 44.56% | 67.78% | 100.00% | 100.00% | 100.00% | 90.63% |

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| Investing companies | iHQ | YTN Media | Invested companies | | | Empas | Ecolgreen |
|-----------------------------------|---------------|---------------|--------------------|-----------------|----------------|---------------|---------------|
| | | | I Film Co. | NTRREEV Soft | SK I-Media | | |
| SK Corporation | | | | | | | |
| SK Networks | | | | | | | 55.00% |
| SK Telecom | 34.05% | | | | | | |
| 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 | | | | | | | |
| SK Communications | | | | | | 60.00% | 24.43% |
| IHQ | | 51.42% | 45.00% | 51.00% | | | |
| Empas | | | | | | | |
| Total affiliated companies | 34.05% | 51.42% | 45.005 | 51.00% | 100.00% | 24.43% | 55.00% |

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

A. Shareholdings of Major Shareholders and other Related Parties

(As of December 31, 2006)

(Unit: share, %)

| Name | Relationship | Types of shares | Number of shares owned (equity rate) | | | | Cause of change | |
|-----------------------|-------------------------------|-----------------|--------------------------------------|-----------------|---------------------------|---------------------------|-----------------|-------------------------|
| | | | Beginning Number of shares | Ownership ratio | Increase Number of shares | Decrease Number of shares | | Ending Number of shares |
| SK Corporation | Parent company | Common stock | 17,663,127 | 21.47 | | | 17,663,127 | 21.75 |
| SK Networks | Affiliated company | Common stock | 1,085,325 | 1.32 | | | 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 | 700 | 0.00 | 70 | | 770 | 0.00 |
| 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 | 1,630 | 0.00 | | 1,230 | 400 | 0.00 |
| Sung Min Ha | Director | Common stock | 738 | 0.00 | | | 738 | 0.00 |
| Total | | Common stock | 18,753,140 | 22.79 | 70 | 1,230 | 18,751,980 | 23.10 |
| | | Preferred stock | 0 | 0 | | | 0 | 0 |
| | | Total | 18,753,140 | 22.79 | 70 | 1,230 | 18,751,980 | 23.10 |

Largest shareholder: SK Corporation

Number of related parties: 8 persons

B. Shareholders with More than 5% Shareholding

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(As of December 31, 2006)

(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 | 21,649,448 | 26.66 | | | 21,649,448 | 26.66 |
| 2 | SK Corporation | 17,663,127 | 21.75 | | | 17,663,127 | 21.75 |
| 3 | SK Telecom | 8,526,252 | 10.50 | | | 8,526,252 | 10.50 |
| | Total | 47,838,827 | 58.92 | | | 47,838,827 | 58.92 |

C. Shareholder Distribution

(As of December 31, 2006)

| Classification | Number of shareholders | Ratio (%) | Number of shares | Ratio (%) | Remarks |
|---|------------------------|-----------|------------------|-----------|---------|
| Total minority shareholders | 21,571 | 99.96 | 29,242,806 | 36.01 | |
| Minority shareholders (corporate) | 1,077 | 4.99 | 11,103,941 | 13.67 | |
| Minority shareholders (individual) | 20,494 | 94.97 | 18,138,865 | 22.34 | |
| Largest shareholder | 1 | 0.00 | 17,663,127 | 21.75 | |
| Major shareholders | | | | | |
| Other shareholders | 8 | 0.04 | 34,287,778 | 42.23 | |
| Other shareholders (corporate) | 6 | 0.03 | 11,663,018 | 14.36 | |
| Other shareholders (individual) | 2 | 0.01 | 22,624,760 | 27.87 | |
| Total | 21,580 | 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 | | March 2007 | February 2007 | January 2007 | December 2006 | November 2006 | October 2006 |
|-----------------------------------|---------------|---------------------|----------------|--------------|---------------|---------------|--------------|
| | | Common share | Highest | 198,500 | 205,500 | 225,500 | 235,000 |
| | Lowest | 190,000 | 191,000 | 195,500 | 211,500 | 205,000 | 194,500 |
| Monthly transaction volume | | 4,158,566 | 4,619,096 | 4,003,944 | 3,192,160 | 3,534,043 | 3,085,835 |

B. Overseas Securities Market

New York Stock Exchange

(Unit: US\$, ADR)

| Types | | March 2007 | February 2007 | January 2007 | December 2006 | November 2006 | October 2006 |
|-----------------------------------|---------------|---------------------------|----------------|--------------|---------------|---------------|--------------|
| | | Depository receipt | Highest | 23.70 | 24.14 | 26.41 | 27.42 |
| | Lowest | 22.51 | 22.46 | 23.03 | 25.44 | 24.91 | 22.89 |
| Monthly transaction volume | | 24,665,014 | 22,246,378 | 16,942,200 | 11,177,000 | 16,392,201 | 15,388,604 |

VII. EMPLOYEES

(As of March 31, 2007)

(Unit: persons, in million Won)

| Classification | Number of employees | | | | Average service year | Total quarterly wage | Average wage per person | Remarks |
|----------------|-----------------------------|----------------------|--------|-------|----------------------|----------------------|-------------------------|---------|
| | Office managerial positions | Production positions | Others | Total | | | | |
| Male | 3,774 | | | 3,774 | 8.80 | 56,654 | 15 | |
| Female | 554 | | | 554 | 7.27 | 6,423 | 12 | |
| Total | 4,328 | | | 4,328 | 8.60 | 63,077 | 14 | |

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 March 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 | 4,707 | 106 | |

B. Equity Investments

(As of March 31, 2007)

(Unit: in million Won)

| Name (Corporate name) | Relationship | Types of Investment | Details | | | Ending | Note |
|--------------------------|--------------------|---------------------|-----------|----------|----------|---------|------|
| | | | Beginning | Increase | Decrease | | |
| SKT U.S.A. Holdings | Affiliated company | Common share | 199,047 | 12,719 | | 211,766 | |
| 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 | 1,124 | | 2,467 | |
| | Total | | 265,301 | 48,351 | | 313,652 | |

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C. Transfer of Assets

Unit: in thousand won)

| Name (Corporate name) | Relationship | Subject matter | Transfer purpose | Transfer details | | Remarks |
|-------------------------------|--------------------|------------------------------------|------------------------------|-----------------------|----------------------|-----------|
| | | | | Transfer date | Amount | |
| | | | | Transfer (out) amount | Transfer (in) amount | |
| SK Corporation | Affiliated company | Intellectual property (trademarks) | Brand consolidation | February 6, 2007 | | 4,125,000 |
| SK Corporation | Affiliated company | Vehicles | Sale of vehicles | February 13, 2007 | | 7,273 |
| SK Networks | Affiliated company | Equipment | Sale of assets | February 15, 2007 | | 1,770 |
| Encar Networks Limited | Affiliated company | Vehicles | Sale of vehicles | February 8, 2007 | | 77,273 |
| Encar Networks Limited | Affiliated company | Vehicles | Sale of vehicles | March 26, 2007 | | 100,545 |
| SK Communications | Affiliated company | Vehicles | Sale of operational vehicles | February 28, 2007 | 21,202 | |
| | | Total | | | 21,202 | 4,311,861 |

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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 | Beginning | Change details | | Ending | Accrued interest | Remarks |
|--------------------------|--------------|--------------------------------|-----------|----------------|----------|--------|------------------|---------|
| | | | | Increase | Decrease | | | |
| Hong Eun and others | Agency | Long-term and short-term loans | 64,984 | 38,743 | 21,900 | 81,827 | | |

* Overseas investment companies

(Unit: in million Won)

| (Corporate name) | Relationship | Account category | Beginning | Change details | | Ending | Accrued interest | Remarks |
|-------------------------|-----------------------------|------------------|-----------|----------------|----------|--------|------------------|-------------------|
| | | | | Increase | Decrease | | | |
| 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 | Beginning | Details | | | Ending | Remarks |
|-------------------------------|--------------|---------------------|-----------|-----------|-----------|-----------|--------|---------|
| | | | | Increase | Decrease | | | |
| Nayio Media, Inc. | | Common share | 247,500 | | 247,500 | | | |
| DCM V.L.P. | | Fund investment | | 4,691,500 | | 4,691,500 | | |
| Sky Lake Fund | | Fund investment | | 352,000 | | 352,000 | | |
| Centurion IT Investment Group | | Common share | 3,000,000 | | 900,000 | 2,100,000 | | |
| | | Total | 3,247,500 | 5,043,500 | 1,147,500 | 7,143,500 | | |

Table of Contents**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 in Korea | Title | Report | Reports status |
|------------------------------------|---|---|---|
| October 26, 2001 | Resolution on trust agreement for the acquisition of treasury shares and others | 1. Signatories: Shinhan Bank, Hana Bank, Cho Hung Bank, Korea Exchange Bank 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value | 1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 3. As of March 31, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion. |

2. Summary Minutes of the Shareholders Meeting

| Date | Agenda | Resolution |
|---|---|--|
| 22 nd Fiscal Year Meeting of Shareholders (March 10, 2006) | 1. Approval of the financial statements for the year ended December 31, 2005 2. Amendment of the Articles of Incorporation 3. Remuneration limit for Directors 4. Election of Directors (Election of Independent non-executive directors as Audit Committee members) | Approved (Cash dividend, Won 8,000 per share) Approved (Addition of business objective: travel business) Approved (Won 12 billion) Approved (Kim Yong Woon and Im Hyun Jin) |
| 23 rd Fiscal Year Meeting of Shareholders (March 9, 2007) | 1. Approval of the financial statements for the year ended December 31, 2006 2. Remuneration limit for Directors 3. Election of Directors - Election of executive directors - Election of independent non-executive directors as Audit Committee members | Approved (Cash dividend, Won 7,000 per share) Approved (Won 12 billion) Approved (Jung Nam Cho, Sung Min Ha) Approved (Dal Sup Shim) |

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3. Contingent Liabilities

A. Material Legal Proceedings

(1) Action for Monetary Damages

- a) Parties to the litigation: G.Mate Inc. (plaintiff) vs. the Company (defendant)
- b) Overview: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but that the Company subsequently refused to take delivery of such units. G.Mate sought approximately Won 4.5 billion in damages.
- c) Progress: An initial mediation process, which was requested by G.Mate, was terminated in January 2007. G.Mate commenced a lawsuit, which is currently pending at the Seoul Central District Court.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to Won 4.5 billion in damages. But as G.Mate, to date, has been unable to produce detailed evidence in support of its claim and calculation of requested damages, the Company expects that the likelihood of a ruling against the Company to be low and the estimated impact on the Company's operations and finances should not be large; however, the actual results of the litigation and actual impact on impact on the Company's operations and finances may differ depending on future events.

(2) Action Seeking to Vacate Judgment of the Intellectual Property Tribunal Nullifying Patent Registration Related to Caller Ring Service

- a) Parties to the litigation: Park Won Sup (plaintiff) vs. the Company (defendant)
- b) Overview: Mr. Park Won Sup (the representative director of Ad Ring Systems Co., Ltd.) claimed that certain technology the Company uses to provide the caller ring service infringed upon his patent rights, and the Company sought an administrative action to nullify Mr. Park's patent rights in the Intellectual Property Tribunal. The Tribunal upheld the nullification of Mr. Park's patent rights and Mr. Park appealed the decision.
- c) Progress: The Patent Court dismissed plaintiff's claim (September 2005), after which the plaintiff appealed.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk of material future royalty obligations. However, given the progress of the proceedings, the estimated impact should not be large; however, the actual impact may differ depending on future events.

(3) Actions for the Cancellation of the International Registration for Satellite Network

- a) Parties to the litigation: Korea Multinet Co., Ltd. (Korea Multinet) vs. the Ministry of Information and Communication (MIC ; the Company is participating in the action on behalf of MIC)
- b) Overview: Korea Multinet brought an administrative action against MIC to cancel the Company's international satellite frequency registration related to the satellite DMB business.
- c) Progress: The trial court found for the defendant and the appellate court affirmed the judgment of the trial court (June 30, 2004). The plaintiff appealed and the case is currently pending at the Supreme Court.

- d) Impact on business: Given the progress of the proceedings, no significant impact on the Company's business is expected; however, the actual impact may differ depending on future events.

(4) Actions for the Cancellation of Key Communication Business Licenses and Allotment of Satellite DMB Frequency

- a) Parties to the litigation: Korea Multinet vs. MIC (the Company is participating in the action on behalf of MIC)

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- b) Overview: Korea Multinet brought an administrative action against MIC to cancel the Company's key communication business licenses and the allotment of the Company's satellite DMB frequency.
 - c) Progress: The Seoul Administrative Court dismissed the claim in July 2006, and Korea Multinet has appealed to the Seoul Appellate Court where the lawsuit is currently pending.
 - d) Impact on business: The Company plans to provide full support to MIC in the action although no significant impact to the Company's business is expected; however, the actual impact may differ depending on future events.
-

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SK TELECOM CO., LTD.

NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

AND INDEPENDENT ACCOUNTANTS REVIEW REPORT

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of SK Telecom Co., Ltd. (the Company) as of March 31, 2007, the related non-consolidated statements of income and cash flows for the three months ended March 31, 2007 and 2006, and non-consolidated statement of stockholders' equity for the three months ended March 31, 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2006, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 14, 2007, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2006, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet.

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

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

April 27, 2007

Notice to Readers

This report is effective as of April 27, 2007, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|---|-------------------|----------------------|---|-------------------------|
| | March 31, 2007 | December 31, 2006 | March 31, 2007 | December 31, 2006 |
| ASSETS | (In millions) | | (In thousands) | |
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents (Notes 2 and 12) | ₩ 266,103 | ₩ 241,100 | \$ 282,757 | \$ 256,190 |
| Short-term financial instruments (Note 20) | 43,755 | 61,953 | 46,493 | 65,830 |
| Trading securities (Notes 2 and 3) | 730,114 | 665,299 | 775,809 | 706,938 |
| Current portion of long-term investment securities (Notes 2 and 3) | 491 | 156 | 522 | 166 |
| Accounts receivable – trade, net of allowance for doubtful accounts of ₩105,843 million as of March 31, 2007 and ₩88,285 million as of December 31, 2006 (Notes 2, 12 and 22) | 1,576,545 | 1,700,650 | 1,675,215 | 1,807,087 |
| Short-term loans, net of allowance for doubtful accounts of ₩765 million as of March 31, 2007 and ₩9,212 million as of December 31, 2006 (Notes 2, 5 and 22) | 75,710 | 61,967 | 80,448 | 65,845 |
| Accounts receivable – other, net of allowance for doubtful accounts of ₩28,661 million as of March 31, 2007 and ₩26,708 million as of December 31, 2006 (Notes 2, 12 and 22) | 1,123,338 | 1,257,244 | 1,193,644 | 1,335,930 |
| Inventories (Note 2) | 19,157 | 16,439 | 20,356 | 17,468 |
| Prepaid expenses | 136,386 | 113,256 | 144,922 | 120,344 |
| Current deferred income tax assets, net (Notes 2 and 17) | 37,406 | 40,113 | 39,747 | 42,624 |
| Currency swap (Notes 2 and 24) | 4,132 | 16,660 | 4,391 | 17,703 |
| Accrued income and other | 20,501 | 14,488 | 21,785 | 15,395 |
| Total Current Assets | 4,033,638 | 4,189,325 | 4,286,089 | 4,451,520 |
| NON-CURRENT ASSETS: | | | | |
| Property and equipment, net (Notes 2, 6, 11, 21 and 22) | 4,391,357 | 4,418,112 | 4,666,196 | 4,694,625 |
| Intangible assets, net (Notes 2, 7, 11) | 3,315,393 | 3,405,159 | 3,522,891 | 3,618,275 |
| Long-term financial instruments (Note 20) | 10,019 | 10,024 | 10,646 | 10,651 |
| Long-term investment securities (Notes 2 and 3) | 2,612,971 | 2,376,268 | 2,776,507 | 2,524,990 |
| | 1,218,907 | 1,161,651 | 1,295,194 | 1,234,354 |

Equity securities accounted for using the equity method (Notes 2 and 4)

Long-term loans, net of allowance for doubtful accounts of ₩23,796 million as of March 31, 2007 and ₩23,148 million as of

| | | | | |
|--|---------|---------|---------|---------|
| December 31, 2006 (Notes 2, 5 and 22) | 14,728 | 12,828 | 15,650 | 13,631 |
| Guarantee deposits, net of allowance for doubtful accounts of ₩163 million as of March 31, 2007 and December 31, 2006 (Notes 2, 12 and 22) | 118,300 | 120,006 | 125,704 | 127,517 |
| Long-term deposits and other | 113,940 | 120,680 | 121,071 | 128,234 |

| | | | | |
|--------------------------|------------|------------|------------|------------|
| Total Non-current Assets | 11,795,615 | 11,624,728 | 12,533,859 | 12,352,277 |
|--------------------------|------------|------------|------------|------------|

| | | | | |
|--------------|--------------|--------------|---------------|---------------|
| TOTAL ASSETS | ₩ 15,829,253 | ₩ 15,814,053 | \$ 16,819,948 | \$ 16,803,797 |
|--------------|--------------|--------------|---------------|---------------|

(Continued)

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

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|------------------------------------|---------------------------------------|---|---|
| | March 31, 2007 (In millions) | December 31, 2006 (In millions) | March 31, 2007 (In thousands) | December 31, 2006 (In thousands) |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable (Notes 12 and 22) | ₩ 917,942 | ₩ 1,107,786 | \$ 975,393 | \$ 1,177,118 |
| Income tax payable (Note 17) | 524,078 | 331,496 | 556,878 | 352,243 |
| Accrued expenses (Notes 2 and 23) | 354,632 | 373,865 | 376,827 | 397,264 |
| Dividend payable | 246 | 268 | 261 | 285 |
| Withholdings | 298,832 | 327,895 | 317,535 | 348,417 |
| Current portion of long-term debt, net (Notes 2, 8 and 11) | 1,104,604 | 794,186 | 1,173,737 | 843,891 |
| Current portion of subscription deposits (Note 10) | 15,902 | 15,760 | 16,897 | 16,746 |
| Advanced receipts and other | 22,662 | 34,364 | 24,081 | 36,515 |
| Total Current Liabilities | 3,238,898 | 2,985,620 | 3,441,609 | 3,172,479 |
| LONG-TERM LIABILITIES: | | | | |
| Bonds payable, net (Notes 2 and 8) | 1,689,198 | 1,978,874 | 1,794,919 | 2,102,724 |
| Long-term borrowings (Note 9) | 294,030 | 292,960 | 312,432 | 311,295 |
| Subscription deposits (Note 10) | 20,462 | 21,140 | 21,743 | 22,463 |
| Long-term payables other, net of present value discount of ₩30,721 million as of March 31, 2007 and ₩42,461 million as of December 31, 2006 (Note 2) | 419,279 | 517,539 | 445,520 | 549,930 |
| Obligations under capital lease (Notes 2 and 11) | | 1,642 | | 1,745 |
| Accrued severance indemnities, net (Note 2) | 18,025 | 9,568 | 19,153 | 10,167 |
| Non-current deferred income tax liabilities, net (Notes 2 and 17) | 588,269 | 530,454 | 625,087 | 563,653 |
| Long-term currency swap (Notes 2 and 24) | 109,550 | 112,970 | 116,406 | 120,040 |
| Long-term interest rate swap (Notes 2 and 24) | 1,416 | 454 | 1,505 | 482 |
| Guarantee deposits received and other (Notes 2, 22 and 23) | 45,092 | 56,404 | 47,913 | 59,935 |
| Total Long-term Liabilities | 3,185,321 | 3,522,005 | 3,384,678 | 3,742,434 |
| Total Liabilities | 6,424,219 | 6,507,625 | 6,826,287 | 6,914,913 |

| | | | | |
|---|--------------|--------------|---------------|---------------|
| STOCKHOLDERS EQUITY: | | | | |
| Capital stock (Notes 1 and 13) | 44,639 | 44,639 | 47,433 | 47,433 |
| Capital surplus (Notes 2, 8, 13, 16 and 17) | 2,965,945 | 2,962,699 | 3,151,573 | 3,148,123 |
| Capital adjustments: | | | | |
| Treasury stock (Notes 1 and 15) | (2,014,927) | (2,014,927) | (2,141,034) | (2,141,034) |
| Losses on disposal of treasury stock (Notes 15 and 17) | (7,550) | (7,887) | (8,023) | (8,381) |
| Stock options (Notes 2 and 16) | | 3,246 | | 3,449 |
| Accumulated other comprehensive income (Note 18): | | | | |
| Unrealized gains on valuation of long-term investment securities, net (Notes 2, 3 and 17) | 576,821 | 408,521 | 612,922 | 434,089 |
| Equity in other comprehensive income of affiliates, net (Notes 2, 4 and 17) | 126,482 | 82,200 | 134,398 | 87,345 |
| Loss on valuation of currency swap, net (Notes 2, 17 and 24) | (17,741) | (16,487) | (18,851) | (17,519) |
| Loss on valuation of interest swap, net (Notes 2, 17 and 24) | (1,026) | (329) | (1,090) | (350) |
| Retained earnings (Note 14): | | | | |
| Appropriated | 7,335,037 | 6,679,234 | 7,794,110 | 7,097,264 |
| Before appropriations | 397,354 | 1,165,519 | 422,223 | 1,238,465 |
| | | | | |
| Total Stockholders Equity | 9,405,034 | 9,306,428 | 9,993,661 | 9,888,884 |
| | | | | |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | ₩ 15,829,253 | ₩ 15,814,053 | \$ 16,819,948 | \$ 16,803,797 |

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|---------------|-------------|---|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| | (In millions) | | (In thousands) | |
| OPERATING REVENUE (Notes 2 and 22) | ₩ 2,711,731 | ₩ 2,540,314 | \$ 2,881,448 | \$ 2,699,303 |
| | | | | |
| OPERATING EXPENSES (Note 2): | | | | |
| Labor cost | (157,336) | (158,922) | (167,183) | (168,868) |
| Commissions paid (Notes 2 and 22) | (878,062) | (716,285) | (933,017) | (761,115) |
| Depreciation and amortization (Notes 6 and 7) | (361,701) | (328,928) | (384,339) | (349,514) |
| Network interconnection | (233,270) | (235,447) | (247,870) | (250,183) |
| Leased line | (97,788) | (98,743) | (103,908) | (104,923) |
| Advertising | (50,953) | (57,486) | (54,142) | (61,084) |
| Research and development (Note 2) | (51,178) | (52,830) | (54,381) | (56,136) |
| Rent | (46,314) | (47,588) | (49,213) | (50,566) |
| Frequency usage | (41,020) | (38,400) | (43,587) | (40,803) |
| Repair | (30,565) | (27,433) | (32,478) | (29,150) |
| Cost of goods sold | (10,763) | (4,633) | (11,437) | (4,923) |
| Other | (90,797) | (105,758) | (96,478) | (112,377) |
| | | | | |
| Sub-total | (2,049,747) | (1,872,453) | (2,178,033) | (1,989,642) |
| | | | | |
| OPERATING INCOME | 661,984 | 667,861 | 703,415 | 709,661 |
| | | | | |
| OTHER INCOME: | | | | |
| Interest income (Note 3) | 16,771 | 19,095 | 17,821 | 20,290 |
| Dividends | 14,893 | 15,007 | 15,825 | 15,946 |
| Commissions (Note 22) | 12,948 | 10,580 | 13,758 | 11,242 |
| Equity in earnings of affiliates (Notes 2 and 4) | 4,679 | 16,417 | 4,972 | 17,444 |
| Foreign exchange and translation gains (Note 2) | 275 | 669 | 292 | 711 |
| Reversal of allowance for doubtful accounts | 402 | 72 | 427 | 77 |
| Gain on disposal of investment assets | 457 | 1,779 | 486 | 1,890 |
| Gain on disposal of property and equipment and intangible assets | 4,567 | 222 | 4,853 | 236 |
| Gain on valuation of currency swap (Notes 2 and 24) | 733 | | 779 | |
| Other | 10,573 | 14,634 | 11,235 | 15,550 |

| | | | | |
|-------------|--------|--------|--------|--------|
| Sub-total | 66,298 | 78,475 | 70,448 | 83,386 |
| (Continued) | | | | |

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006
(See Independent Accountants' Review Report)

| | Korean won | | Translation into U.S. dollars (Note 2) | |
|--|-----------------------|---------------|--|----------------|
| | 2007 (In millions) | 2006 | 2007 (In thousands) | 2006 |
| OTHER EXPENSES: | | | | |
| Interest and discounts (Note 2) | ₩ 54,520 | ₩ 57,783 | \$ 57,932 | \$ 61,399 |
| Donations | (18,295) | (16,683) | (19,440) | (17,727) |
| Foreign exchange and translation losses (Note 2) | (306) | (880) | (325) | (935) |
| Loss on valuation of currency swap (Notes 2 and 24) | (12,528) | (5,297) | (13,312) | (5,629) |
| Equity in losses of affiliates (Notes 2 and 4) | (49,716) | (24,203) | (52,828) | (25,718) |
| Loss on disposal of investment assets | (3) | (788) | (3) | (837) |
| Loss on disposal of property, equipment and intangible assets | (1,276) | (827) | (1,356) | (879) |
| Special severance indemnities (Note 2) | | (140,595) | | (149,394) |
| External research and development cost (Note 2) | (17,767) | (17,042) | (18,879) | (18,109) |
| Other | (10,080) | (3,920) | (10,711) | (4,165) |
| Sub-total | (164,491) | (268,018) | (174,786) | (284,792) |
| INCOME BEFORE INCOME TAX | 563,791 | 478,318 | 599,077 | 508,255 |
| PROVISION FOR INCOME TAX (Notes 2 and 17) | (167,481) | (141,158) | (177,963) | (149,993) |
| NET INCOME (Note 18) | ₩ 396,310 | ₩ 337,160 | \$ 421,114 | \$ 358,262 |
| NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 19) | ₩ 5,454 | ₩ 4,580 | \$ 5.80 | \$ 4.87 |
| DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 19) | ₩ 5,373 | ₩ 4,516 | \$ 5.71 | \$ 4.80 |

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 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 | ₩ 396,310 | ₩ 337,160 | \$ 421,114 | \$ 358,262 |
| Expenses not involving cash payments: | | | | |
| Provision for severance indemnities | 9,879 | 19,974 | 10,497 | 21,224 |
| Depreciation and amortization | 392,341 | 361,146 | 416,896 | 383,749 |
| Allowance for doubtful accounts | 13,500 | 20,533 | 14,345 | 21,818 |
| Foreign translation loss | 44 | 450 | 47 | 478 |
| Loss on valuation of currency swap | 12,528 | 5,297 | 13,312 | 5,629 |
| Equity in losses of affiliates | 49,716 | 24,203 | 52,828 | 25,718 |
| Loss on disposal of investment assets | 3 | 788 | 3 | 837 |
| Loss on disposal of property, equipment and intangible assets | 1,276 | 827 | 1,356 | 879 |
| Amortization of discounts on bonds and other | 11,060 | 12,062 | 11,752 | 12,816 |
| Sub-total | 490,347 | 445,280 | 521,036 | 473,148 |
| Income not involving cash receipts: | | | | |
| Foreign translation gain | (206) | (121) | (219) | (128) |
| Reversal of allowance for doubtful accounts | (402) | (72) | (427) | (77) |
| Equity in earnings of affiliates | (4,679) | (16,417) | (4,972) | (17,444) |
| Gain on disposal of investment assets | (457) | (1,779) | (486) | (1,890) |
| Gain on disposal of property, equipment and intangible assets | (4,567) | (222) | (4,853) | (236) |
| Gain on valuation of currency swap | (733) | | (779) | |
| Other | (96) | (847) | (102) | (901) |
| Sub-total | (11,140) | (19,458) | (11,838) | (20,676) |
| Changes in assets and liabilities related to operating activities: | | | | |
| Accounts receivable trade | 111,886 | 59,101 | 118,889 | 62,800 |
| Accounts receivable other | 138,078 | 131,224 | 146,720 | 139,437 |

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| | | | | |
|---|-----------|-----------|-----------|-----------|
| Inventories | (2,718) | 1,528 | (2,888) | 1,624 |
| Prepaid expenses | 973 | 34,845 | 1,034 | 37,026 |
| Accrued income and other | (6,021) | 7,546 | (6,398) | 8,018 |
| Accounts payable | (189,882) | (125,540) | (201,766) | (133,397) |
| Income tax payable | 189,138 | 14,326 | 200,975 | 15,223 |
| Accrued expenses | (34,105) | 6,862 | (36,240) | 7,291 |
| Withholdings | (29,062) | 111,471 | (30,881) | 118,448 |
| Current portion of subscription deposits | 142 | 304 | 151 | 323 |
| Advanced receipts and other | (11,702) | 2,295 | (12,434) | 2,438 |
| Deferred income taxes | (15,541) | (32,868) | (16,514) | (34,925) |
| Severance indemnity payments | (2,018) | (248,346) | (2,144) | (263,889) |
| Deposits for group severance indemnities and other deposits | 475 | 178,266 | 504 | 189,423 |
| Dividends received from affiliates | 1,260 | 990 | 1,339 | 1,052 |
| | | | | |
| Sub-total | 150,903 | 142,004 | 160,347 | 150,892 |
| | | | | |
| Net Cash Provided by Operating Activities | 1,026,420 | 904,986 | 1,090,659 | 961,626 |

(Continued)

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 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 | ₩ 18,198 | ₩ 61,599 | \$ 19,337 | \$ 65,454 |
| Decrease in long-term financial instruments | 5 | | 5 | |
| Collection of short-term loans | 31,796 | 39,642 | 33,786 | 42,123 |
| Proceeds from sales of long-term investment securities | 246 | 5,226 | 261 | 5,553 |
| Proceeds from sales of equity securities accounted for using the equity method | 900 | | 956 | |
| Decrease in guarantee deposits | 8,566 | 14,578 | 9,102 | 15,490 |
| Decrease in other non-current assets | 1,241 | 6,600 | 1,319 | 7,014 |
| Proceeds from disposal of property and equipment | 15,484 | 832 | 16,453 | 884 |
| Proceeds from disposal of intangible assets | 4,136 | 3 | 4,395 | 3 |
| | | | | |
| Sub-total | 80,572 | 128,480 | 85,614 | 136,521 |
| | | | | |
| Cash outflows for investing activities: | | | | |
| Increase of trading securities | (64,814) | (178,267) | (68,870) | (189,424) |
| Extension in short-term loans | (38,743) | (38,427) | (41,168) | (40,832) |
| Extension in long-term loans | (8,330) | (1,180) | (8,851) | (1,254) |
| Acquisition of long-term investment securities | (5,052) | (2,756) | (5,368) | (2,928) |
| Acquisition of equity securities accounted for using the equity method | (48,351) | (145,888) | (51,377) | (155,019) |
| Increase in guarantee deposits and other non-current assets | (25,454) | (68,401) | (27,048) | (72,682) |
| Acquisition of property and equipment | (288,514) | (86,106) | (306,571) | (91,495) |
| Increase in intangible assets | (3,514) | (1,573) | (3,734) | (1,671) |
| | | | | |
| Sub-total | (482,772) | (522,598) | (512,987) | (555,305) |
| | | | | |
| Net Cash Used in Investing Activities | (402,200) | (394,118) | (427,373) | (418,784) |

CASH FLOWS FROM FINANCING
ACTIVITIES:

Cash inflows from financing activities:

| | | | | | | | | |
|---|---|-------|---|-----|----|-------|----|-----|
| Increase in guarantee deposits received and other | ₩ | 3,668 | ₩ | 605 | \$ | 3,898 | \$ | 643 |
| Sub-total | | 3,668 | | 605 | | 3,898 | | 643 |

Cash outflows for financing activities:

| | | | | | | | | |
|--|--|-----------|--|-----------|--|-----------|--|-----------|
| Repayment of current portion of long-term debt | | (93,404) | | (4,139) | | (99,250) | | (4,398) |
| Payment of dividends | | (508,694) | | (588,936) | | (540,531) | | (625,795) |
| Decrease in facility deposits | | (678) | | (724) | | (720) | | (769) |
| Decrease in guarantee deposits and other | | (109) | | (1,025) | | (116) | | (1,090) |
| Sub-total | | (602,885) | | (594,824) | | (640,617) | | (632,052) |

| | | | | | | | | |
|---------------------------------------|--|-----------|--|-----------|--|-----------|--|-----------|
| Net Cash Used in Financing Activities | | (599,217) | | (594,219) | | (636,719) | | (631,409) |
|---------------------------------------|--|-----------|--|-----------|--|-----------|--|-----------|

| | | | | | | | | |
|---|--|--------|--|----------|--|--------|--|----------|
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 25,003 | | (83,351) | | 26,567 | | (88,567) |
|---|--|--------|--|----------|--|--------|--|----------|

| | | | | | | | | |
|---|--|---------|--|---------|--|---------|--|---------|
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | | 241,100 | | 151,766 | | 256,190 | | 161,264 |
|---|--|---------|--|---------|--|---------|--|---------|

| | | | | | | | | |
|---|---|---------|---|--------|----|---------|----|--------|
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | ₩ | 266,103 | ₩ | 68,415 | \$ | 282,757 | \$ | 72,697 |
|---|---|---------|---|--------|----|---------|----|--------|

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NON-CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY
FOR THE THREE MONTHS ENDED MARCH 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 | | | | | (508,672) | (508,672) |
| Net income | | | | | 396,310 | 396,310 |
| Stock options (Notes 2 and 16) | | 3,246 | (3,246) | | | |
| Loss on disposal of treasury stock (Notes 2 and 15) | | | | | | 337 |
| Unrealized gain on valuation of long-term investment securities (Notes 2, 3, 17 and 18) | | | | 168,300 | | 168,300 |
| Equity in capital surplus and other comprehensive income changes of affiliates (Notes 2, 4, 17 and 18) | | | | 44,282 | | 44,282 |
| Loss on valuation of currency swap, net (Notes 2, 17, 18 and 24) | | | | (1,254) | | (1,254) |
| Loss on valuation of interest swap (Notes 2, 17, 18 and 24) | | | | (697) | | (697) |
| Balance, March 31, 2007 | ₩ 44,639 | ₩ 2,965,945 | (₩ 2,022,477) | ₩ 684,536 | ₩ 7,732,391 | ₩ 9,405,034 |
| (In thousands of U.S. dollars) (Note 2) | | | | | | |
| Balance, January 1, 2007 | \$ 47,433 | \$ 3,148,123 | (\$ 2,145,966) | \$ 503,565 | \$ 8,335,729 | \$ 9,888,884 |
| Cash dividends paid | | | | | (540,510) | (540,510) |

| | | | | | | |
|--|-----------|--------------|----------------|------------|--------------|--------------|
| Net income | | | | | 421,114 | 421,114 |
| Stock options (Notes 2 and 16) | 3,450 | (3,450) | | | | |
| Loss on disposal of treasury stock (Notes 2 and 15) | | | 359 | | | 359 |
| Unrealized gain on valuation of long-term investment securities (Notes 2, 3 and 18) | | | | 178,833 | | 178,833 |
| Equity in capital surplus and other comprehensive income changes of affiliates (Notes 2, 4 and 18) | | | | 47,053 | | 47,053 |
| Loss on valuation of currency swap, net (Notes 2, 18 and 24) | | | | (1,331) | | (1,331) |
| Loss on valuation of interest swap (Notes 2, 18 and 24) | | | | (741) | | (741) |
| Balance, March 31, 2007 | \$ 47,433 | \$ 3,151,573 | (\$ 2,149,057) | \$ 727,379 | \$ 8,216,333 | \$ 9,993,661 |

See accompanying notes to non-consolidated financial statements.

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SK TELECOM CO., LTD.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 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. As of March 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 | 51,577,438 | 63.53 |
| Treasury stock | 8,526,252 | 10.50 |
| | 81,193,711 | 100.00 |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea, using the same accounting policies which were adopted in preparing the annual financial statements. Significant accounting policies followed in preparing the accompanying non-consolidated 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 ₩941.10 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 March 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. 24. The adoption of such accounting standards did not have an effect on the financial position of the Company as of March 31, 2007 and the ordinary income and net income of the Company for the three months ended March 31, 2007. 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 stockholders' equity was prepared for the three months ended March 31, 2007. Unrealized gain/loss on available-for-sale securities, equity in capital adjustments of affiliates and gain/loss on valuation of derivative instruments, which were classified as capital adjustments through 2006, are classified as accumulated other comprehensive income. Long-term loans, guarantee deposits, long-term deposits and others, which were classified as investment assets through 2006, are classified as other non-current assets. The accompanying balance sheet as of December 31, 2006, which is comparatively presented, was reclassified in accordance with SKAS No. 21 and the statement of stockholders' equity for the three months ended March 31, 2006 was not prepared as allowed in accordance with the transitional provision of 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 and supplies for sales promotion, are stated at the lower of cost or market value, with cost determined using the moving average method. The Company maintains perpetual inventory systems, which are 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 three months ended March 31, 2007 and 2006.

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 and the unrealized gains or losses are reflected in net income when the securities are sold or if impairment is other than temporary. Equity securities are stated at acquisition cost if fair value cannot be reliably measured. If the declines in the fair value of individual available-for-sale securities below their acquisition or amortized cost are other than temporary and there is objective evidence of impairment, write-downs of the individual securities are recorded to reduce the carrying value to their fair value. The related write-downs are recorded in current operations as a loss on impairment of investment securities.

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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 other-than-temporary 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 capital adjustments of affiliates in the Company's stockholders' equity.

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 capital adjustment of affiliates 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.

Table of Contents**i. Property and Equipment**

Property and equipment are stated at cost. 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 (430~ 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 three months ended March 31, 2007 and 2006 were ₩107,361 million and ₩84,492 million, respectively.

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% (4.04% as of March 31, 2007). The future payment obligations are ₩110,000 million (related present value discount: ₩8,486 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 March 31, 2007, the present value discount related to the current portion and long-term portion of payments to be made to MIC totaled ₩8,486 million and ₩30,721 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. There was no such impairment loss for the three months ended March 31, 2007 and 2006.

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I. 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.

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 23). 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.

Table of Contents**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 ~~₩23,421 million~~ and ~~₩23,895 million~~ as of March 31, 2007 and December 31, 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 March 31, 2007 and December 31, 2006, respectively, are deducted from accrued severance indemnities.

Actual payment of severance indemnities amounted to ~~₩2,018 million~~ and ~~₩248,346 million~~ for the three months ended March 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 has decided to distribute early settlements to those eligible employees on their accumulated severance indemnities as of March 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 compensation costs as special severance indemnities in other expenses for the three months ended March 31, 2006. In addition, the Company executed the early retirement program and the related special bonus of ~~₩14,705 million~~ were paid to eligible employees and accounted for as special severance indemnities in other expenses for the three months ended March 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 13).

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r. Accounting for Leases

Lease agreements that include a bargain purchase option, result in the transfer of ownership at the end of the lease term, have a lease term equal to 75% or more of the estimated economic life of the leased property or where the present value of minimum lease payments equals or exceeds 90% of the fair value of the leased property, are accounted for as capital leases. All other leases are accounted for as operating leases.

Assets and liabilities related to capital leases are recorded as property and equipment and obligations under capital leases, respectively, and the related interest is calculated using the effective interest rate method and charged to other expenses. For operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred (See Note 11).

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 ₩51,178 million and ₩52,830 million for the three months ended March 31, 2007 and 2006, respectively. In addition, external research and development costs were ₩17,767 million and ₩17,042 million for the three months ended March 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 ₩940.30 and ₩929.60 to US\$1.00 at March 31, 2007 and December 31, 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 a 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 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.

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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).

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 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. 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 three months March 31, 2006.

3. INVESTMENT SECURITIES**a. Trading Securities**

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

| | March 31, 2007 | | | December 31, 2006 |
|--------------------------|---------------------|------------|--------------------|-----------------------------------|
| | Acquisition cost | Fair value | Carrying amount | Fair value and carrying amount |
| Beneficiary certificates | ₩ 730,114 | ₩ 730,114 | ₩ 730,114 | ₩ 665,299 |

b. Long-term Investment Securities

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

| | March 31, 2007 | December 31, 2006 |
|--------------------------------------|-------------------|----------------------|
| Available-for-sale equity securities | ₩ 1,218,334 | ₩ 992,455 |
| Available-for-sale debt securities | 1,395,128 | 1,383,969 |
| Total | 2,613,462 | 2,376,424 |
| Less: current portion | (491) | (156) |

Long-term portion

₩ 2,612,971

₩ 2,376,268

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

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

| | Number of Shares | March 31, 2007 | | Fair value | Carrying amount | |
|---|------------------|----------------|------------------|-----------------|-----------------|-------------------|
| | | Percentage (%) | Acquisition cost | | March 31, 2007 | December 31, 2006 |
| (Investments in listed companies) | | | | | | |
| Digital Chosunilbo Co., Ltd. | 2,890,630 | 7.8 | ₩ 5,781 | ₩ 6,634 | ₩ 6,634 | ₩ 5,897 |
| hanarotelecom incorporated KRTnet Corporation | 11,045,000 | 4.8 | 121,677 | 95,429 | 95,429 | 88,581 |
| POSCO | 234,150 | 4.4 | 1,171 | 2,494 | 2,494 | 2,517 |
| Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.) | 2,481,310 | 2.8 | 332,662 | 980,117 | 980,117 | 766,725 |
| Extended Computing Environment Co., Ltd. | 59,473 | 0.4 | 1,695 | 121 | 121 | 83 |
| | 133,333 | 3.3 | 10 | 968 | 968 | 876 |
| Sub-total | | | 462,996 | 1,085,763 | 1,085,763 | 864,679 |
| (Investments in non-listed companies) | | | | | | |
| LG Powercomm Co., Ltd. (Formerly Powercomm Co., Ltd.) | 7,500,000 | 5.0 | 240,243 | 80,370 (note a) | 80,370 | 80,370 |
| Japan MBCO Eonex Technologies Inc. | 54,000 | 7.3 | 27,332 (note b) | | | |
| The Korea Economic Daily | 144,000 | 12.3 | 3,600 (note c) | | 4,593 | 4,593 |
| Others | 2,585,069 | 13.8 | 13,964 (note c) | | 13,964 | 13,964 |
| | | | 121,402 (note c) | | 25,163 | 25,411 |
| Sub-total | | | 406,541 | | 124,090 | 124,338 |

(Investments in funds)

| | | | |
|-----------|----------------|-------------|-----------|
| Others | 8,481 (note c) | 8,481 | 3,438 |
| Sub-total | 8,481 | 8,481 | 3,438 |
| Total | ₩ 878,018 | ₩ 1,218,334 | ₩ 992,455 |

(note a) 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 and the unrealized loss on valuation of investments amounting to ₩115,908 million (net of tax effect of ₩43,965 million) as of December 31, 2006 was recorded as accumulated other comprehensive income. Based on the opinion of the outside professional valuation company, there

was no significant change in LG Powercomm Co., Ltd.'s operation and financial results, which have an effect on the fair value of the common stocks, for the three months ended March 31, 2007. No additional unrealized loss or recovery on valuation of such investments was recorded accordingly.

(note b) 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.

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(note c) 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.

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

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

| | Acquisition cost | Carrying amount | |
|----------|---------------------|-------------------|----------------------|
| | | March 31, 2007 | December 31, 2006 |
| Maturity | | | |

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| | | | | | | | |
|--|---------------|---|-----------|---|-----------|---|-----------|
| Public bonds | (note a) | ₩ | 51,395 | ₩ | 51,470 | ₩ | 51,300 |
| Currency stabilization bonds | (note b) | | 49,898 | | 49,989 | | 49,894 |
| Beneficiary certificates (note c) | October, 2009 | | 5,000 | | 5,069 | | 5,072 |
| Convertible bonds of Real Telecom Co., Ltd. (note d) | March, 2007 | | 10,656 | | | | |
| Convertible bonds of China Unicom Ltd. (note e) | July, 2009 | | 957,055 | | 1,287,600 | | 1,276,703 |
| Convertible bonds of Eonex Technologies, Inc. (note f) | October, 2008 | | 1,000 | | 1,000 | | 1,000 |
| Total | | | 1,075,004 | | 1,395,128 | | 1,383,969 |
| Less: current portion | | | (491) | | (491) | | (156) |
| Long-term available-for-sale debt securities | | ₩ | 1,074,513 | ₩ | 1,394,637 | ₩ | 1,383,813 |

The interest income incurred from available-for-sale debt securities for the three months ended March 31, 2007 and 2006 were ₩1,276 million and ₩3,598 million, respectively.

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

| | Maturity | March 31, 2007 | December 31, 2006 |
|--------------------------------------|----------|-------------------|----------------------|
| Within one year | | ₩ 491 | ₩ 156 |
| After one year but within five years | | 50,979 | 51,144 |
| | | ₩ 51,470 | ₩ 51,300 |

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

| Maturity | March 31, 2007 | December 31, 2006 |
|--------------------------------------|-------------------|----------------------|
| After one year but within five years | ₩ 49,989 | ₩ 49,894 |

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

(note d) 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 March 31, 2007, the principal amount of the bond has not been redeemed at its maturity.

(note e) On July 5, 2006, the Company purchased zero coupon convertible bonds of China Unicom Ltd. with maturity of three years and principal amount of US\$1,000,000,000 for US\$1,000,000,000. Such convertible bonds have initial conversion price of US\$1.111426 per share of common stock of China Unicom Ltd. The bond holders may redeem their notes at 102.82% of the principal amount on July 5, 2008 (2 years from the issuance date). The conversion right may be exercised during the period from July 5, 2007 to June 29, 2009 and the number of common shares to be converted as of March 31, 2007 is 899,745,075 shares. Unless either previously redeemed or converted, the notes are redeemable at 104.26% of the principal amount at maturity. The Company recorded the convertible bonds of China Unicom Ltd. at its fair value, which was estimated by an outside professional valuation company using Cox, Ross & Rubinstein Model (1979) and discount rate of 5.8907%. If all such bonds are converted, the Company's equity interest in China Unicom Ltd. will be 6.67%.

(note f) 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 three months ended March 31, 2007 and 2006 are as follows (In millions of Korean won):

For the three months ended March 31, 2007

| | Beginning balance | Increase (decrease) | Transferred to realized gain (loss) | Ending balance |
|---|----------------------|------------------------|--|-------------------|
| Available-for-sales securities: | | | | |
| Digital Chosunilbo Co., Ltd. | ₩ 115 | ₩ 738 | ₩ | ₩ 853 |
| hanarotelecom incorporated | (33,096) | 6,848 | | (26,248) |
| KRTnet Corporation | 1,347 | (24) | | 1,323 |
| POSCO | 434,063 | 213,393 | | 647,456 |
| Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.) | (1,611) | 37 | | (1,574) |
| Extended Computing Environment Co., Ltd. | 866 | 92 | | 958 |
| LG Powercomm Co., Ltd. | (159,873) | | | (159,873) |
| Eonex Technologies Inc. | 2,011 | | | 2,011 |
| Currency stabilization bonds | 12 | 79 | | 91 |
| Public bonds | (5) | 79 | | 74 |
| Convertible bonds of China Unicom Ltd. | 319,648 | 10,896 | | 330,544 |
| Sub-total | 563,477 | 232,138 | | 795,615 |
| Less tax effect | (154,956) | (63,838) | | (218,794) |
| Total | ₩ 408,521 | ₩ 168,300 | ₩ | ₩ 576,821 |

For the three months ended March 31, 2006

| | Beginning balance | Increase/ (decrease) | Transferred to realized gain (loss) | Ending balance |
|---|----------------------|-------------------------|--|-------------------|
| Available-for-sales equity securities: | | | | |
| Digital Chosunilbo Co., Ltd. | ₩ 14 | (₩1,648) | ₩ | (₩1,634) |
| hanarotelecom incorporated | (65,237) | 1,767 | | (63,470) |
| KRTnet Corporation | 1,475 | (199) | | 1,276 |
| POSCO | 168,563 | 120,344 | | 288,907 |
| Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.) | (1,611) | 6 | | (1,605) |
| LG Powercomm Co., Ltd. | (163,113) | | | (163,113) |
| Eonex Technologies Inc. | 2,011 | | | 2,011 |
| Currency stabilization bonds | (218) | 864 | | 646 |
| Sub-total | (58,116) | 121,134 | | 63,018 |
| Less tax effect | 15,982 | (33,312) | | (17,330) |

| | | | | |
|-------|-----------|----------|---|----------|
| Total | (₩42,134) | ₩ 87,822 | ₩ | ₩ 45,688 |
|-------|-----------|----------|---|----------|

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

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

| | March 31, 2007 | | | Carrying Amount | | |
|---------------------------------------|------------------|--------------------------|------------------|-----------------|----------------|-------------------|
| | Number of shares | Ownership percentage (%) | Acquisition cost | Net asset value | March 31, 2007 | December 31, 2006 |
| Pantech Co., Ltd. | 25,570,306 | 22.7 | ₩ 26,309 | ₩ | (note a) ₩ | ₩ |
| SK Communications Co., Ltd. | 7,844,454 | 85.9 | 175,441 | 152,151 | 171,368 | 177,913 |
| SK Telink Co., Ltd. | 943,997 | 90.8 | 5,296 | 82,525 | 82,525 | 86,284 |
| SK C&C Co., Ltd. | 6,000,000 | 30.0 | 19,071 | 330,654 | 335,017 | 272,554 |
| SK Wyverns Baseball Club Co., Ltd. | 199,997 | 100.0 | 1,000 | | | |
| STIC Ventures Co., Ltd. | 1,600,000 | 21.9 | 8,000 | 8,611 | 8,611 | 8,651 |
| Paxnet Co., Ltd. | 5,590,452 | 59.7 | 26,563 | 12,730 | 29,626 | 30,807 |
| Global Credit & Information Co., Ltd. | 300,000 | 50.0 | 2,410 | 3,118 | 3,694 | 3,704 |
| TU Media Corp. | 17,538,064 | 32.7 | 96,980 | 23,399 (note b) | 33,704 | 7,016 |
| Aircross Co., Ltd. | 1,575,000 | 100.0 | 2,439 | 3,616 (note c) | 3,617 | 1,713 |
| IHQ, Inc. | 13,000,000 | 34.1 | 41,846 | 13,218 | 36,621 | 38,938 |
| Seoul Records, Inc. | 9,582,321 | 60.0 | 27,874 | 22,502 | 25,153 | 25,995 |
| Harex Info Tech, Inc. | 225,000 | 21.2 | 3,375 | 753 | 1,717 | 1,835 |
| SK Mobile | | 42.5 | 10,322 | 4,538 | 4,539 | 4,643 |
| SLD Telecom PTE. Ltd. | 180,476,700 | 73.3 | 191,273 | 115,481 | 115,860 | 118,463 |
| Skytel Co., Ltd. | 1,756,400 | 28.6 | 2,159 | 5,823 | 5,823 | 6,009 |
| SK China Company Ltd. | | 20.7 | 3,195 | 1,086 | | 93 |
| SK Telecom China Co., Ltd. | | 100.0 | 7,340 | 6,512 | 6,512 | 6,536 |
| ULand Company Ltd. | 14,100,100 | 70.1 | 17,511 | 3,730 | 5,441 | 6,761 |
| SK Telecom USA Holdings, Inc. | 1,000 | 100.0 | 211,766 | 63,879 (note d) | 63,879 | 77,786 |
| SK Telecom International, Inc. | 1,099 | 100.0 | 17,467 | 25,800 | 25,800 | 25,146 |
| SK USA, Inc. | 49 | 49.0 | 3,184 | 3,016 | 3,016 | 2,969 |
| Helio, Inc. | 650,000 | 0.6 | 1,100 | 832 | 832 | 1,100 |
| Korea IT Fund | | 63.3 | 190,000 | 193,060 | 193,061 | 193,060 |
| Centurion IT Investment Association | | 37.5 | 2,100 | 1,821 | 1,821 | 3,262 |
| 1st Music Investment Fund of SK-PVC | | 69.3 | 6,925 | 7,186 | 7,186 | 7,186 |

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| | | | | | |
|---|------|-----------------|----------|-----------------|-----------------|
| 2nd Music Investment Fund of SK-PVC | 79.3 | 7,925 | 8,238 | 8,238 | 8,238 |
| SK-KTB Music Investment Fund | 74.3 | 14,850 | 14,509 | 14,509 | 15,311 |
| IMM Cinema Fund | 45.6 | 12,000 | 11,503 | 11,503 | 11,569 |
| Michigan Global Cinema Fund | 36.4 | 4,000 | 3,773 | 3,773 | 3,773 |
| 3rd Fund of Isu Entertainment | 31.3 | 2,500 | 2,419 | 2,419 | 2,419 |
| Other investments in affiliates | | 13,054 | (note e) | 13,042 | 11,917 |
| Total | | ₩ 1,155,275 | | ₩ 1,218,907 | ₩ 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, creditor
banks association,
which was
organized
according to the
Agreement and
represented by
KDB, has been
supervising
Pantech s debt
repayment schedule
and operations. As
the investment was
written down to
zero and the
Company is not
committed to
further provide
financial support
for the investee,
equity in losses of
affiliates of
~~₩~~61,334 million
was not recorded
for the three
months ended
March 31, 2007.

(note b) In the first quarter of 2007, the Company additionally invested ₩32,368 million in TU Media Corp. which increased the Company's ownership from 26.9% to 32.7%.

(note c) In the first quarter of 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 d) 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 an additional US\$ 39.5 million and US\$ 13.5 million in

SK USA Holdings,
Inc. for the three
months ended
March 31, 2007
and 2006,
respectively (See
Note 25).

(note e) 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 three months ended March 31, 2007 and 2006 are as follows (In millions of Korean won):

| | | For the three months ended March 31, 2007 | | | | | | | |
|---------------------------------------|-----------------|---|-------------|--------------------|------------|----------|------------|---------|-----------|
| | | | | Equity in other | | Other | | | |
| | | Beginning | Acquisition | Equity income | earnings | Dividend | increase | Ending | |
| | | balance | | (losses) | of | received | (decrease) | balance | |
| | | | | | affiliates | | | | |
| SK Communications Co., Ltd. | (note a) | ₩ 177,913 | ₩ | ₩ (6,474) | ₩ (71) | ₩ | ₩ | ₩ | ₩ 171,368 |
| SK Telink Co., Ltd. | (notes a and c) | 86,284 | | 1,184 | (450) | (4,493) | | | 82,525 |
| SK C&C Co., Ltd. | (notes a and c) | 272,554 | | 2,816 | 60,907 | (1,260) | | | 335,017 |
| STIC Ventures Co., Ltd. | (note b) | 8,651 | | (40) | | | | | 8,611 |
| Paxnet Co., Ltd. | (notes a and c) | 30,807 | | (460) | 6 | (727) | | | 29,626 |
| Global Credit & Information Co., Ltd. | (note b) | 3,704 | | (10) | | | | | 3,694 |
| TU Media Corp. | (notes a and d) | 7,016 | 32,368 | (5,680) | (334) | | 334 | | 33,704 |
| Aircross Co., Ltd. | (note b) | 1,713 | 2,139 | (235) | | | | | 3,617 |
| IHQ, Inc. | (notes a and e) | 38,938 | | (2,559) | 244 | | (2) | | 36,621 |
| Seoul Records, Inc. | (note a) | 25,995 | | (672) | (170) | | | | 25,153 |
| Harex Info Tech, Inc. | (note b) | 1,835 | | (118) | | | | | 1,717 |
| SK Mobile | (note a) | 4,643 | | (209) | 105 | | | | 4,539 |
| SLD Telecom | (note a) | | | | | | | | |
| PTE Ltd. | | 118,463 | | (3,950) | 1,347 | | | | 115,860 |
| Skytel Co., Ltd. | (note b) | 6,009 | | 169 | (355) | | | | 5,823 |
| SK China Company Ltd. | (note b) | 93 | | (112) | 19 | | | | |
| SK Telecom China Co., Ltd. | (note b) | 6,536 | | (24) | | | | | 6,512 |
| ULand Company Limited | (note a) | 6,761 | | (1,460) | 140 | | | | 5,441 |
| SK Telecom USA Holdings, inc. | (note a) | 77,786 | 12,719 | (27,153) | 527 | | | | 63,879 |
| SK Telecom International, Inc. | (note a) | 25,146 | | 409 | 245 | | | | 25,800 |
| SK USA, Inc. | (note b) | 2,969 | | 48 | (1) | | | | 3,016 |
| Helio, Inc. | (notes a and e) | 1,100 | | (402) | 11 | | 123 | | 832 |
| Korea IT Fund | (note b) | 193,060 | | 1 | | | | | 193,061 |

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| | | | | | | | | |
|-------------------------------------|----------|-------------|----------|------------|----------|-----------|---------|-------------|
| Centurion IT Investment Association | (note f) | 3,262 | (64) | (477) | (900) | 1,821 | | |
| 1st Music Investment Fund of SK-PVC | (note b) | 7,186 | | | | 7,186 | | |
| 2nd Music Investment Fund of SK-PVC | (note b) | 8,238 | | | | 8,238 | | |
| SK-KTB Music Investment Fund | (note a) | 15,311 | 51 | (853) | | 14,509 | | |
| IMM Cinema Fund | (note a) | 11,569 | (93) | 27 | | 11,503 | | |
| Michigan Global Cinema Fund | (note b) | 3,773 | | | | 3,773 | | |
| 3rd Fund of Isu Entertainment | (note b) | 2,419 | | | | 2,419 | | |
| Total | | ₩ 1,149,734 | ₩ 47,226 | ₩ (45,037) | ₩ 60,867 | ₩ (6,480) | ₩ (445) | ₩ 1,205,865 |

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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 three months ended March 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) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2006 as information as

of March 31, 2007 was not available and the change in the Company's portion of stockholders equity of the investee for the three months ended March 31, 2007 was immaterial.

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

(note d) 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 three months ended

March 31,
2006.

(note e) 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 Centurion IT Investment Association resulted from the collection of a portion of the Company's investment.

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For the three months ended March 31, 2006

| | Beginning balance | Acquisition | Equity in earnings (losses) | Equity in comprehensive income of affiliates | Dividend received | Other increase (decrease) | Ending balance |
|--|----------------------|-------------|-----------------------------------|---|----------------------|---------------------------------|-------------------|
| Pantech Co., Ltd. | ₩ 55,634 | ₩ | ₩ 1,577 | ₩ (84) | ₩ | ₩ | ₩ 57,127 |
| SK Capital Co., Ltd. (note a) | 37,501 | | 5 | | | | 37,506 |
| SK Communications Co., Ltd | 158,170 | | 5,678 | 1,861 | | | 165,709 |
| SK Telink Co., Ltd. | 70,863 | | 4,163 | 37 | | | 75,063 |
| SK C&C Co., Ltd. | 198,251 | | 3,676 | 58,771 | (990) | | 259,708 |
| SK Wyverns Baseball Club Co., Ltd. (note a) | | | | | | | |
| STIC Ventures Co., Ltd. (note a) | 8,308 | | 71 | | | | 8,379 |
| Paxnet Co., Ltd. | 27,372 | | 1,109 | | | | 28,481 |
| Global Credit & information Co., Ltd. (note a) | 3,276 | | (10) | | | | 3,266 |
| TU Media Corp. | 32,393 | | (6,505) | | | | 25,888 |
| Aircross Co., Ltd. (note a) | 970 | | (4) | | | | 966 |
| WiderThan Co., Ltd. (note a) | 12,827 | | (500) | (54) | | (770) | 11,503 |
| IHQ, Inc. | 13,935 | | (166) | 353 | | 173 | 14,295 |
| Seoul Records, Inc. | 27,242 | | 2 | | | | 27,244 |
| Harex Info Tech, Inc. (note a) | 2,568 | | (38) | | | | 2,530 |
| SK Mobile SLD Telecom | | 10,322 | | | | | 10,322 |
| PTE Ltd. | 55,358 | 97,286 | (3,633) | (10,407) | | | 138,604 |
| Skytel Co., Ltd. (note a) | 4,872 | | 111 | 197 | | | 5,180 |
| SK China Company Ltd. (note a) | 483 | | 2 | | | | 485 |
| SK Telecom China Co., Ltd. (note a) | 6,927 | | (290) | 252 | | | 6,889 |
| ULand Company Limited. | 12,564 | | (1,796) | 1,205 | | | 11,973 |
| SK Telecom USA Holdings, inc. | 103,751 | 38,280 | (10,356) | (4,342) | | | 127,333 |
| SK Telecom International, Inc. | 25,957 | | (211) | (927) | | | 24,819 |
| SK USA, Inc. (note a) | 3,353 | | (75) | 74 | | | 3,352 |

| | | | | | | |
|-------------------------------------|----------|----------------------|----------------------|----------------------|---------------------|------------------------|
| Centurion IT investment Association | (note a) | 3,635 | (615) | 56 | | 3,076 |
| 1st Music Investment Fund of SK-PVC | (note a) | 6,990 | | 5 | | 6,995 |
| 2nd Music Investment Fund of SK-PVC | (note a) | 7,966 | | | | 7,966 |
| SK-KTB Music Investment Fund | (note a) | 14,999 | (4) | | | 14,995 |
| IMM Cinema Fund | (note a) | 11,884 | | | | 11,884 |
| SKT-HP Ventures, LLC | (note a) | 5,272 | | 18 | | 5,290 |
| | | ₩ 913,321 | ₩ 145,888 | (₩) 7,786 | ₩ 46,992 | ₩ (990) |
| | | | | | ₩ (597) | ₩ 1,096,828 |

(note a) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2005 as information as of March 31, 2006 was not available and the change in the Company's portion of stockholders equity of the investee for the three months ended March 31, 2006 was immaterial.

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

| | For the three months ended March 31, 2007 | | | |
|---------------------------------------|---|----------------|------------------|-----------------|
| | Beginning balance | Increase | Amortization | Ending balance |
| SK Communications Co., Ltd. | ₩ 22,417 | ₩ | ₩ (350) | ₩ 22,067 |
| SK C&C Co., Ltd. | 4,464 | | (101) | 4,363 |
| Paxnet Co., Ltd. | 17,164 | | (268) | 16,896 |
| Global Credit & Information Co., Ltd. | 587 | | (11) | 576 |
| TU Media Corp. | 784 | 9,572 | (52) | 10,304 |
| IHQ, Inc. | 24,780 | | (1,377) | 23,403 |
| Seoul Records, Inc. | 2,855 | | (204) | 2,651 |
| Harex Info Tech, Inc. | 1,051 | | (87) | 964 |
| SLD Telecom PTE Ltd. | 384 | | (5) | 379 |
| ULand Company Ltd. | 4,502 | | (64) | 4,438 |
| Helio, Inc. | | 38 | (38) | |
| Total | ₩ 78,988 | ₩ 9,610 | ₩ (2,557) | ₩ 86,041 |

| | For the three months ended March 31, 2006 | | | |
|---------------------------------------|---|-------------------------|------------------|-----------------|
| | Beginning balance | Increase/ (Decrease) | Amortization | Ending balance |
| Pantech Co., Ltd. | ₩ 793 | ₩ | ₩ (11) | ₩ 782 |
| SK Communications Co., Ltd. | 23,814 | | (350) | 23,464 |
| SK C&C Co., Ltd. | 4,870 | | (101) | 4,769 |
| Paxnet Co., Ltd. | 18,237 | | (268) | 17,969 |
| Global Credit & information Co., Ltd. | 628 | | (10) | 618 |
| TU Media Corp. | 993 | | (52) | 941 |
| IHQ, Inc. | 6,267 | (27) | (367) | 5,873 |
| Seoul Records, Inc. | 3,670 | | (204) | 3,466 |
| Harex Info Tech, Inc. | 1,402 | | | 1,402 |
| SK Mobile | | 3,192 | | 3,192 |
| SLD Telecom PTE Ltd. | 406 | | (5) | 401 |
| ULand Company Limited | 3,628 | 1,132 | (65) | 4,695 |
| Total | ₩ 64,708 | ₩ 4,297 | ₩ (1,433) | ₩ 67,572 |

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

| | For the three months ended March 31, 2007 | | | |
|-----------------------------|---|----------|----------|----------------|
| | Beginning balance | Increase | Decrease | Ending balance |
| SK Communications Co., Ltd. | ₩ 2,913 | ₩ 263 | ₩ (325) | ₩ 2,851 |
| ULand Company Ltd. | | 2,726 | | 2,726 |

| | | | | |
|-----------------------|---------|---------|---------|---------|
| SK China Company Ltd. | 1,086 | | | 1,086 |
| Total | ₩ 3,999 | ₩ 2,989 | ₩ (325) | ₩ 6,663 |

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| | For the three months ended March 31, 2006 | | | |
|-----------------------------|---|----------|----------|-------------------|
| | Beginning balance | Increase | Decrease | Ending balance |
| SK Communications Co., Ltd. | ₩ 4,016 | ₩ | ₩ (478) | ₩ 3,538 |
| SK China Company Ltd. | 1,086 | | | 1,086 |
| Total | ₩ 5,102 | ₩ | ₩ (478) | ₩ 4,624 |

Details of market price of the equity securities accounted for using the equity method as of March 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 |
|---------------------|---|---|--------------|
| IHQ, Inc. | 4,575 | 13,000,000 | 59,475 |
| Seoul Records, Inc. | 3,565 | 9,582,321 | 34,161 |

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

| | Total assets | Total liabilities | Revenue | Net income (loss) |
|--------------------------------|-----------------|----------------------|----------|-------------------------|
| SK Communications Co., Ltd. | ₩ 324,666 | ₩ 136,966 | ₩ 43,117 | (₩6,789) |
| SK Telink Co., Ltd. | 148,608 | 57,690 | 54,621 | 2,841 |
| SK C&C Co., Ltd. | 2,073,295 | 971,113 | 184,619 | 24,010 |
| Paxnet Co., Ltd. | 29,171 | 7,258 | 7,077 | (213) |
| TU Media Corp. | 383,254 | 311,696 | 26,814 | (19,698) |
| IHQ, Inc. | 68,951 | 28,166 | 10,078 | (2,750) |
| Seoul Records, Inc. | 44,815 | 7,312 | 9,221 | (781) |
| SK Mobile | 11,623 | 943 | 371 | (547) |
| SLD Telecom PTE Ltd. | 199,780 | 42,277 | 469 | (5,663) |
| ULand Company Limited | 7,072 | 1,754 | 1,130 | 1,016 |
| SK Telecom USA Holdings, Inc. | 64,025 | 146 | | (28,644) |
| SK Telecom International, Inc. | 27,936 | 2,136 | 4,491 | 520 |
| SKT-KTB Music Investment Fund | 19,694 | 134 | | 69 |
| IMM Cinema Fund | 25,218 | 7 | 949 | 832 |
| Helio, Inc. | 224,814 | 87,502 | 291,829 | (59,274) |

Table of Contents**5. LOANS TO EMPLOYEES**

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

| | March 31, 2007 | | Total | December 31, 2006 |
|--|----------------|----------------|----------------|-------------------|
| | Short-term | Long-term | | |
| Loans to employees stock ownership association | ₩ 2,035 | ₩ 4,519 | ₩ 6,554 | ₩ 7,526 |
| Loans to employees for housing and other | 77 | 181 | 258 | 277 |
| Total | ₩ 2,112 | ₩ 4,700 | ₩ 6,812 | ₩ 7,803 |

6. PROPERTY AND EQUIPMENT

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

| | Useful lives (years) | March 31, 2007 | December 31, 2006 |
|------------------------------------|-------------------------|--------------------|--------------------|
| Land | | ₩ 448,139 | ₩ 462,393 |
| Buildings and structures | 15,30 | 1,488,886 | 1,488,824 |
| Machinery | 6 | 11,399,859 | 11,235,472 |
| Vehicles | 4 | 20,887 | 21,136 |
| Other | 4 | 977,015 | 956,670 |
| Construction in progress | | 175,120 | 130,667 |
| | | 14,509,906 | 14,295,162 |
| Less: accumulated depreciation | | (10,118,549) | (9,877,050) |
| Property and equipment, net | | ₩ 4,391,357 | ₩ 4,418,112 |

The standard value of land declared by the government as of March 31, 2007 and December 31, 2006 are ₩502,186 million and ₩506,831 million, respectively.

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

| | For the three months ended March 31, 2007 | | | | | Ending balance |
|--------------------------|---|-------------|------------|-----------|--------------|----------------|
| | Beginning balance | Acquisition | Disposal | Transfer | Depreciation | |
| Land | ₩ 462,393 | ₩ | ₩ (14,254) | ₩ | ₩ | ₩ 448,139 |
| Buildings and structures | 1,101,232 | 339 | (167) | | (13,946) | 1,087,458 |
| Machinery | 2,346,517 | 715 | (1,383) | 200,523 | (248,183) | 2,298,189 |
| Vehicles | 2,341 | 1,091 | (64) | | (384) | 2,984 |
| Other | 374,962 | 217,078 | (315) | (189,791) | (22,467) | 379,467 |

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| | | | | | | |
|--------------------------|-------------|-----------|------------|------------|-------------|-------------|
| Construction in progress | 130,667 | 69,291 | (24,838) | | | 175,120 |
| Total | ₩ 4,418,112 | ₩ 288,514 | ₩ (16,183) | ₩ (14,106) | ₩ (284,980) | ₩ 4,391,357 |

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| | For the three months ended March 31, 2006 | | | | | Ending balance |
|-----------------------------|---|-----------------|------------------|------------------|--------------------|--------------------|
| | Beginning balance | Acquisition | Disposal | Transfer | Depreciation | |
| Land | ₩ 461,513 | ₩ | ₩ (319) | ₩ | ₩ | ₩ 461,194 |
| Buildings and structures | 1,145,497 | 348 | (132) | 105 | (13,841) | 1,131,977 |
| Machinery | 2,429,564 | 120 | (413) | 10,964 | (243,660) | 2,196,575 |
| Vehicles | 2,786 | 520 | (71) | | (402) | 2,833 |
| Other | 292,214 | 59,059 | (489) | (37,409) | (18,751) | 294,624 |
| Construction in progress | 264,309 | 26,059 | | 21,599 | | 311,967 |
| Total | ₩ 4,595,883 | ₩ 86,106 | ₩ (1,424) | ₩ (4,741) | ₩ (276,654) | ₩ 4,399,170 |

7. INTANGIBLE ASSETS

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

| | March 31, 2007 | | | December 31, 2006 | | |
|-------------------------------|---------------------|-----------------------------|---------------------|---------------------|-----------------------------|---------------------|
| | Acquisition cost | Accumulated amortization | Carrying amounts | Acquisition Cost | Accumulated amortization | Carrying amounts |
| Goodwill | ₩ 2,335,532 | ₩ (675,475) | ₩ 1,660,057 | ₩ 2,335,532 | ₩ (643,310) | ₩ 1,692,222 |
| Frequency use rights | 1,385,120 | (337,420) | 1,047,700 | 1,385,120 | (308,287) | 1,076,833 |
| Software development costs | 231,318 | (198,051) | 33,267 | 231,318 | (190,611) | 40,707 |
| Computer software | 874,490 | (340,037) | 534,453 | 858,375 | (303,272) | 555,103 |
| Other | 110,857 | (70,941) | 39,916 | 109,753 | (69,459) | 40,294 |
| | ₩ 4,937,317 | ₩ (1,621,924) | ₩ 3,315,393 | ₩ 4,920,098 | ₩ (1,514,939) | ₩ 3,405,159 |

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

| | For the three months ended March 31, 2007 | | | | | Ending balance |
|-------------------------------|---|----------|----------|----------|--------------|-------------------|
| | Beginning balance | Increase | Decrease | Transfer | Amortization | |
| Goodwill | ₩ 1,692,222 | ₩ | ₩ | ₩ | ₩ (32,165) | ₩ 1,660,057 |
| Frequency use rights | 1,076,833 | | | | (29,133) | 1,047,700 |
| Software development costs | 40,707 | | | | (7,440) | 33,267 |
| Computer software | 555,103 | 2,138 | (7) | 14,227 | (37,008) | 534,453 |
| Other | 40,294 | 1,376 | (139) | | (1,615) | 39,916 |

₩ 3,405,159 ₩ 3,514 ₩ (146) ₩ 14,227 ₩ (107,361) ₩ 3,315,393

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| | For the three months ended March 31, 2006 | | | | | | Ending balance |
|-------------------------------|---|----------|----------|----------|--------------|-------------|-------------------|
| | Beginning balance | Increase | Decrease | Transfer | Amortization | | |
| Goodwill | ₩ 1,820,884 | ₩ | ₩ | ₩ | ₩ (32,165) | ₩ 1,788,719 | |
| Frequency use rights | 1,184,292 | | | | (24,102) | 1,160,190 | |
| Software development costs | 61,256 | | | | (7,953) | 53,303 | |
| Computer software | 279,757 | 1,093 | (1) | 5,144 | (18,772) | 267,221 | |
| Other | 40,358 | 480 | (15) | 49 | (1,500) | 39,372 | |
| | ₩ 3,386,547 | ₩ 1,573 | ₩ (16) | ₩ 5,193 | ₩ (84,492) | ₩ 3,308,805 | |

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

| | Amount | Description | Residual useful lives |
|---------------|------------|--|-----------------------|
| Goodwill | ₩1,660,057 | Goodwill related to acquisition of Shinsegi Telecomm, Inc. | 13 years |
| IMT license | 940,242 | Frequency use rights relating to W-CDMA Service | (note a) |
| WiBro license | 100,917 | WiBro Service | (note b) |
| DMB license | 6,541 | DMB Service | 9 years and 3 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.

Table of Contents**8. BONDS PAYABLE**

Bonds payable as of March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won and thousands of U.S. dollars):

| | | Annual | | December |
|--|---------------|-----------|-------------|-------------|
| | Maturity year | interest | March 31, | 31, |
| | | rate (%) | 2007 | 2006 |
| Domestic general bonds | 2007 | 5.0 - 6.0 | ₩ 700,000 | ₩ 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 |
| | 2016 | 5.0 | 200,000 | 200,000 |
| Dollar denominated bonds (US\$300,000) | 2011 | 4.25 | 282,090 | 278,880 |
| Convertible bonds (US\$304,240) | 2009 | | 356,356 | 356,356 |
| Total | | | 2,738,446 | 2,735,236 |
| Less: discounts on bonds | | | (36,055) | (39,097) |
| Less: conversion right adjustments | | | (39,448) | (43,629) |
| Add: long-term accrued interest | | | 22,910 | 22,910 |
| Net | | | 2,685,853 | 2,675,420 |
| Less: portion due within one year | | | (996,655) | (696,546) |
| Long-term portion | | | ₩ 1,689,198 | ₩ 1,978,874 |

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 ₩211,943 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, 2006 is 1,649,014 shares. During the three months ended March 31, 2007, the conversion price was changed from ₩217,062 to ₩211,943 and the number of shares to be converted was changed from 1,649,014 shares to 1,688,842 shares due to the payment of annual dividends in accordance with the resolution of the Company's board of directors dated January 25, 2007.

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.

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During the three months ended March 31, 2007, no conversion was made. 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, the principal amount of the convertible bonds decreased from US\$329,450,000 to US\$304,240,000. As a result of such conversion, the consideration for conversion right (capital surplus) decreased by ₩3,733 million (net of tax effect of ₩1,416 million).

9. LONG-TERM BORROWINGS

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

| | Lender | Final maturity year | Annual interest rate (%) (note) | March 31, 2007 | December 31, 2006 |
|---------------------------------------|--------------|---------------------|---------------------------------|----------------|-------------------|
| Long-term floating rate discount bill | Shinhan Bank | June 29, 2011 | 91 days CD yield + 0.25% | ₩ 200,000 | ₩ 200,000 |
| Long-term floating rate borrowings | 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 |
| | | | | US\$ 100,000 | US\$ 100,000 |
| Total | | | | ₩ 200,000 | ₩ 200,000 |
| Equivalent in Korean won | | | | ₩ 294,030 | ₩ 292,960 |
| Less: portion due within one year | | | | | |
| Long-term borrowings | | | | ₩ 294,030 | ₩ 292,960 |

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 March 31, 2007 in accordance with the loan agreement.

(note) At March 31, 2007, the 91 days CD yield and the 6M LIBOR rate are 4.94% and 5.32%, 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 March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won except deposit per subscriber amounts):

| | Service type | Deposit per subscriber | March 31, 2007 | December 31, 2006 |
|----------|--------------|------------------------------|-------------------|----------------------|
| Cellular | | ₩ 200,000 | ₩ 20,462 | ₩ 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 three months ended March 31, 2007 and as of and for the year ended December 31, 2006 are as follows (In millions of Korean won):

| | | March 31, 2007 | December 31, 2006 |
|--------------------------|-------------------|-------------------|----------------------|
| Acquisition cost | Office equipment | ₩ 8,271 | ₩ 15,784 |
| | Computer software | 5,728 | 7,180 |
| | | ₩ 13,999 | ₩ 22,964 |
| Accumulated depreciation | Office equipment | ₩ 5,031 | ₩ 8,662 |
| | Computer software | 1,528 | 1,555 |
| | | ₩ 6,559 | ₩ 10,217 |
| Carrying amounts | Office equipment | ₩ 3,240 | ₩ 7,122 |
| | Computer software | 4,200 | 5,625 |
| | | ₩ 7,440 | ₩ 12,747 |

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| | | | | | |
|-----------------------|-------------------|---|-----|---|-------|
| Depreciation expenses | Office equipment | ₩ | 493 | ₩ | 8,071 |
| | Computer software | | 286 | | 1,437 |
| | | ₩ | 779 | ₩ | 9,508 |

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

| | Annual lease payments | Interest | Principal |
|-----------------------------------|--------------------------|----------|-----------|
| 2007 | ₩ 4,993 | ₩ (200) | ₩ 4,793 |
| 2008 | 1,664 | (22) | 1,642 |
| Total | ₩ 6,657 | ₩ (222) | 6,435 |
| Less: portion due within one year | | | (6,435) |
| 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 March 31, 2007 and December 31, 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):

| | March 31, 2007 | | December 31, 2006 | |
|---------------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Foreign currencies | Korean won equivalent | Foreign currencies | Korean won equivalent |
| Cash and cash equivalents | US\$ 698 | ₩ 656 | US\$ 959 | ₩ 892 |
| | EUR 50 | 62 | EUR 2 | 2 |
| | SG\$ 5 | 3 | | |
| Accounts receivable trade | US\$ 19,161 | 18,017 | US\$ 16,534 | 15,370 |
| | EUR 248 | 311 | EUR 248 | 303 |
| | CNY 5,620 | 684 | | |
| Accounts receivable other | US\$ 1,657 | 1,558 | US\$ 1,657 | 1,541 |
| Guarantee deposits | US\$ 17 | 16 | US\$ 17 | 16 |
| | JPY 21,536 | 172 | JPY 21,536 | 168 |
| | | ₩ 21,479 | | ₩ 18,292 |
| Accounts payable | US\$ 6,919 | ₩ 6,506 | US\$ 16,046 | ₩ 14,916 |
| | JPY 23,228 | 185 | JPY 18,704 | 146 |
| | HK\$ 179 | 22 | HK\$ 190 | 23 |
| | GBP 25 | 46 | GBP 48 | 88 |
| | SG\$ 17 | 11 | SG\$ 6 | 3 |
| | EUR 432 | 541 | EUR 813 | 993 |
| | | | CHF 250 | 190 |
| | CNY 41 | 5 | CNY 2 | 1 |
| | | ₩ 7,316 | | ₩ 16,360 |

Table of Contents**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 March 31, 2007 and December 31, 2006 are as follows:

| | March 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 | 72,667,459 | 72,667,459 |

Significant changes in capital stock and capital surplus for the three months ended March 31, 2007 and for the year ended December 31, 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 |
| At March 31, 2007 | 81,193,711 | ₩ 44,639 | ₩ 2,965,945 |

(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 three months ended March 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)].

Table of Contents**14. RETAINED EARNINGS**

Retained earnings as of March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won):

| | March 31, 2007 | December 31, 2006 |
|----------------|-------------------|----------------------|
| Appropriated | ₩ 7,335,037 | ₩ 6,679,234 |
| Unappropriated | 397,354 | 1,165,519 |
| | ₩ 7,732,391 | ₩ 7,844,753 |

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

| | March 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

The Financial Control Regulation for listed companies in Korea requires that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income taxes, if any) on the disposal of property and equipment be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reaches 30%. The reserve for improvement of financial structure 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.

c. Reserves 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 to unappropriated from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

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 ₩337 million for the three months ended March 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 dated 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 dated 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.

There was no change in the shares of treasury stock for the three months ended March 31, 2007.

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.

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 three months ended March 31, 2007 and 2006 and the outstanding balance of stock option in capital adjustment as of March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won):

| | Total | Recognized compensation cost | | Stock options in capital adjustment | |
|------------|-------------------|------------------------------|----------------|-------------------------------------|-------------------|
| | | March 31, 2007 | March 31, 2006 | March 31, 2007 | December 31, 2006 |
| Grant date | Compensation cost | 31, 2007 | 31, 2006 | 31, 2007 | 31, 2006 |

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| | | | | | | | |
|-------------------------|---|-------|---|---|---|---|-------|
| 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

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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 three months ended March 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 three months ended March 31, 2007 would be nil, and the pro forma net income and net income per common share for the three months ended March 31, 2007, 2006, and 2005 are as follows:

| | For the three months ended March 31, | | |
|--|--------------------------------------|----------|----------|
| | 2007 | 2006 | 2005 |
| Pro forma income before income taxes (In millions of Korean won) | ₩563,792 | ₩478,318 | ₩546,906 |
| Pro forma net income (In millions of Korean won) | 336,310 | 337,160 | 368,120 |
| Pro forma net income per share (In Korean won) | 5,454 | 4,580 | 5,001 |

17. INCOME TAX

a. Details of income tax expense

Income tax expense for the three months ended March 31, 2007 and 2006 consists of the following (In millions of Korean won):

| | 2007 | 2006 |
|--|-----------|-----------|
| Current | ₩ 183,022 | ₩ 174,026 |
| Changes in net deferred tax liabilities (note a) | (15,541) | (32,868) |
| Income tax expense | ₩ 167,481 | ₩ 141,158 |

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

| | 2007 | 2006 |
|--|------------|------------|
| Ending balance of net deferred tax liabilities | ₩ 550,863 | ₩ 358,773 |
| 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 | 3,443 | 4,424 |
| Tax effect of temporary differences charged or credited directly to related components of stockholders' equity | (79,506) | (47,502) |
| | ₩ (15,541) | ₩ (32,868) |

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b. Reconciling items between accounting income and taxable income

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

| | 2007 | 2006 |
|--|-----------|-----------|
| (Temporary Differences) | | |
| Additions: | | |
| Allowance for doubtful accounts | ₩ 62,904 | ₩ 150,398 |
| Accrued interest income prior period | 4,576 | 3,931 |
| Reserves for research and manpower development | 52,500 | 47,000 |
| Reserves for loss on disposal of treasury stock | | 59,225 |
| Equity in losses of affiliates | 45,037 | 8,383 |
| Unrealized loss on valuation of long-term investment securities | 23 | 1,847 |
| Accrued expenses | 1,032 | 15,300 |
| Depreciation | 13,374 | 14,788 |
| Loss on impairment of other assets | 1,234 | 5,233 |
| Loss on valuation of derivative instruments | 1,146 | 5,297 |
| Accrued severance indemnities | 7,339 | 20,929 |
| Deposits for severance indemnities | 475 | 148,610 |
| Consideration of conversion right | 4,182 | 4,289 |
| Other | 18,097 | 25,735 |
| Sub-total | 211,919 | 510,965 |
| Deductions: | | |
| Reserves for research and manpower development | | (47,500) |
| Allowance for doubtful accounts prior period | (43,975) | (124,184) |
| Depreciation prior period | (4,432) | (4,919) |
| Accrued interest income | (1,972) | (2,083) |
| Accrued expenses prior period | (25,475) | (19,555) |
| Gain on valuation of derivative instruments | (733) | |
| Unrealized gains on valuation of long-term investment securities | (232,161) | (122,981) |
| Equity in capital adjustments of affiliates | (60,866) | (46,993) |
| Accrued severance indemnities | (3,837) | (148,610) |
| Deposits for severance indemnities | (475) | (8,837) |
| Loss on impairment of other assets prior period | (971) | (5,109) |
| Other | (12,812) | (6,044) |
| Sub-total | (387,709) | (536,815) |
| Total temporary differences | (175,790) | (25,850) |
| (Permanent Differences) | 338,857 | 209,919 |
| Total | ₩ 163,067 | ₩ 184,069 |

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

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

For the three months ended March 31, 2007

| Description | January 1, 2007 | Increase (note a) | Decrease (note a) | March 31, 2007 |
|--|--------------------|----------------------|----------------------|-------------------|
| Current: | | | | |
| Allowance for doubtful accounts | ₩ 50,824 | ₩ 56,055 | ₩ 43,975 | ₩ 62,904 |
| Accrued interest income | (4,574) | (2) | (4,576) | |
| Accrued expenses | 56,001 | 2,982 | 27,425 | 31,558 |
| Other | 172,169 | 1,031 | 3,084 | 170,116 |
| | | | | |
| Total | 274,420 | 60,066 | 69,908 | 264,578 |
| Temporary differences unlikely to be realized | (128,555) | | | (128,555) |
| | | | | |
| Total current cumulative temporary differences-net | ₩ 145,865 | ₩ 60,066 | ₩ 69,908 | ₩ 136,023 |
| | | | | |
| Current deferred tax assets-net (note b) | ₩ 40,113 | | | ₩ 37,406 |
| | | | | |
| Non-current: | | | | |
| Property and equipment | ₩ (188,535) | ₩ 124 | ₩ (9,316) | ₩ (179,095) |
| Loss on impairment of long-term investment securities | 108,145 | 25,832 | | 133,977 |
| Loss on impairment of other long-term assets | 971 | 1,234 | 971 | 1,234 |
| Reserves for research and manpower development | (760,000) | | (52,500) | (707,500) |
| Reserves for loss on disposal of treasury stock | (255,984) | | | (255,984) |
| Equity in losses (earnings) of affiliates | 114,214 | 40,254 | 455 | 154,013 |
| Equity in capital adjustment of affiliates | (123,206) | (61,312) | | (184,518) |
| Unrealized loss on valuation of long-term investment securities (other comprehensive income) | (563,477) | (6,870) | 225,268 | (795,615) |
| Accrued severance indemnities | 20,058 | 7,339 | 3,837 | 23,560 |
| Deposits for severance indemnities | (20,058) | (475) | (475) | (20,058) |
| Loss on valuation of currency swap | 22,502 | | 733 | 21,769 |
| Loss on valuation of currency swap (other comprehensive income) | 24,249 | 1,146 | | 25,395 |
| Loss on valuation of interest rate swap (other comprehensive income) | 454 | 962 | | 1,416 |
| Considerations for conversion right | (62,131) | | (5,148) | (56,983) |
| Other | 24,564 | 8,170 | 6,005 | 26,729 |

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| | | | | |
|---|--------------------------|---------------------|----------------------|--------------------------|
| Total | (1,658,234) | 16,404 | 169,830 | (1,811,660) |
| Temporary differences unlikely to be realized | (270,688) | (2,471) | 54,341 | (327,500) |
| Total non-current cumulative temporary differences-net | ₩ (1,928,922) | ₩ 13,933 | ₩ 224,171 | ₩ (2,139,160) |
| Total non-current deferred tax liabilities-net (note b) | ₩ (530,454) | | | ₩ (588,269) |

(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%.

Table of ContentsFor the three months ended March 31, 2006

| Description | January 1, 2006 | Increase (note a) | Decrease (note a) | March 31, 2006 |
|--|--------------------|----------------------|----------------------|-------------------|
| Current: | | | | |
| Allowance for doubtful accounts | ₩ 122,561 | ₩ 152,021 | ₩ 124,184 | ₩ 150,398 |
| Accrued interest income | (3,931) | (983) | (3,931) | (983) |
| Other | 251,515 | 4,686 | 22,184 | 234,017 |
| Total | 370,145 | 155,724 | 142,437 | 383,432 |
| Temporary differences unlikely to be realized | (147,774) | | (19,220) | (128,554) |
| Total current cumulative temporary differences-net | ₩ 222,371 | ₩ 155,724 | ₩ 123,217 | ₩ 254,878 |
| Current deferred tax assets-net (note b) | ₩ 61,152 | | | ₩ 70,091 |
| Non-current: | | | | |
| Property and equipment | ₩ (196,446) | ₩ 13,984 | ₩ (9,696) | ₩ (172,766) |
| Loss on impairment of long-term investment securities | 108,145 | | | 108,145 |
| Loss on impairment of other long-term assets | 7,461 | 2,881 | 5,109 | 5,233 |
| Reserves for research and manpower development | (768,000) | (47,500) | (47,000) | (768,500) |
| Reserves for loss on disposal of treasury stock | (474,081) | | (59,225) | (414,856) |
| Equity in losses (earnings) of affiliates | 5,380 | (1,265) | 5,380 | (1,265) |
| Equity in capital adjustment of affiliates | (109,468) | (45,907) | | (155,375) |
| Unrealized loss on valuation of long-term investment securities | 58,116 | 1,847 | 122,981 | (63,018) |
| Accrued severance indemnities | 148,465 | 21,074 | 148,610 | 20,929 |
| Deposits for severance indemnities | (148,465) | (8,982) | (148,610) | (8,837) |
| Loss on valuation of derivative instruments | 13,244 | 5,297 | | 18,541 |
| Loss on valuation of derivative instruments (other comprehensive income) | 19,554 | 6,471 | | 26,025 |
| Considerations for conversion right | (67,279) | | | (67,279) |
| Other | (21,052) | 26,279 | (1,099) | 6,326 |
| Total | (1,424,426) | (25,821) | 16,450 | (1,466,697) |
| Temporary differences unlikely to be realized | (65,447) | (27,362) | | (92,809) |
| Total non-current cumulative temporary differences-net | ₩ (1,489,873) | ₩ (53,183) | ₩ 16,450 | ₩ (1,559,506) |

| | | |
|--|-------------|-------------|
| Total non-current deferred tax liabilities-net (note b) | ₩ (409,715) | ₩ (428,864) |
|--|-------------|-------------|

(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 each other as of March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won):

| | March 31, 2007 | December 31, 2006 |
|--|-------------------|----------------------|
| Deferred tax assets | ₩ 92,740 | ₩ 93,697 |
| Deferred tax liabilities | (643,603) | (584,038) |
| Deferred tax assets (liabilities), net | ₩ (550,863) | ₩ (490,341) |
| Current, net | ₩ 37,406 | ₩ 40,113 |
| Non-current, net | ₩ (588,269) | ₩ (530,454) |

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

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

| | March 31, 2007 | December 31, 2006 |
|---|-------------------|----------------------|
| Gains on disposal of treasury stock | ₩ (38,004) | ₩ (38,341) |
| Considerations for conversion right | (17,086) | (17,086) |
| Unrealized loss on valuation of long-term investment securities | (218,794) | (154,956) |
| Equity in capital adjustment of affiliates, net | (58,026) | (41,441) |
| Loss on valuation of currency swap | 6,984 | 6,668 |
| Loss on valuation of interest rate swap | 389 | 125 |
| Total | ₩ (324,537) | ₩ (245,031) |

e. Effective tax rate

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

| | March 31, 2007 | December 31, 2006 |
|--------------------------|-------------------|----------------------|
| Income before income tax | ₩ 563,791 | ₩ 478,318 |
| Income tax expense | 167,481 | 141,158 |
| Effective tax rate | 29.71% | 29.51% |

Table of Contents**18. COMPREHENSIVE INCOME**

Details of comprehensive income for the three months ended March 31, 2007 are as follows (In millions of Korean won):

| | Profit and loss effect | Tax effect |
|--|---------------------------|------------|
| Net income | ₩ 396,310 | |
| Other comprehensive income: | | |
| Unrealized gains (loss) on valuation of long- term investment securities, net | 168,300 | (₩63,838) |
| Equity in capital adjustments of affiliates, net | 44,282 | (16,585) |
| Loss on valuation of currency swap, net | (1,254) | 316 |
| Loss on valuation of interest swap, net | (697) | 264 |
| Sub total | 210,631 | (₩79,843) |
| Comprehensive income | ₩ 606,941 | |

19. NET INCOME PER SHARE

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

Net income per share

| | For the three months ended | | For the year ended |
|--|----------------------------|-------------------|-----------------------|
| | March 31, 2007 | March 31, 2006 | December 31, 2006 |
| Net income | ₩ 396,310 | ₩ 337,160 | ₩ 1,446,598 |
| Weighted average number of common shares outstanding | 72,667,459 | 73,614,296 | 73,305,026 |
| Net income per share | ₩ 5,454 | ₩ 4,580 | ₩ 19,734 |

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

| | Number of shares | Weighted number of days | Weighted number of shares |
|---|---------------------|-------------------------------|---------------------------------|
| For the three months ended March 31, 2007 | | | |
| At January 1, 2007 | 81,193,711 | 90 / 90 | 81,193,711 |
| Treasury stock, at the beginning | (8,526,252) | 90 / 90 | (8,526,252) |

| | | | |
|---|-------------|---------|-------------|
| Total | 72,667,459 | | 72,667,459 |
| For the three months ended March 31, 2006 | | | |
| At January 1, 2006 | 82,276,711 | 90 / 90 | 82,276,711 |
| Treasury stock, at the beginning | (8,662,415) | 90 / 90 | (8,662,415) |
| Total | 73,614,296 | | 73,614,296 |

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

Diluted net income per share

| | For the three months ended | | For the year ended |
|---|----------------------------|-------------------|----------------------|
| | March 31, 2007 | March 31, 2006 | December 31, 2006 |
| Adjusted net income | ₩ 399,517 | ₩ 340,449 | ₩ 1,459,875 |
| Adjusted weighted average number of common shares outstanding | 74,356,301 | 75,391,469 | 75,025,926 |
| Diluted net income per share | ₩ 5,373 | ₩ 4,516 | ₩ 19,458 |

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

| | For the three months ended | | For the year ended |
|---|----------------------------|-------------------|----------------------|
| | March 31, 2007 | March 31, 2006 | December 31, 2006 |
| Net income | ₩ 396,310 | ₩ 337,160 | ₩ 1,446,598 |
| Effect of stock option (note a) | | | |
| Effect of convertible bonds (note b) | 3,207 | 3,289 | 13,277 |
| Adjusted net income | ₩ 399,517 | ₩ 340,449 | ₩ 1,459,875 |
| Weighted average number of common shares outstanding | 72,667,459 | 73,614,296 | 73,305,026 |
| Effect of stock option (note a) | | | |
| Effect of convertible bonds (note b) | 1,688,842 | 1,777,173 | 1,720,900 |
| Adjusted weighted average number of common shares outstanding | 74,356,301 | 75,391,469 | 75,025,926 |

(note a) For the three months ended March 31, 2007 and 2006 and for the year ended December 31, 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 three months ended March 31, 2007 and 2006, and for the year ended December 31, 2006, respectively.

(note b) The effect of convertible bonds increased net income related to interest expenses that would not have incurred, and increased the weighted average number of common shares outstanding related to common shares that would have been issued, assuming that the conversion of convertible bonds were made at the beginning of the period.

Table of Contents**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. At March 31, 2007, certain portion of proceeds from sales of such investment totaling ₩1,137 million is kept in escrow accounts in accordance with the Escrow Agreement, which is restricted for use until November 16, 2007, the final settlement date, and recorded as short-term deposits.

21. INSURANCE

As of March 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 | ₩ 3,530,999 | ₩ 7,617,737 |

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

Table of Contents**22. RELATED PARTY TRANSACTIONS****a. Holding company and subsidiaries**

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

| Type | Company | Ownership percentage (%) | Types of business |
|------------------------|--|--------------------------|---|
| Parent company | SK Corporation | 21.8 (note a) | Manufacturing and selling petrochemicals |
| Subsidiary | SK Telink Co., Ltd. | 90.8 | Telecommunication service |
| | SK Communications Co., Ltd. | 85.9 | Internet website services |
| | SK Wyverns Baseball Club Co., Ltd. | 100.0 | Business related sports |
| | Global Credit & Information Co., Ltd. | 50.0 | Credit and collection services |
| | PAXNet Co., Ltd. | 59.7 | Internet website services |
| | Seoul Records, Inc. | 60.0 | Release of music disc |
| | Aircross Co., Ltd. | 100.0 | Wireless marketing related business |
| | TU Media Corp. | 32.7 | Digital multi media broadcasting service |
| | SLD Telecom PTE Ltd. | 73.3 | Telecommunication service |
| | SK Telecom China Co., Ltd. | 100.0 | Telecommunication service |
| | U-Land Company Ltd. | 70.1 | Network and mobile value added service |
| | IHQ, Inc. | 34.1 | Entertainment management |
| | YTN Media Inc. | 51.4 (note b) | Broadcasting program production |
| | SK Telecom USA Holdings, Inc. | 100.0 | Telecommunication service |
| | SK Telecom International Inc. | 100.0 | Telecommunication service |
| | 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 |
| Equity method investee | Cyworld, Inc. | 30.0 | Internet website services |
| | Cyworld Japan Co., Ltd. | 30.0 | Internet website services |
| | SK Cyberpass Inc. | 70.5 (note b) | Telecommunication service |
| | Ntreev Soft Co., Ltd. | 51.0 (note b) | Game program production |
| | IHQ USA, Inc. | 100.0 (note b) | Surveying marketing information |
| | SK Telecom Europe Ltd. | 100.0 | Wireless telecommunication related business |
| | SK Telecom Advanced Tech & Service Center | 100.0 | Research & development |

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| | | |
|----------------------|----------------|---------------------------|
| Cyworld Europe GmbH | 50.2 (note b) | Internet website services |
| Cyworld China Ltd. | 100.0 (note b) | Internet website services |
| SK I Media Co., Ltd. | 60.0 (note b) | Game software production |

(note a) The ownership percentage represents parent company's ownership over the Company.

(note b) The ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct investment.

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

Significant related party transactions for the three months ended March 31, 2007 and 2006, and account balances as of March 31, 2007 and December 31, 2006 are as follows (In millions of Korean won):

b-(1) Transactions

| | For three months ended March 31, 2007 | | | For three months ended March 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 |
| Parent Company: | | | | | | |
| SK Corporation | ₩ | ₩ 8,053 | ₩ 5,341 | ₩ 288 | ₩ 8,211 | ₩ 1,348 |
| Subsidiaries: | | | | | | |
| SK Communications Co., Ltd. | 156 | 7,885 | 938 | | 7,537 | 378 |
| TU Media Corp. Global Credit In- formation Co., Ltd. | | 383 | 15,045 | 573 | 193 | 9,869 |
| PAXNet Co., Ltd. | | 10,342 | 313 | | 10,964 | 292 |
| SK Telink Co., Ltd. | | 2,581 | 316 | | 2,526 | 220 |
| SK Wyverns Baseball Club Co., Ltd. | | 3,801 | 10,219 | | 2,887 | 4,259 |
| Aircross Co., Ltd. | 225 | 5,400 | | | 6,100 | |
| SK Telecom China Co., Ltd. | | 4,153 | 187 | | 2,963 | 117 |
| SLD Telecom PTE Ltd. | | 5,732 | 683 | | 3,177 | |
| SK Telecom International Inc. | | 2,358 | 10,781 | | | |
| Others | | 1,776 | | | 2,142 | |
| Equity Method Investees: | | 527 | 19 | 984 | | |
| WiderThan Co., Ltd. | | | | 617 | 21,907 | 69 |
| Helio, LLC | | | 3,098 | | | 4,659 |
| SK C&C Co., Ltd. | 11,412 | 44,641 | 2,309 | 9,830 | 65,328 | 1,783 |
| Others | 109 | 4 | 211 | 1,133 | 750 | |
| Others : | | | | | | |
| SK Engineering & Construction Co., Ltd. | 47,596 | 416 | 764 | | 146 | 629 |
| SK Networks Co., Ltd. | 645 | 144,659 | 1,640 | 1,684 | 99,942 | 2,295 |
| Innoace Co., Ltd. | 456 | 1,509 | 46 | 339 | 456 | 46 |
| SK Telesys Co., Ltd. | 53,927 | 441 | 1,675 | 8,606 | 180 | 756 |
| Others | 1,390 | 3,288 | 972 | | 2,019 | 585 |

| | | | | | | |
|-------|-----------|-----------|----------|----------|-----------|----------|
| Total | ₩ 115,916 | ₩ 247,949 | ₩ 54,557 | ₩ 24,054 | ₩ 237,428 | ₩ 27,305 |
|-------|-----------|-----------|----------|----------|-----------|----------|

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

As of March 31, 2007

| | Accounts receivable | Short-term loans | Long-term loans | Guarantee deposits | Accounts payable | Guarantee deposits received |
|--|------------------------|---------------------|--------------------|-----------------------|---------------------|-----------------------------------|
| Parent Company: | | | | | | |
| SK Corporation | ₩ 497 | ₩ | ₩ | ₩ 304 | ₩ 4,603 | ₩ 6,174 |
| Subsidiaries: | | | | | | |
| SK Communications Co., Ltd. | 1,659 | | | | 4,518 | 5,459 |
| TU Media Corp. | 7,774 | | | | 198 | 3,016 |
| Global Credit & Information Co., Ltd. | 12 | | | | 4,330 | |
| SK Telink Co., Ltd. | 992 | | | | 750 | 954 |
| PAXNet Co., Ltd. | 250 | | | | 1,077 | |
| SK Wyverns Baseball Club Co., Ltd. | 104 | 575 | 4,132 | | | |
| Aircross Co., Ltd. | 764 | | | | 1,568 | 254 |
| SK Telecom China Co., Ltd. | 684 | | | | | |
| SLD Telecom PTE Ltd. | 11,584 | | | | | |
| Others | | | | | 156 | |
| Equity Method Investees: | | | | | | |
| SK C&C Co., Ltd. | 1,314 | | | | 25,881 | 346 |
| Helio, LLC. | 15,491 | | | | | |
| Others | 990 | | | | 468 | |
| Others: | | | | | | |
| SK Engineering & Construction Co., Ltd. | 261 | | | | 706 | 1,135 |
| SK Networks Co., Ltd. | 1,479 | | | 113 | 69,081 | 3,161 |
| Innoace Co., Ltd. | 17 | | | | 1,343 | 2,291 |
| SK Telesys Co., Ltd. | 1,791 | | | | 71,657 | |
| Others | 499 | | | 900 | 2,356 | |
| Total | ₩46,162 | ₩ 575 | ₩ 4,132 | ₩ 1,317 | ₩188,692 | ₩ 22,790 |

As of December 31, 2006

| | Accounts receivable | Short-term loans | Long-term loans | Guarantee deposits | Accounts payable | Guarantee deposits received |
|-----------------|------------------------|---------------------|--------------------|-----------------------|---------------------|-----------------------------------|
| Parent Company: | | | | | | |
| SK Corporation | ₩ 3,560 | ₩ | ₩ | ₩ 291 | ₩ 7,962 | ₩ 6,174 |

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Subsidiaries:

| | | | | | | |
|---------------------------------------|--------|-------|-------|--|-------|-------|
| SK Communications Co., Ltd. | 535 | | | | 7,255 | 5,459 |
| SK Wyverns Baseball Club Co., Ltd. | 475 | 1,150 | 4,132 | | | |
| Global Credit & Information Co., Ltd. | 82 | | | | 7,645 | |
| PAXNet Co., Ltd. | 121 | | | | 913 | |
| SK Telink Co., Ltd. | 4,352 | | | | 2,209 | 955 |
| Others | 10,964 | | | | 2,237 | |

Equity Method Investees:

| | | | | | | |
|------------------|--------|--|--|--|--------|-------|
| SK C&C Co., Ltd. | 650 | | | | 86,332 | 346 |
| Helio, LLC. | 13,335 | | | | | |
| TU Media Corp. | 6,369 | | | | 886 | 3,016 |
| Others | 4,316 | | | | 4,053 | 226 |

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 |
|-------|---------|---------|---------|---------|----------|----------|

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

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months ended March 31, 2007 are as follows (In millions of Korean won):

| Payee | For the three months ended March 31, 2007 | | |
|---|---|-----------------------|---------|
| | Payroll | Severance indemnities | Total |
| 12 Registered directors (including outside directors) | ₩ 3,153 | ₩ 299 | ₩ 3,452 |

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 three months ended March 31, 2007, the exercisable period elapsed and those stock options representing 15,110 shares have expired.

23. PROVISION FOR MILEAGE POINTS

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

| | March 31, 2007 (note a) | March 31, 2006 (note a) |
|---|-------------------------------|-------------------------------|
| Beginning balance | ₩ 52,593 | ₩ 52,172 |
| Increase | 1,813 | 2,160 |
| Decrease (used points) | (2,792) | (2,916) |
| Decrease (reversal of provision for mileage points) | (21,170) | |
| Ending Balance | ₩ 30,444 | ₩ 51,416 |

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

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Rainbow Points expire after 5 years. The expected year when unused Rainbow Points as of March 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 usage for the year ended March 31, | Estimated amount to be paid | | Present value (note b) |
|--|--------------------------------|--------|---------------------------|
| | In nominal value (note b) | | |
| 2008 | ₩ | 15,632 | ₩ 14,872 |
| 2009 | | 8,459 | 7,657 |
| 2010 | | 4,864 | 4,188 |
| 2011 | | 2,889 | 2,367 |
| 2012 | | 1,745 | 1,360 |
| Ending balance | ₩ | 33,589 | ₩ 30,444 |

(note b) The above expected year of the usage and the present value of the estimated amount to be paid are estimated based on historical usage experience.

24. 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 March 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 ₩18,411 million (excluding tax effect totaling ₩6,984 million and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling ₩62,286 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with 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 March 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 ₩670 million (excluding foreign exchange translation gain arising from U.S. dollar denominated long-term borrowings totaling ₩770 million) was accounted for as accumulated other comprehensive income.

b. Currency swap contract to which the cash flow 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 cash flow hedge accounting is not applied, gain on valuation of currency swap of ₩733 million for the three months ended March 31, 2007 and loss on valuation of currency swap of ₩5,297 million for the three months ended March 31, 2006 was charged to current operations.

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In addition, the company has entered into a fixed-to-fixed cross currency swap contract with Hana Bank, Korea Exchange Bank, Woori Bank, Shinhan Bank, Citibank and Barclays Bank to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds issued by China Unicom which was acquired on July 5, 2006. In connection with unsettled fixed-to-fixed cross currency swap contract to which the cash flow hedge accounting is not applied, loss on valuation of currency swap of ₩12,528 million for the three months ended March 31, 2007 was charged to current operations.

c. Interest rate swap

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 March 31, 2007, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩1,026 million (excluding tax effect totaling ₩389 million) was accounted for as other comprehensive income.

As of March 31, 2007, fair values of above derivatives recorded in long-term liabilities and details of derivative instruments as of March 31, 2007 are as follows (In thousands of U.S. dollars and millions of Korean won):

| Type | Hedged item | Face Amount | Duration of contract | Fair value | | |
|---|---|---------------|--------------------------------|-------------------------------|----------------|----------|
| | | | | Designated as cash flow hedge | Not designated | Total |
| Current assets: | | | | | | |
| Fix-to-fixed cross currency swap | U.S. dollar denominated convertible bond issued by China Unicom | US\$1,000,000 | July 5, 2006~ July 5, 2007 | ₩ | ₩ 4,132 | ₩ 4,132 |
| | | | | ₩ | ₩ 4,132 | ₩ 4,132 |
| Non-current liabilities: | | | | | | |
| Fix-to-fixed cross currency swap | U.S. dollar denominated bonds | US\$300,000 | March 23, 2004 ~ April 1, 2011 | ₩87,681 | ₩ | ₩ 87,681 |
| Fix-to-fixed cross currency swap | U.S. dollar denominated convertible bond | US\$100,000 | May 27, 2004 ~ May 27, 2009 | | 21,770 | 21,770 |
| Floating-to-fixed cross currency interest rate swap | U.S. dollar denominated long-term borrowings | US\$100,000 | October 10, 2006 ~October 10, | 99 | | 99 |
| | | | | 87,780 | 21,770 | 109,550 |
| Floating-to-fixed interest rate swap | Long-term floating rate discounted bill | ₩200,000 | June 29, 2006 ~ June 29, 2010 | 1,416 | | 1,416 |

₩89,196 ₩21,770 ₩110,966

25. COMMITMENTS

In accordance with the resolution of the Company's board of directors dated 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\$214 million from 2005 through March 31, 2007 and will additionally invest US\$6 million through 2007 to maintain a 50% equity interest in the joint venture company. Helio, LLC launched cellular voice and data services extensively 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.

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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)
Name: Tae Jin Park

Title: Vice President

Date: June 26, 2007