

Quarterly Report

(For the period from January 1, 2009 through September 30, 2009)

To: The Financial Services Commission of Korea and Korea Exchange

November 16, 2009

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On November 16, 2009, SK broadband Co., Ltd. (“the Company” or “SK broadband”) filed a bi-annual report (the “Report”) with the Financial Services Commission of the Republic of Korea (“Korea”) and Korea Exchange pursuant to the Financial Investment Services and Capital Markets Act of Korea. This is an English version of the Report. Non-material information may have been omitted or abridged.

The unaudited quarterly financial statements included in the Report were prepared in accordance with generally accepted accounting principles in Korea, or Korean GAAP. The accounts of the financial statements or figures in the Report are expressed in Korean won ("KRW" or "Won").

Cautionary Statement Concerning Forward-Looking Statements

The Report contains “forward-looking statements” that are based on the Company’s current expectations, assumptions, estimates and projections about the Company and its industry. The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves. The Company relies on this safe harbor in making forward-looking statements.

In many cases, but not all cases, forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “project,” “should,” and similar expressions. Those statements include, among other things, a the discussions of the Company’s business strategies, expectations concerning its market position and growth opportunities, future operations, margins, profitability, liquidity and capital resources, as well as statements concerning expansion of its network coverage, increases in the number of subscribers to its services, the consummation and the regulatory environment in which the Company operates.

Forward-looking statements are subject to various risks and uncertainties. The Company cautions you that reliance on any forward-looking statement involves risks and uncertainties, and that although the Company believes that the assumptions on which its forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could be incorrect. Important factors that could cause actual results to differ materially from estimates or forecasts contained in forward-looking statements include, among others, the ability to implement the Company’s business and growth strategies, the ability to integrate businesses and products lines, that the Company recently acquired or intends to acquire, in a manner that achieves the expected results, requirements imposed by regulatory authorities, competitive factors in the Korean telecommunications industry, risks associated with debt service requirements, degree of financial leverage and other risks.

In light of these and other uncertainties, you should not conclude that the Company will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. The Company does not intend to update these forward-looking statements. The Company is under no obligation, and disclaims any obligation, to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

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I. Company Information

1. Company Information

A. Legal and commercial name

The name of the Company is "SK Broadband Chusik Hoesa" (hereafter "Company"), which is written in English as "SK Broadband Co., Ltd."

B. Establishment

We were established on September 26, 1997 under the Telecommunications Act to provide local telephony services, to lease telecommunications lines and facilities related thereto, and to establish, own and operate telecommunication networks. On November 11, 1998, we were listed in KOSDAQ Stock Exchange.

C. Location of head office, telephone number, homepage address

Our registered office is located at SK Namsan Building, 267, Namdaemunro 5-ga, Jung-gu, Seoul, Korea, 100-711, telephone number is 106(without area code), and our homepage is www.skbroadband.com

D. Relevant laws and regulations

The Telecommunications Business Act, the Broadcasting Act, the Internet Multimedia Broadcasting Business Act, the Act on Promotion of Information and Communication Network Utilization and information Protection, etc., the Framework Act on Informationalization Promotion, the Framework Act on Telecommunications, the Information and Communication Work Business Act are the laws governing the industry.

E. Total number of affiliates

Companies included in the SK Group (as of September 30, 2009, 76 affiliates)

| Business area | Listed companies | Non-listed companies |
|----------------------------|---|---|
| Holding company(1) | SK Corporation | - |
| Energy/Chemicals(25) | SK Energy SK Chemicals SKC SK Gas Daehan City Gas Busan City Gas | 19 companies including SKE&S, SK Petrochemical, and DOPCO, |
| IT(24) | SK Telecom Loen Entertainment IHQ SK Communications SK broadband | 19 companies including SKC&C, SK Telink, broadband media, Hanaro Dream, broadband D&M, and PS&Marketing |
| Construction/Logistics(19) | SK Networks | 18 companies including SK E&C, SK Shipping, Walkerhill, and broadband CS |
| Finance(1) | SK Securities | - |
| Other(6) | Solmics, UBcare | SK Wyverns, Panablu, GreenViro, and Jeju United FC |

F. Credit Ratings in the last 3 years

| Date | Subject of credit rating | Credit rating | Credit rating company |
|---------------|--------------------------|---------------|---|
| Jul. 10, 2007 | Corporate bond | A- | National Information and Credit Evaluation (NICE) |
| Jul. 11, 2007 | Corporate bond | A- | Korea Investors Service, Inc. |
| Jul. 11, 2007 | Corporate bond | A- | Korea Management Consulting & Credit Rating Corporation |
| Jul. 30, 2007 | Commercial paper | A2- | National Information and Credit Evaluation (NICE) |
| Jul. 31, 2007 | Commercial paper | A2- | Korea Investors Service, Inc. |
| Jul. 31, 2007 | Commercial paper | A2- | Korea Management Consulting & Credit Rating Corporation |
| Dec. 20, 2007 | Corporate bond | A- | NICE Investors Service |
| Dec. 21, 2007 | Corporate bond | A- | Korea Ratings |
| Dec. 21, 2007 | Corporate bond | A- | Korea Investors Service, Inc. |
| Feb. 28, 2008 | Corporate bond | BBB+ | Fitch |
| Mar. 28, 2008 | Corporate bond | A | Korea Investors Service, Inc. |
| Mar. 28, 2008 | Corporate bond | A | NICE Investors Service |
| Mar. 28, 2008 | Corporate bond | BBB- | S&P |
| Mar. 28, 2008 | Corporate bond | Baa3 | Moody's |
| Mar. 28, 2008 | Commercial paper | A2 | Korea Investors Service, Inc. |
| Mar. 28, 2008 | Commercial paper | A2 | NICE Investors Service |
| Mar. 31, 2008 | Corporate bond | A+ | Korea Ratings |
| Mar. 31, 2008 | Commercial paper | A2+ | Korea Ratings |
| Jun. 3, 2008 | Commercial paper | A2+ | Korea Ratings |
| Jun. 16, 2008 | Commercial paper | A2+ | NICE Investors Service |
| Jun. 27, 2008 | Commercial paper | A2+ | NICE Investors Service |
| Sep. 29, 2008 | Corporate bond | A+ | Korea Investors Service, Inc. |
| Oct. 20, 2008 | Corporate bond | A+ | NICE Investors Service |
| Nov. 20, 2008 | Corporate bond | A+ | NICE Investors Service |
| Nov. 20, 2008 | Corporate bond | A+ | Korea Ratings |
| Nov. 20, 2008 | Corporate bond | A+ | Korea Investors Service, Inc. |
| Dec. 22, 2008 | Corporate bond | A+ | NICE Investors Service |
| Dec. 22, 2008 | Corporate bond | A+ | Korea Ratings |
| Dec. 22, 2008 | Corporate bond | A+ | Korea Investors Service, Inc. |
| Jun. 26, 2009 | Corporate bond | A+ | Korea Ratings |
| Jun. 30, 2009 | Corporate bond | A+ | Korea Investors Service, Inc. |
| Jun. 30, 2009 | Commercial paper | A1 | Korea Investors Service, Inc. |
| Jul. 17, 2009 | Corporate bond | A+ | NICE Investors Service |
| Jul. 17, 2009 | Commercial paper | A1 | NICE Investors Service |
| Jul. 23, 2009 | Commercial paper | A1 | Korea Ratings |

2. History of the Company

A. Change of head office

| Date of change | Before change | After change |
|----------------|---|---|
| May 1, 2004 | 1445-3 Seocho-dong, Seocho-gu, Seoul | 43 Taepyeongno 2-ga, Jung-gu, Seoul |
| Dec. 12, 2005 | 43 Taepyeongno 2-ga, Jung-gu, Seoul | 17-7 Yeouido-dong, Yeongdeungpo-gu, Seoul |
| Dec. 15, 2008 | 17-7 Yeouido-dong, Yeongdeungpo-gu, Seoul | 267, Namdaemunro 5-ga, Jung-gu, Seoul |

B. Major changes in board of directors

| Date of change | Before change | After change | Remark |
|---|---|---|-------------------------------|
| Nov. 18, 2003 <small>Note 1)</small> | Representative Director & CEO Yoon, Chang Bun | Representative Director & CEO Yoon, Chang Bun | Resigned (Aug. 12, 2005) |
| | Representative Director & Senior Executive Vice President Lee, In Hang | - | Resigned |
| | Director Kim, Jin Duck | - | Resigned |
| | Director Nam, Young Woo | Director Nam, Young Woo | Resigned (Mar. 25, 2005) |
| | Director Hong, Sun Ho | Director Hong, Sun Ho | Resigned (Mar. 25, 2005) |
| | - | Director Wilfried Kaffenberger | Newly appointed |
| | - | Director David Yeung | Newly appointed |
| | Outside director Kim, Shin Bae | Outside director Kim, Shin Bae | Resigned (Mar. 25, 2005) |
| | Outside director Park, Sung Kyou (audit committee member) | Outside director Park, Sung Kyou (audit committee member) | Reappointed after resignation |
| | Outside director Kim, Sun Woo (audit committee member) | Outside director Kim, Sun Woo (audit committee member) | Reappointed after resignation |
| | Outside director Suh, Sa Hyun | - | Resigned |
| | Outside director Park, Hang Ku | - | Resigned |

| Date of change | Before change | After change | Remark |
|--------------------------|---|--|--|
| | Outside director Kim, Yong Hwan (audit committee member) | - | Resigned |
| | Outside director Lee, Woong Hae (audit committee member) | - | Resigned |
| | - | Outside director Paul Chen | Newly appointed |
| | - | Outside director Park, Byung Moo | Newly appointed |
| | - | Outside director Choi, Kyung Joon (audit committee member) | Newly appointed |
| Mar. 24, 2006 | Representative Director Kwon, Soon Yub | - | Resigned |
| | Outside director Park, Byung Moo (audit committee member) | Representative Director & CEO Park, Byung Moo | Appointed as Representative Director after his resignation as outside director |
| | - | Director Peter Whang (audit committee member) | Newly appointed |
| | - | Outside director Steven J. Schneider | Newly appointed |
| | - | Outside director Afshin Mohebbi | Newly appointed |
| Mar. 28, 2008 Note 2) | Representative Director & CEO Park, Byung Moo | - | Resigned |
| | Director David Yeung | - | Resigned |
| | Director Wilfried Kaffenberger | - | Resigned |
| | Outside director Paul Chen | - | Resigned |
| | Outside director Varun Bery | - | Resigned |
| | Outside director Steven J. Schneider | - | Resigned |
| | Outside director Afshin Mohebbi | - | Resigned |
| | Outside director Park, Sung Kyou (audit committee member) | - | Resigned |
| | Director Peter Whang (audit committee member) | - | Resigned |
| | - | President & CEO Cho, Shin | Newly appointed |
| | - | Director Nam, Young Chan | Newly appointed |
| | - | Director Oh, Se Hyun | Newly appointed |

| Date of change | Before change | After change | Remark |
|----------------|---------------|--|-----------------|
| | - | Director Kim, Young Chul | Newly appointed |
| | - | Outside director Yoo, Hyuck | Newly appointed |
| | - | Outside director Yoo, Yong Suk | Newly appointed |
| | - | Outside director Cho, Myeong Hyun (audit committee member) | Newly appointed |
| | - | Outside director Hong, Dae Hyoung (audit committee member) | Newly appointed |

Note 1) As a result of the issuance of new shares approved at the extraordinary general meeting of shareholders on Oct. 21, 2003

Note 2) As a result of the change of the largest shareholder

C. Changes in the largest shareholder

| Date | Largest shareholder | Remark |
|---------------|--------------------------------------|---|
| Dec. 9, 1999 | Samsung Electronics Co., Ltd. | Became the largest shareholder after Dacom Corporation, the former largest shareholder, sold part of its stake in the Company |
| Jan. 3, 2000 | Dacom Corporation (LG Group) | Became the largest shareholder after Dacom Corporation was designated as a member company of the LG Group |
| Nov. 18, 2003 | AIF II NT, Ltd. And SSB-AOF NT, Ltd. | Became the largest shareholder after the third party allotment for the paid-in capital increase |
| Mar. 28, 2008 | SK Telecom Co., Ltd. | Became the largest shareholder after acquiring the stake held by the AIG-Newbridge-TVG Consortium additionally |

D. Change of the corporate name

| Date of change | Before change | After change |
|----------------|-----------------------------|----------------------------|
| Dec. 16, 2004 | HANARO TELECOM INCORPORATED | hanarotelecom incorporated |
| Sep. 22, 2008 | hanarotelecom incorporated | SK Broadband Co., Ltd. |

Note) The date of change refers to the date of resolution at the Extraordinary General Meeting of Shareholders.

E. M&A

● M&A

| Date | Company | Description |
|--------------|-------------------------|---|
| Jan. 1, 2006 | Korea Thrunet Co., Ltd. | Merger with Korea Thrunet Co., Ltd. (1,217,832 shares were issued as part of the merger.) |

F. Transfer of business

| Date | Company | Description | Amount |
|--------------|-------------------------------------|---|------------------|
| Apr. 1, 2004 | GS Digital Broadcasting Co., Ltd. | Acquisition of broadband Internet business | KRW 4.2 billion |
| Jun. 1, 2004 | Damul Telecom Co., Ltd. | Acquisition of broadband Internet business and outsourcing of customer services | - |
| Jul. 1, 2004 | Joongang Cable TV | Acquisition of broadband Internet business | KRW 893 million |
| Jul. 1, 2004 | Kyungsan Cable TV | Acquisition of broadband Internet business | KRW 972 million |
| Jul. 1, 2004 | Youngcheon Cable TV | Acquisition of broadband Internet business | KRW 231 million |
| Dec. 1, 2004 | DBS Daekyung Broadcasting Co., Ltd. | Acquisition of broadband Internet business | KRW 1.61 billion |
| Feb. 1, 2005 | CM TEL Co., Ltd. | Acquisition of broadband Internet business | KRW 900 million |
| May 1, 2005 | Damyang Cable TV | Acquisition of broadband Internet business | KRW 120 million |
| Jul. 1, 2005 | Pohang Broadcasting | Acquisition of broadband Internet business | KRW 2.4 billion |
| Sep. 1, 2005 | Dreamline Corp. | Acquisition of broadband Internet business | KRW 2.78 billion |
| Nov. 1, 2005 | Chungcheong Media Telecom | Acquisition of broadband Internet business | KRW 654 million |
| Nov. 1, 2005 | Tongyoung Cable TV | Acquisition of broadband Internet business | KRW 317 million |
| Jul. 1, 2006 | Gochang Cable TV | Acquisition of broadband Internet business | KRW 280 million |
| Jul. 1, 2006 | Buan Cable TV | Acquisition of broadband Internet business | KRW 200 million |
| Jun. 1, 2006 | Keumsa Cable TV | Acquisition of broadband Internet business | KRW 250 million |
| Jul. 1, 2006 | Wasoo Cable TV | Acquisition of broadband Internet business | KRW 60 million |
| Jul. 1, 2006 | Sangmoo Internet | Acquisition of broadband Internet business | KRW 60 million |
| Aug. 1, 2006 | OK-NET Co., Ltd. | Acquisition of broadband Internet business | KRW 12 million |
| Oct.1, 2006 | Techro Billtec Co., Ltd. | Acquisition of broadband Internet business | KRW 540 million |
| Jul. 1, 2006 | Pohang Broadcasting | Acquisition of broadband Internet business | KRW 580 million |
| Aug. 1, 2006 | Hangaram Networks Co., Ltd. | Acquisition of broadband Internet business | KRW 560 million |
| Aug. 1, 2006 | Tera Power Co., Ltd. | Acquisition of broadband Internet business | KRW 450 million |

| | | | |
|------------------------------|------------------------------------|--|-------------------|
| Sep. 1, 2006 | Youngnam Network Co., Ltd. | Acquisition of broadband Internet business | KRW 340 million |
| Aug. 1, 2006 | Chungcheong Cable Netcom Co., Ltd. | Acquisition of broadband Internet business | KRW 206 million |
| Aug. 1, 2006 | Chungcheong Hananet Co., Ltd. | Acquisition of broadband Internet business | KRW 124 million |
| Sep. 1, 2006 | HINET Co., Ltd. | Acquisition of broadband Internet business | KRW 100 million |
| Oct. 1, 2006 | Techro Villiage Co., Ltd. | Acquisition of broadband Internet business | KRW 440 million |
| Oct. 1, 2006 | Daelim I&S Co., Ltd. | Acquisition of broadband Internet business | KRW 9.55 billion |
| Dec. 1, 2006 | Youji Telecom, etc. | Acquisition of broadband Internet business | KRW 4.15 billion |
| Apr. 1, 2007 ~ Jun. 1, 2007 | Onse Telecom Co., Ltd., etc. | Acquisition of broadband Internet business | KRW 39.95 billion |
| Aug. 1, 2007 ~ Sep. 1, 2007 | Jinkun Cable TV, etc. | Acquisition of broadband Internet business | KRW 3.95 billion |
| Jan. 1, 2007 ~ Dec. 31, 2007 | Pohang Cable Broadcasting, etc. | Acquisition of broadband Internet business | KRW 1.33 billion |
| Sep. 30, 2009 | SK Networks Co., Ltd. | Acquisition of corporate VoIP business | KRW 6.4 billion |

G. Other major changes

| Date | Changes |
|---------------|---|
| Sep. 23, 1997 | First general meeting of shareholders convened |
| Jan. 22, 1998 | 1 st right issue |
| Feb. 24, 1998 | Secured telephone codes for providing local telephony services |
| Feb. 24, 1998 | Acquired WLL frequency of 2.3GHz bandwidth for 20MHz down- and up-stream |
| Jun. 19, 1998 | Registered as a special service provider (Internet phone, etc.) |
| Oct. 1, 1998 | Launched broadband internet access services through CATV |
| Oct. 2, 1998 | Second right issue |
| Nov. 11, 1998 | Listed on the Korea Securities Dealers Association(KOSDAQ) |
| Apr. 1, 1999 | Launched local telephony services and broadband internet access services in four major cities |
| Jun. 18, 1999 | Selected as a provider of telecommunications lines and facilities and B-WILL |
| Jun. 28, 1999 | Designated as a CATV network operator (NO) |
| Aug. 5, 1999 | 3 rd right issue |
| Dec. 22, 1999 | Obtained a license to provide value-added, long distance and international telephony services |
| Mar. 29, 2000 | Listed 24 million ADRs on NASDAQ |
| May 1, 2000 | Opened Internet Data Center |
| May 1, 2000 | Launched intelligent network services |
| Mar. 20, 2002 | 5 th right issue Exercise of warrants: Mar. 20, 2002 ~ Mar. 29, 2002 |

| Date | Changes |
|---------------|--|
| Jan. 28, 2003 | Obtained a license for long distance and international telephony services |
| Nov. 18, 2003 | 6 th right issue |
| Jul. 1, 2004 | Launched commercial long distance/international telephony services |
| Apr. 19, 2005 | Obtained a license to provide T-Commerce data broadcasting |
| Jan. 1, 2006 | Merged with Korea Thrunet Co., Ltd. |
| May 3, 2006 | Completed a reverse stock split (2:1) without payment to shareholders (paid-in capital after capital reduction: KRW 1,158.4 billion) |
| Jul. 24, 2006 | Launched the commercial broad&tv service |
| Jan. 8, 2007 | Rolled out the bundled service of hanaSet |
| Jan. 26, 2007 | New shares issued upon the exercise of warrants attached to the overseas bonds with warrants Exercise of warrants: Sep. 6, 2006 ~ Jan. 19, 2007 |
| Jun. 28, 2007 | Delisted its ADRs from Nasdaq Global Select Market |
| Feb. 22, 2008 | The MIC approved SK Telecom's acquisition of shares of the Company |
| Mar. 28, 2008 | Mr. Cho, Shin was newly appointed as Representative Director |
| May 2, 2008 | Became an affiliated company of the SK Group |
| Sep. 24, 2008 | Acquired IPTV business rights |
| Jan. 6, 2009 | Termination of ADR Program |
| Jan. 12, 2009 | Commercialized IPTV service |
| Jul. 22, 2009 | Paid-in capital increase through rights offering to shareholders (paid-in capital after capital increase: KRW 1,479.8 billion) |
| Sep. 30, 2009 | Acquisition of corporate VoIP subscribers from SK Networks |

3. Changes in Paid-in Capital

A. Changes in Paid-in Capital

(1) Capital increase in the last 3 years

(Unit: KRW, share)

| Date | Type | Number | Par value per share | Offering price per share |
|-------------------------|---------------------------|-------------|---------------------|--------------------------|
| Jan. 9, 2006 Note 1) | - | 1,217,832 | 5,000 | 3,826 |
| May. 2, 2006 | Capital Reduction | 231,676,506 | 5,000 | 3,200 |
| Sep. 6, 2006 | Exercise of warrants | 502,399 | 5,000 | 5,917 |
| Sep. 15, 2006 | Exercise of warrants | 66,986 | 5,000 | 5,917 |
| Jan. 3, 2007 | Exercise of warrants | 229,987 | 5,000 | 5,917 |
| Jan. 8, 2007 | Exercise of warrants | 260,131 | 5,000 | 5,917 |
| Jan. 16, 2007 | Exercise of warrants | 451,042 | 5,000 | 5,917 |
| Jan. 18, 2007 | Exercise of warrants | 286,926 | 5,000 | 5,917 |
| Jan. 19, 2007 | Exercise of warrants | 1,535,110 | 5,000 | 5,917 |
| Mar. 23, 2008 | Exercise of stock options | 875,000 | 5,000 | 6,400 |
| Apr. 29, 2008 | Exercise of stock | 75,000 | 5,000 | 6,400 |

| | | | | |
|---------------|--|------------|-------|-------|
| | options | | | |
| Jul. 22. 2009 | Paid-in capital increase through rights offering to shareholders | 60,000,000 | 5,000 | 5,000 |

Note) Shares were issued with regard to the merger with Thrunet.

4. Number of Shares Issued (As of September 30, 2009)

The Company's authorized shares are 700,000,000. As a result of 60,000,000 shares paid-in capital with an issue date of July 22, 2009. Total number of shares issued amount to 527,635,593. Number of shares decreased amount to 231,676,506 as a result of 50% capital reduction without any refund with an issue date of May 2, 2006. Therefore, number of shares in circulation as of the end of 3Q09 amount to 295,959,087.

5. Voting Rights (As of September 30, 2009)

(Unit: share)

| Description | Number of common shares |
|--|-------------------------|
| 1. Shares with voting right (one vote for each share) | 295,959,087 |
| 2. Shares with no voting right | - |
| 3. Shares with restricted voting right | - |
| 4. Shares with reinstated voting right | - |
| 5. Shares with unrestricted voting right | 295,959,087 |

6. Dividend Payout

A. Dividend payout

Refer to Article 46 (Dividends to Shareholders) of the Articles of Incorporation

B. Dividend payout in the recent 3 years

N/A

| | 3Q09 | 2008 | 2007 |
|--------------------------|----------|---------|-------|
| Par value(KRW) | 5,000 | 5,000 | 5,000 |
| Net income (million KRW) | -131,540 | -98,840 | 7,236 |
| Earnings Per Share(KRW) | -522 | -419 | 31 |

II. Business

1. Introduction

A. Industry Overview

(1) Characteristics of the industry

Total sales of Korea's telecommunications market has increased by 16% year on year on average from approx. 3.7 trillion won in 1990 to approx. 48.3 trillion won in 2008. The telecommunications market has been expanded owing to the introduction of competition to the long-distance call market and the mobile phone market in 1996 and to the local call market in 1999, since competition was introduced to the international call market in 1991 after the restructuring of the telecommunication market in 1990. Sales of the mobile telephony market has, in particular, significantly increased, as mobile services have become popular due to the decrease in phone charge and the introduction of various calling plans and value-added services since PCS service providers entered into the market in October 1997. However, as the market has matured, the growth rate has declined since 2000. Notwithstanding, the telecommunications service market maintains continuous growth, expanding at an annual average of 6.3%. As infrastructure of other industries and essential goods for the citizens, telecommunication services are playing a significant role in the economy.

The sales of Korea's telecommunications service market is estimated to grow by 6.7% YoY in 2008. Though the wireline voice market has been slow to grow and a steeper competition forces providers to decrease phone charges, the market is able to accomplish a greater growth rate YoY due to the increase in sales of the facilities-based telecommunications services boosted by the growth of WCDMA, leased lines, and high-speed Internet services, the growth of the special category telecommunications services by large service providers, and the development of the value-added telecommunications service market helped by the consistent growth of Internet content and high-speed data service.

The general characteristics and trends of Korea's telecommunications industry are as follows:

- Internet and mobile phones are leading the transformation of telecommunications industry
 - With the proliferation of Internet access and broadband Internet services becoming widespread, the demand for the data service has increased significantly.
 - The era of personal mobile communication has stabilized after the explosive growth in the mobile telephony market.
- Convergence of telecommunication and broadcasting
 - The industry is shifting from telephony oriented networks to the advanced networks that enable the real-time transmission of visual contents.
 - Distinction between telecommunications and broadcasting is blurring and these services are expected to be provided over the same network simultaneously.
- Wireline-wireless integration
 - The new era for the wireline-wireless integration is dawning on the back of new technologies such as WiBro, HSDPA, etc.
- Adoption of new technologies and cost savings
 - Ensuing competition is speeding up the development of new technologies and services.
 - A shift in the consumer demand and the rapid growth of the data transmission services led to cost reduction.

(2) Growth of the industry

The global telecommunications service market posts around 10% of growth rate. Rather than fixed services, the mobile service market in the developing countries lead the overall market expansion. In advanced countries including Korea, the market becomes slow to grow, as it matures. As such, service providers are seeking a variety of means to improve profitability amid the cutthroat competition.

Korea's telecommunication service is expected to stand at around 48.3 trillion won with 6.7% growth year on year, which includes 21.3 trillion won for wireless, 14.2 trillion won for fixed-line, 10.4 trillion won for value added service and 2.3 trillion won for special category telecommunications services.

Sluggish PSTN market is expected to be reduced due to increasing usage of mobile and internet phone. However, VoIP market is expected to be a lot more revitalized through improved number portability. Broadband service also has some limitation of market growth due to high penetration rate. However, the efforts to ease regulations and create high value-added services by major operators through 100M service and IPTV service including fixed-mobile bundle products.

Statistics on revenues and subscribers of the telecommunications industry are as follows:

[Telecom Industry Revenues]

(Unit: KRW million)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|------------|------------|------------|------------|------------|
| Facility-based Services | 35,565,958 | 34,389,091 | 32,961,726 | 30,918,918 | 30,176,025 |
| Special Category Telecommunications Services | 2,346,251 | 2,132,454 | 1,989,136 | 1,914,293 | 1,026,452 |
| Value-added Services | 10,416,972 | 8,579,062 | 7,793,048 | 5,975,814 | 4,648,212 |
| Broadcasting | 9,829,215 | 9,420,768 | 9,121,544 | 7,852,678 | 7,069,292 |
| Total | 58,158,396 | 54,521,393 | 51,865,454 | 46,661,703 | 42,919,981 |

Note 1) Source: The Korea Association of Information and Telecommunication

[Revenues of Facility-based Service]

(Unit: KRW million)

| Description | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------|------------|------------|------------|------------|------------|
| Fixed Line | 14,223,824 | 14,035,397 | 13,490,307 | 12,780,927 | 13,484,132 |
| Wireless | 21,342,134 | 20,353,694 | 18,678,989 | 18,137,991 | 16,691,893 |
| Total | 35,565,958 | 34,389,091 | 32,169,296 | 30,918,918 | 30,176,025 |

Note 1) Source: The Korea Association of Information and Telecommunication

[Telecommunications Subscribers]

(Unit: persons)

| Description | August 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------------|-------------|------------|------------|------------|------------|------------|
| Broadband Internet | 16,040,880 | 15,474,931 | 14,709,998 | 14,042,698 | 12,190,711 | 11,921,439 |

| | | | | | | |
|-----------------|------------|------------|------------|------------|------------|------------|
| Local Telephony | 20,750,358 | 22,131,737 | 23,130,253 | 23,119,170 | 22,920,151 | 22,870,615 |
| Mobile | 47,527,645 | 45,606,984 | 43,497,541 | 40,197,115 | 38,342,423 | 36,586,052 |
| Total | 84,318,883 | 83,196,748 | 81,337,792 | 77,358,983 | 73,453,285 | 71,378,106 |

Note 1) Source: Ministry of Information and Communication

(3) Features of changes in economic conditions

The broadband Internet and local telephony markets have hardly affected by changes in economic conditions because broadband Internet and local telephony have become necessities of everyday life.

(4) Competitors

| Business | Competitor | Entry Barrier | Competing Point |
|----------------------------|----------------------------|--|-----------------------|
| Local telephony service | KT, LG Dacom | License from the KCC (Telecommunications Business Act) | Quality, Price |
| Broadband Internet service | KT, LG Powercom and others | License from the KCC (Telecommunications Business Act) | Quality, Price, Speed |

(5) Relevant laws and regulations

| | Relevant law |
|------------------------|---|
| Convergence area | The Internet Multimedia Broadcasting Business Act, etc. |
| Telecommunication area | The Framework Act on Telecommunications, the Telecommunications Business Act, the Act on Promotion of Information and Communication Network Utilization and information Protection, the Framework Act on Informationalization Promotion, etc. |

B. Major Services

(Unit: KRW million)

| Business area | Sales type | Major service | | Products | Revenue (%) |
|------------------------------|------------|----------------|--|---|-----------------|
| Telephony and corporate data | Service | Telephony | Local call, long distance/international call/internet phone services | broad&fone, broad&internet fone, etc. | 391,865 (28.6%) |
| | | Corporate data | Domestic/international leased line services | broad&biz Data, broad&biz fone, broad&biz IDC, etc. | 196,632 (14.4%) |
| | Subtotal | | | | |

| | | | | | |
|----------------------|----------|-----------|---|---|-----------------------|
| Broadband and others | Service | Broadband | Internet-related services such as Fiber Lan etc | broad&internet Fiber Lan, broad&internet Speed, broad&internet Free, broad&IPTV, broad&tv, etc. | 774,262 (56.6%) |
| | | Others | Special telecommunications services | - | 5,299 (0.4%) |
| | Subtotal | | | | 779,561 (57.0%) |
| Total | | | | | 1,368,058 (100.0%) |

C. Prices of major services

(Unit: KRW)

| | Classification | 3Q09 | 2008 | 2007 |
|---|------------------------------|---------------|---------------|---------------|
| broad&internet Fiber Lan (100M) | Installation fee | 30,000 | 30,000 | 30,000 |
| | Monthly flat fee | 33,000~27,390 | 33,000~27,390 | 33,000~27,390 |
| broad&internet Speed (10M) | Installation fee | 30,000 | 30,000 | 30,000 |
| | Monthly flat fee | 28,000~25,200 | 28,000~25,200 | 28,000~25,200 |
| | Modem rental fee / month | 8,000~3,000 | 8,000~3,000 | 8,000~3,000 |
| broad&internet Free (fixed and mobile bundle product) | Installation fee | 30,000 | 30,000 | 30,000 |
| | Monthly flat fee | 35,000~25,200 | 35,000~27,390 | 40,000~25,200 |
| | Modem rental fee / month | 10,000~3,000 | 8,000~3,000 | 8,000~3,000 |
| broad&fone (telephony service) | Installation fee | 30,000 | 30,000 | 30,000 |
| | Monthly flat fee | 5,200~1,000 | 5,200~4,160 | 4,500 |
| | Telephony charge / 3 minutes | 39 | 39 | 39 |
| broad&internet phone (telephony service) | Installation fee | 10,000 | 10,000 | - |
| | Monthly flat fee | 2,000~0 | 2,000~0 | |
| | Telephony charge / 3 minutes | 38 | 38 | |
| broad&tv | Installation fee | 20,000 | 20,000 | 20,000 |
| | Monthly flat fee | 13,000~8,800 | 13,000~8,800 | 13,000~7,700 |
| | STB rental fee / month | 7,000~0 | 7,000~0 | 7,000~0 |
| broad&IPTV | Installation fee | 20,000 | - | - |
| | Monthly flat fee | 23,000~10,000 | | |
| | STB rental fee / month | 7,000~2,000 | | |

| | | | | |
|---|--|--|-------------------------|--|
| T band T+internet (fixed and mobile bundle product) | Monthly basic fee | maximum 50~10% discount | maximum 50~10% discount | - |
| | Monthly basic fee Telephony charge / among family members | maximum 50% discount | maximum 50% discount | |
| T band T+voice (fixed and mobile bundle product) | Monthly basic fee | maximum 50~10% discount (mobile) 50% discount (voice) | - | - |
| | Monthly basic fee Telephony charge / among family members | maximum 50% discount | | |
| broad&all (integrated fixed-line product) | Installation fee | 30,000 | 30,000 | |
| | Monthly basic fee | 39,000~24,220 | 41,000~28,500 | |
| | STB rental fee/month | 8,000~3,000 | 8,000~3,000- | |
| broad&set (integrated fixed-line product) | Installation fee | maximum 20~10% discount | maximum 20~10% discount | maximum 20~10% discount (Applied to the 2 nd half subscriptions) |
| | Monthly basic fee | | | |
| | Usage fee | | | |

Note 1) Installation fee or monthly basic fee can be changed depending on contract period, product type, on/off-line subscription, etc. and the information is written based on residential products (exclusive of taxes)

Note 2) broad&set (bundled product) was launched in 2007.

- broadband + voice + broad&tv : up to 20% discount
- broadband + voice / broadband + broad&tv : up to 10% discount
- Discount for broadband term contract

Note 3) broad&all consists of broadband, IPTV(VOD) and VoIP service.

Note4) In terms of broad&fone and broad&internet fone, 'flat rate call plan' (200min free calling/300min free calling), which offers fixed amount of calling for free regardless of fixed or mobile with special basic charge, and 'economic call plan', which offers pre-contracted customers discount for excess call, were launched in October, 2009. Also, new domestic long-distance plan was launched, which offers the same DLD1 spectrum and DLD2 spectrum at 39Won/3-min with special basic charge.

● Installation fee and modem rental fees

| | Fees after applying discounts | Remark |
|------------------------|--|--|
| Installation fee (KRW) | Broadband / PSTN: 30,000 Internet phone: 10,000 IPTV/VOD: 20,000 | Depending on contract period, automatic payment plan, e-mail bill etc. |

| Modem rental fees (KRW) | | No-term contract | 1-year contract | 2-year contract | 3-year contract | Remark |
|-------------------------|---------------------------------|------------------|-----------------|-----------------|-----------------|--------|
| | broadband&internet Fiber LAN | | 8,000 | 6,000 | 4,000 | 3,000 |

| | | | | | | |
|----------------|----------------------------|--------|-------|-------|-------|---|
| | broadband&internet Free | 10,000 | 7,000 | 5,000 | 3,000 | doesn't have Modem rental fees. |
| | broadband&internet fone | 3,000 | 2,000 | 1,000 | 0 | |
| broad&IPTV STB | | 7,000 | 5,000 | 3,000 | 2,000 | - |
| broad&TV STB | | 7,000 | 5,000 | 3,000 | 0 | - |

(exclusive of taxes)

- Wireless internet phone handset fees

| Model | Selling price | Remark |
|-----------------|---------------|--|
| IF-100 / IF-110 | 85,000 | Depending on contract condition, discount amount is offered variously |
| IF-200 | 110,000 | |

(exclusive of taxes)

- Monthly basic fees

| | Discount rate | | | | |
|-----------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|
| | 1-year contract | 2-year contract | 3-year contract | 40-month contract | 4-year contract |
| broad&internet Fiber Lan | 3% | 5% | 10% | 15% | 17% |
| broad&internet Speed | 3% | 5% | 10% | - | - |
| broad&internet Free | 5% | 10~11% | 15~16% | 20% | 20%~22% |
| broad&tv | 5% | 10% | 15% | - | - |

Note 1) For service bundles of broadband and telephony, KRW 2,000 is discounted from monthly basic fees of telephony service.

Note 2) For service bundles of broadband, telephony and broad&tv, 5%~40% discounts of monthly basic fees are applied.

Note 3) For an integrated fixed-line product (T + broad& and broad& set), apply maximum 10~50% basic fee discount.

Note 4) Basic fee may vary according to product type and contract term.

D. Major Facilities

- Status of Major Facilities

(1) Status of Facilities

(Unit: KRW million)

| Description | Beginning book value (As of Dec. 31, 2008) | Increase | Decrease | Depreciation | Ending book value (As of Sep. 30, 2009) |
|-------------|---|----------|----------|--------------|--|
| | | | | | |

| | | | | | |
|------------|-----------|---------|-------|---------|-----------|
| Land | 182,230 | 145 | - | - | 182,375 |
| Buildings | 283,657 | 4,639 | - | 7,431 | 280,865 |
| Structures | 152 | - | - | 4 | 148 |
| Machinery | 1,511,768 | 283,344 | 6,912 | 259,100 | 1,529,101 |
| Vehicles | 172 | 250 | - | 83 | 339 |
| Others | 16,395 | 4,340 | 4 | 5,353 | 15,378 |

(2) Capital Expenditure (“CAPEX”) Plan

(Unit: KRW billion)

| Business area | Description | Period | Asset | Total CAPEX(E) | Total CAPEX executed (3Q09) | CAPEX to be executed |
|---|-------------------------------|-----------------------------|-------------------|----------------|-----------------------------|----------------------|
| Broadband internet/ telephony/ corporate data | Network deployment/ expansion | Jan. 1, 2009 ~ Dec.31, 2009 | Backbone network | undecided | 84.7 | undecided |
| | Network deployment/ expansion | Jan.1, 2009 ~ Dec.31, 2009 | Last-mile network | undecided | 180.8 | undecided |
| | Network deployment/ expansion | Jan.1, 2009 ~ Dec.31, 2009 | Other | undecided | 57.0 | undecided |
| Total | | | | undecided | 322.5 | undecided |

E. Revenue Breakdown

(Unit: KRW)

| Business area | Service | 3Q09 | 2008 | 2007 |
|--------------------------|----------------|-------------------|-------------------|-------------------|
| Voice and corporate data | Voice | 391,864,687,009 | 559,053,443,905 | 531,714,351,415 |
| | Corporate data | 196,632,209,558 | 245,995,701,474 | 222,595,819,314 |
| | Total | 588,496,896,567 | 805,049,145,379 | 754,310,170,729 |
| Broadband and other | Broadband | 774,262,520,348 | 1,048,428,896,315 | 1,106,078,295,008 |
| | Other | 5,298,643,731 | 7,917,671,539 | 7,866,338,548 |
| | Total | 779,561,154,079 | 1,056,346,567,854 | 1,113,944,633,556 |
| Total | | 1,368,058,060,646 | 1,861,395,713,233 | 1,868,254,804,285 |

F. Derivative Contracts in Foreign Currency

With reference to the Company’s issuance of the foreign currency debentures, the Company entered into swap contracts (fixed exchange rate) with Korea Development Bank (KDB) and others to hedge the risk of floating currency exchange rates. The Company applies the cash flow hedge to these swap contracts.

| Derivatives Contact | Amount (USD 1,000) | Payment Method | Counterparty | Contract period | Asset of Currency Swap | Liability of Currenc | Accumulated other comprehe | Gain on valuation of |
|---------------------|--------------------|----------------|--------------|-----------------|------------------------|----------------------|----------------------------|----------------------|
|---------------------|--------------------|----------------|--------------|-----------------|------------------------|----------------------|----------------------------|----------------------|

| | | | | | (KRW million) | y Swap (KRW million) | nsive income (KRW million) | currency swap contracts (KRW million) |
|----------------------|---------|--|------------------------------|-----------------------------|---------------|----------------------|----------------------------|---------------------------------------|
| Cross currency swaps | 500,000 | Receive the principal in USD and make payments in KRW based on the FX rate at the time of the contract | Korea Development Bank, etc. | Feb. 1, 2005 ~ Feb. 1, 2012 | 101,084,541 | - | 22,690,872 | 34,400,000 |

G. Material Agreements

[Leased line contract]

| Agreement | Counterpart | Contract period | Remark |
|--|---|-----------------------|--|
| Interconnection agreements among basic telecommunications carriers | Major carriers | - | Interconnection agreements among carriers |
| Telecommunications network interconnection agreement | KEPCO | Dec. 2004 ~ | Using electric facilities including electric poles |
| Telecommunications conduit lease agreement | Seoul Metropolitan Rapid Transit Corporation | Jan. 2009 ~ Dec. 2011 | Telecommunications network lease |
| Telecommunications conduit lease agreement | Seoul Metropolitan Subway Corporation ^{Note1)} | May 2007 ~ May 2010 | Telecommunications network lease |
| Telecommunications conduit lease agreement | Daegu Metropolitan Subway Corporation | Jan. 2007 ~ Dec. 2009 | Telecommunications network lease |
| Telecommunications conduit lease agreement | Busan Transportation Corporation ^{Note2)} | Jul. 2009 ~ Jul. 2012 | Telecommunications network lease |

Note) The Company is in negotiation with Seoul Metropolitan Subway Corporation for the agreement.

[Real estate lease contract]

(Unit: KRW)

| | Counterpart | Contract period | Contract amount | Remark |
|------------------------------------|-------------------------------------|-------------------------------|-----------------|---------------------------|
| Bundang Switching Office | SK Telecom | Nov.1, 2008 ~ Oct. 31, 2013 | 2,061,900,000 | Contract renewal (lessee) |
| Incheon (Namdong) Switching Office | LG Dacom | Jun. 1, 2008 ~ Dec. 31, 2010 | 2,168,397,000 | Lease deposit (lessee) |
| Sasang Transmission Office | LG Industrial Systems | Mar. 1, 2006 ~ Feb. 28, 2011 | 1,100,000,000 | Lease deposit (lessee) |
| E.Busan Switching Office | LG Dacom | Jun. 1, 2008 ~ Dec. 31, 2010 | 1,102,584,000 | Lease deposit (lessee) |
| SK Namsan Building | SK Telecom | Dec. 17, 2008 ~ Dec. 31. 2010 | 2,742,828,000 | Lease deposit (lessee) |
| Rodeoville | Seo, Yang-il and three other person | Nov. 4, 2006 ~ Nov. 13, 2009 | 3,400,000,000 | Lease deposit (lessee) |
| COEX | COEX | Jan. 1, 2009 ~ Dec. 31, 2009 | 1,134,614,000 | Lease deposit (lessee) |

| | Counterpart | Contract period | Contract amount | Remark |
|----------------------------------|---|----------------------------------|-----------------|---------------------------|
| Ilsan Switching Office | SKC&C | Sep. 1, 2004 ~ Aug. 31, 2010 | 3,388,000,000 | Lease deposit (lessor) |
| East Kwangju Switching Office | Hyundai Securities | Oct. 1, 2006 ~ Sep. 30, 2008 | 2,300,000,000 | Lease deposit (lessor) |
| Ilsan Switching Office | Korea Water Resources Corporation | Feb. 18, 2009 ~ Feb. 17, 2010 | 2,628,000,000 | Lease deposit (lessor) |
| Ilsan Switching Office | Citibank Korea | Jul. 1, 2007 ~ Jan. 24, 2010 | 2,160,000,000 | Lease deposit (lessor) |
| Ilsan Switching Office | Korea Workers' Compensation & Welfare Service | Jan. 10, 2008 ~ Mar. 31, 2010 | 1,371,420,000 | Lease deposit (lessor) |
| Suwon Paldal Switching Office | Citibank Korea | Oct. 8, 2007 ~ Oct. 7, 2009 | 1,200,000,000 | Lease deposit (lessor) |
| S.Ulsan Switching Office | GS Ulsan Broadcasting | Sep. 1, 2006 ~ Aug. 31, 2008 | 1,200,000,000 | Lease deposit (lessor) |

H. Research and Development Activities

(1) Summary of R&D activities

- R&D unit
 - Network Division, Technology Strategy HQ, Technology Research Team is in charge of the Company's R&D activities
 - Improve service quality, develop the efficient management control, and develop new service models
 - Timely business investment into infrastructure and testing the new technology through feasibility test of the current system
 - Develop technologies for NGN, BcN, for the convergence of the fixed and wireless businesses, and for the integration of broadcasting and telecommunications

- R&D expenses

(Unit: KRW million)

| Item | | 3Q09 | 2008 | 2007 |
|------------------------|---|-------|-------|-------|
| Wages and salaries | | 1,328 | 2,077 | 1,390 |
| D & A | | - | - | - |
| Outsourcing | | 4,140 | 2,373 | 981 |
| Other | | - | - | - |
| R&D expenses total | | 5,468 | 4,450 | 2,371 |
| Booking | Seles and management expenses | 1,328 | 2,077 | 1,390 |
| | Ordinary R&D expenses (intangible assets) | 4,140 | 2,373 | 981 |
| R&D expenses/ revenues | | 0.40% | 0.24% | 0.13% |

III. Financial Information

1. Summarized Financial Statements

(Unit: KRW million)

| Description | 3Q09 | 2008 | 2007 | 2006 | 2005 |
|--|-----------|-----------|-----------|------------|------------|
| [Current Assets] | 595,935 | 683,119 | 415,181 | 462,537 | 343,770 |
| - Quick assets | 575,571 | 668,633 | 412,704 | 460,724 | 343,654 |
| - Inventories | 20,364 | 14,486 | 2,477 | 1,813 | 116 |
| [Non-current Assets] | 2,468,095 | 2,448,002 | 2,256,222 | 2,391,908 | 2,636,331 |
| - Investment Securities | 62,383 | 56,081 | 41,737 | 50,974 | 294,119 |
| - Property and Equipment | 2,100,920 | 2,047,494 | 1,998,017 | 2,140,448 | 2,188,804 |
| - Intangible Assets | 125,578 | 138,489 | 153,137 | 134,235 | 62,645 |
| - Other | 179,214 | 205,938 | 63,331 | 66,251 | 90,762 |
| Total Assets | 3,064,030 | 3,131,121 | 2,671,403 | 2,854,445 | 2,980,101 |
| [Current Liabilities] | 529,987 | 616,913 | 384,032 | 535,745 | 595,691 |
| [Long-term Liabilities] | 1,076,180 | 1,103,012 | 774,301 | 825,534 | 816,823 |
| Total Liabilities | 1,606,167 | 1,719,925 | 1,158,333 | 1,361,279 | 1,412,514 |
| [Capital Stock] | 1,479,795 | 1,179,795 | 1,175,045 | 1,161,229 | 2,310,676 |
| [Capital Surplus] | 337,254 | 328,557 | 319,066 | 1,502,480 | 344,642 |
| [Capital Adjustments] | -886 | -1,555 | 18,466 | 12,835 | 11,465 |
| [Accumulated Other Comprehensive Income] | 12,832 | 14,915 | -6,743 | 2,778 | 908 |
| [Retained Earnings] | -371,132 | -110,517 | 7,236 | -1,186,156 | -1,100,104 |
| Total Shareholders' Equity | 1,457,863 | 1,411,196 | 1,513,070 | 1,493,166 | 1,567,587 |
| Revenue | 1,368,058 | 1,861,396 | 1,868,255 | 1,723,346 | 1,444,411 |
| Operating Profit | -70,670 | -22,668 | 80,944 | 30,843 | 53,228 |
| Net Income | -131,540 | -98,839 | 7,236 | -86,047 | -208,839 |

2. Summarized Consolidated Financial Statements

(Unit: KRW million)

| Description | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|-----------|-----------|------------|------------|-----------|
| [Current Assets] | 728,160 | 433,858 | 472,571 | 446,376 | 624,798 |
| - Quick assets | 712,603 | 431,270 | 470,741 | 446,242 | 622,934 |
| - Inventories | 15,557 | 2,588 | 1,830 | 134 | 1,864 |
| [Non-current Assets] | 2,652,446 | 2,460,332 | 2,462,863 | 2,587,884 | 2,560,314 |
| - Investment Securities | 49,743 | 36,506 | 38,278 | 42,327 | 44,969 |
| - Property and Equipment | 2,225,716 | 2,177,258 | 2,205,082 | 2,337,884 | 2,372,845 |
| - Intangible Assets | 158,914 | 174,171 | 149,079 | 108,840 | 56,265 |
| - Other | 218,072 | 72,397 | 70,424 | 98,833 | 86,235 |
| Total Assets | 3,380,606 | 2,894,190 | 2,935,434 | 3,034,260 | 3,185,112 |
| [Current Liabilities] | 939,518 | 572,119 | 572,248 | 638,176 | 742,510 |
| [Long-term Liabilities] | 1,221,801 | 895,665 | 862,242 | 823,004 | 690,996 |
| Total Liabilities | 2,161,319 | 1,467,784 | 1,434,490 | 1,461,180 | 1,433,506 |
| [Capital Stock] | 1,179,795 | 1,175,045 | 1,161,229 | 2,310,676 | 2,310,676 |
| [Capital Surplus] | 328,557 | 315,087 | 1,498,521 | 340,917 | 341,033 |
| [Capital Adjustments] | -63,066 | 18,466 | 12,835 | 11,465 | 7,227 |
| [Accumulated Other Comprehensive Income] | 14,915 | -6,744 | 1,542 | 1,324 | -23,386 |
| [Retained Earnings] | -252,154 | -50,984 | -1,182,543 | -1,096,222 | -887,158 |
| [Minority Interests] | 11,238 | -24,464 | 9,360 | 4,920 | 3,215 |
| Total Shareholders' Equity | 1,219,286 | 1,426,406 | 1,500,944 | 1,573,080 | 1,751,606 |
| Revenue | 1,886,347 | 1,878,130 | 1,731,326 | 1,589,345 | 1,449,569 |
| Operating Profit | -96,349 | -8,222 | 11,459 | 38,522 | 113,930 |
| Ongoing Business Income | -203,531 | -88,842 | -92,315 | -191,787 | 13,848 |
| Net Income | -203,531 | -88,842 | -92,315 | -211,239 | 13,353 |
| Majority Interest Share of Income | -178,275 | -54,942 | -86,322 | -209,318 | 13,046 |
| No. of companies included in the consolidated financial statements | 5 | 4 | 10 | 5 | 6 |

Note) Non-consolidated figures for previous years (2004~2006) were reclassified according to No.25- « Consolidation Financial Statements » of the Statements of Korea Accounting Standards.

3. Accounting Standards

More information regarding the Company's financial statements is posted on our website (www.skbroadband.com/eng).

IV. Opinion of Independent Auditors and Audit Committee

1. Independent Auditors' opinion on Consolidated Financial Statements

A. Auditing fees to independent auditors for the past 3 years

(Unit : KRW million)

| Year | Auditor | Auditing Fees | Total Hours of Service |
|------|--------------------|---------------|------------------------|
| 2009 | Deloitte Anjin LLC | 395 | 4,248 |
| 2008 | Deloitte Anjin LLC | 420 | 3,570 |
| 2007 | Deloitte Anjin LLC | 480 | 3,430 |

B. Opinion

| Year | Summary of auditor's opinion | |
|------|---|--|
| | Non-consolidated Financial Statements | Consolidated Financial Statements |
| 3Q09 | The financial statements referred to above present fairly in accordance with accounting principles generally accepted in the Republic of Korea. | - |
| 2008 | The financial statements referred to above present fairly, in all material respects, the financial position of SK broadband Co., Ltd. as of December 31, 2008 and 2007, the results of its operations, changes in its retained earnings (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Republic of Korea. | The financial statements referred to above present fairly, in all material respects, the financial position of SK broadband Co., Ltd. as of December 31, 2008 and 2007, the results of its operations, changes in its capital and cash flows for the years then ended in accordance with accounting principles generally accepted in the Republic of Korea. |
| 2007 | The financial statements referred to above present fairly, in all material respects, the financial position of SK broadband Co., Ltd. (former hanarotelecom incorporated) as of December 31, 2007 and 2006, the results of its operations, changes in its retained earnings (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Republic of Korea. | The financial statements referred to above present fairly, in all material respects, the financial position of SK broadband Co., Ltd. (former hanarotelecom incorporated) as of December 31, 2007 and 2006, the results of its operations, changes in capitals and its cash flows for the years then ended in accordance with accounting principles generally accepted in the Republic of Korea. |

C. Internal Accounting Control System("IACS")

Since the second half of 2005, the Company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information.

V. Governance Structure and Status of Affiliates

1. Governance Structure

A. Board of Directors (“BOD”)

| Name | Position | Nominated by | Date of appointment |
|-------------------|---|--|---------------------------------|
| Cho, Shin | Representative Director (Standing) | BOD | Mar. 28, 2008 |
| Kim, Young Chul | Director (Standing) | BOD | Mar. 28, 2008 |
| Kwon, Soon Yub | Director (Non-standing) | BOD | Mar. 13, 2009 |
| Bae, Joon Dong | Director (Non-standing) | BOD | Mar. 13, 2009 |
| Yoo, Hyuck | Outside director | Outside director candidate nominating committee | Mar. 28, 2008 |
| Yoo Yong Suk | Outside director | Outside director candidate nominating committee | Mar. 28, 2008 |
| Cho, Myeong Hyeon | Outside director (audit committee member) | Outside director candidate nominating committee | Mar. 28, 2008 |
| Hong, Dae Hyoung | Outside director (audit committee member) | Outside director candidate nominating committee | Mar. 28, 2008 |
| Kim, Sun Woo | Outside director (audit committee member) | Outside director candidate nominating committee | Mar. 13, 2009 (re-appointed) |

Total nine BODs were held in 2009, deliberating and approving total eighteen agenda including 2009 business plan and the ceiling amount of internal transactions. Details are as follow.

| Meeting | Date (MM/DD/YYYY) | Agenda | Approved/ Rejected |
|---------|----------------------|---|-----------------------------|
| 122nd | 01/29/2009 | Agendum 1: Approval of the Financial Statements for the Year 2008 | All approved as proposed |
| | | Agendum 2: Approval of the Business Reports for the Year 2008 | |
| | | Agendum 3: Capital increase of broadband media Co., Ltd. | |
| | | Agendum 4: Appointment of a Member of Committees under the BOD | |
| 123rd | 02/23/2009 | Agendum 1: Convening of the 12th Ordinary General Meeting of Shareholders - Date: 9:00 a.m. March 13, 2009 - Venue: SUPEX Room(2 nd Basement), SK broadband Dongjak Building - Agenda Approval of the Financial Statement for the Year 2008, Amendment of the Articles of Incorporation, Approval of the Appointment of Directors, Approval of the Appointment of an Outside Director, Approval of the Appointment of an Audit Committee Member, Approval of Ceiling Amount of the Remuneration for Directors for 2009 | All approved as proposed |
| | | Agendum 2: Approval of the business plan(proposal) for the Year 2009 | |
| 124th | 03/20/2009 | Agendum 1: Approval of extension of the period of collateral provision | All approved as |

| Meeting | Date (MM/DD/YYYY) | Agenda | Approved/ Rejected |
|---------|----------------------|--|-------------------------|
| | | | proposed |
| 125th | 04/23/2009 | Agendum 1: Cancellation of stock option grant | Approved as proposed |
| 126th | 05/21/2009 | Agendum 1: Approval of paid-in capital increase - Class and number of shares subject to capital increase : 60,000,000 common shares - Method of capital increase : Rights offering to shareholders - Use of funds raised : KRW 300 billion for operating capital - Total issue amount of new shares : KRW 300,000,000,000 - Record date for new share allotment : June 9, 2009 - Scheduled listing date for new shares : July 30, 2009 | Approved as proposed |
| 127th | 06/18/2009 | Agendum 1: Approval of the transaction of product and services with owned subsidiary Agendum 2: Amendment of the Audit Committee Regulations Agendum 3: Amendment of Internal Accounting Management Regulations | Approved as proposed |
| 128th | 07/20/2009 | Agendum 1: Disposal of Odd/Forfeited Shares Agendum 2: Approval of extension of the period of collateral provision | Approved as proposed |
| 129th | 08/27/2009 | Agendum 1: Approval of the amendment of the business plan(proposal) | Approved as proposed |
| 130th | 09/17/2009 | Agendum 1: Approval of the transaction of product and services with owned subsidiary | Approved as proposed |

B. Committees under the BOD

(1) Committees under the BOD

- Audit Committee
 - See “VI.2. Audit System”.

- Outside Director Candidate Nominating Committee
 - Organization
 - Composed of at least 3 directors
 - At least half of the Committee shall be outside directors.

(2) Activities of Committees under the BOD

[Audit Committee]

| Name of committee | Date | Agendum | Approved/ rejected | Name of outside directors | | |
|-------------------|--------------|--|-----------------------|---|--|--|
| | | | | Kim Sun-woo (attendance rate: 100%) | Cho Myeong Hyeon (attendance rate: 75%) | Hong Dae Hyoung (attendance rate: 100%) |
| | | | | Voting results | | |
| Audit Committee | Jan.29, 2009 | Report: 2008 financial closing | - | - | Absence | - |
| | | Report: Operation of the Internal Accounting Management System for 2H08 | - | - | Absence | - |
| | | Report: 2H08 audit results from internal auditor | - | - | Absence | - |
| | | Report: 2008 Major activities of ethics management | - | - | Absence | - |
| | | Report: 2009 annual plan for internal audit | - | - | Absence | - |
| | Feb.23, 2009 | Report: Accounting audit report of outside auditors | - | - | - | - |
| | | Report: Internal accounting management system review of outside auditors | - | - | - | - |
| | | Item 1: Accounting audit results for 2008 | approved | O | O | O |
| | | Item 2: Results of the evaluation on the operation of the Internal Accounting Management System for 2008 | approved | O | O | O |
| | | Item 3: Auditor's opinion on internal audit system | approved | O | O | O |
| | Apr.23 2009 | Report: Q1 2009 closing review | - | - | - | - |
| | Jul.20 2009 | Report: 1H 2009 closing review | - | - | - | - |
| | Sep.17 2009 | Report: 1H09 accounting audit report of outside auditors | - | - | - | - |
| | | Report: 1H09 internal audit report | - | - | - | - |
| | | Report: Major activities of ethics management | - | - | - | - |
| | Oct.29 2009 | Report: 3Q 2009 closing review | - | - | - | - |

(O: affirmative, X: negative, -: reporting agendum)

[Outside Director Candidate Nominating Committee]

| Name of committee | Date | Agendum | Approved/ rejected | Name of outside directors (Attendance rate) | | | | |
|---|---------------------|--|-----------------------|---|---------------------|---------------------------|----------------------|-------------------------|
| | | | | Kim, Sun Woo (0%) | Cho, Shin (100%) | Kim, Young Chul (100%) | Yoo, Hyuck (100%) | Yoo, Yong Suk (100%) |
| | | | | Voting results | | | | |
| Outside Director Candidate Nominating Committee | Feb. 23, 2009 | Item 1: Nomination of outside director candidates | approved | Absence | O | O | O | O |

Kim, Sun Woo who was a committee member as of the meeting day is not a member of Outside Director Candidate Nominating Committee as of the submission date

(O: affirmative, X: negative, Non: not a member of the committee at the time of the meeting, -: attend a committee without exercise of voting rights)

(3) Independence of Directors

①The Company appoints outside directors who satisfy the required conditions of outside directors in related laws and regulations for the fairness of corporate management and investor protection. In the case that one could not satisfy the qualifications after being appointed, he or she should lose the position, according to article 29-2(qualification for directors). The outside directors of SK broadband qualify these all requirements. The relationship between nominators on directors except on audit committee and the largest shareholder or major shareholders is as follow.

| Name | Nominated by | Field of Activity | Transaction with the Company | Relationship with largest shareholders, etc. |
|---|--------------|--------------------|------------------------------|--|
| Cho, Shin (Representative director) | BOD | General management | Non | Affiliate person |
| Kim, Young Chul (Inside director) | BOD | General management | Non | Affiliate person |
| Kwon, Soon Yub (Non-standing director) | BOD | General management | Non | Affiliate person |
| Bae, Joon Dong (Non-standing director) | BOD | General management | Non | Affiliate person |
| Yoo, Hyuck (Outside director) | BOD | General management | Non | - |
| Yoo, Young Suk (Outside director) | BOD | General management | Non | - |

②The Company established Outside Director Candidate Nominating Committee for electing outside directors. This committee is composed of four members including two outside directors which is over a half number of total four as of the submission date. For more details, refer to the [Outside Director Candidate Nominating Committee] part in Activities of Committees under the BOD.

2. Audit System

(1) Information on Audit Committee members

| Name | Career | Position |
|------------------|--|---|
| Cho, Myeong Hyun | -Seoul National University(B.A. in Business Administration) -ESSEC (MBA) -Cornell University (Ph.D. in Economics) (Current) Professor of Business Administration Department of Korea University | Chairman of Audit Committee (Outside Director) |
| Kim Sun Woo | -Seoul National University (B.A. in International Relations) -Director of KBS (Current) Permanent adviser of the Research Institute for Archives and Records of Contemporary History | Member of Audit Committee (Outside Director) |
| Hong, Dae Hyoung | -State University of New York (Ph.D. in Electronic Engineering) (Current) Professor of Electronic Engineering Department of Sogang University | Member of Audit Committee (Outside Director) |

(2) Major activities of Audit Committee

| meeting | Date (MM/DD/YYYY) | Agenda | Approved/ Rejected |
|---------|----------------------|--|--------------------------|
| 46th | 01/29/2009 | <Report> <ul style="list-style-type: none"> ■ 2008 financial results ■ Deliberation and settlement of evaluation on the operation of the Internal Accounting Management System for 2H 08 ■ 2H 2008 audit results from internal auditor ■ 2008 major activities of ethics management ■ 2009 annual plan for internal audit | - |
| 47th | ■ 02/23/2009 | <Report> <ul style="list-style-type: none"> ■ Accounting audit report of outside auditors ■ -Internal accounting management system review report of outside auditors <Agenda> <ul style="list-style-type: none"> ■ Item 1: Accounting audit results for 2008 ■ Item2: Results of the evaluation on the operation of the Internal Accounting Management System for 2008 ■ Item 3: Auditor's opinion on internal audit system | All approved as proposed |
| 48th | 04/23/2009 | ■ 1Q 2009 results review | - |
| 49th | 07/20/2009 | ■ 1H 2009 results review | - |
| 50th | 09/17/2009 | <Report> <ul style="list-style-type: none"> ■ 1H09 Accounting audit report of outside auditors ■ 1H09 internal audit report ■ Major activities of ethics management | - |
| 51th | 10/29/2009 | ■ 3Q 2009 results review | - |

3. Exercise of Shareholders' Voting Right

The Company does not adopt cumulative voting, paper voting or electronic voting. The cases about the exercise of minority shareholders' right and occurrence of competition on controlling ownership have not happened.

4. Affiliated Companies

A. Affiliated Companies

(1) Name of the business group: SK group

(2) Companies included in the SK group: 76 affiliates as of September 30, 2009

| Business area | Listed companies | Non-listed companies |
|----------------------------|---|---|
| Holding company(1) | SK Corporation | - |
| Energy/Chemicals(25) | SK Energy SK Chemicals SKC SK Gas Daehan City Gas Busan City Gas | 19 companies including SKE&S, SK Petrochemical, and DOPCO, |
| IT(24) | SK Telecom Loen Entertainment IHQ SK Communications SK broadband | 19 companies including SKC&C, SK Telink, Hanaro Dream, broadband media, broadband D&M, and PS&Marketing |
| Construction/Logistics(19) | SK Networks | 18 companies including SK E&C, SK Shipping, Walkerhill, and broadband CS |
| Finance(1) | SK Securities | - |
| Other(6) | Solmics, UBcare | SK Wyverns, Panablu, GreenViro, and Jeju United FC |

(3) Executives of the Company who hold concurrent position in other affiliated companies

| Name | Title at the Company | Other companies | | |
|------------------|--------------------------|--|--|--------------|
| | | Name | Title | Remark |
| Kwon, Soon Yub | Director | SK Research Institute for SUPEX Management | Expert Advisor/ Senior Executive Vice President | Standing |
| Bae, Joon Dong | Director | SK Telecom Co., Ltd. | Executive Vice President | Standing |
| Huh, Nam Chul | Executive Vice President | broadband D&M | Director | Non-standing |
| Lee, Joo Sik | Executive Vice President | broadband media | Representative Director | Standing |
| Lee, Seung Seog | Senior Vice President | broadband D&M | Director | Non-standing |
| Chae, Chung Sik | Senior Vice President | broadband D&M | Director | Non-standing |
| Han, Kwon Hee | Senior Vice President | broadband media | Director | Non-standing |
| Kim, Tae Sub | Senior Vice President | broadband CS | Director | Non-standing |
| | | Hanaro Dream | Director | Non-standing |
| Shin, Hyun Seung | Senior Vice President | broadband CS | Director | Non-standing |
| Ahn, Seung Yon | Executive Vice President | broadband media | Director | Non-standing |
| Choi, Hyung Joon | Vice President | broadband D&M | Auditor | Non-standing |
| | | broadband CS | Auditor | Non-standing |
| | | broadband media | Auditor | Non-standing |
| Choi, Young Chan | Vice President | broadband media | Director | Non-standing |
| | | Hanaro Dream | Director | Non-standing |
| Kim, Byung Sil | Senior Manager | Hanaro Dream | Auditor | Non-standing |

B. Investments in Affiliates and Others by the Company (as of September 30, 2009)

(Unit: share, KRW 1,000)

| | Beginning | | Change | | Ending | |
|-----------------------|---------------|------------|---------------|------------------------------|---------------|------------|
| | No. of shares | Book value | No. of shares | Acquisition (disposal) value | No. of shares | Book value |
| broadband D&M | 900,000 | 3,505,024 | - | 1,496,627 | 900,000 | 5,001,651 |
| broadband CS | 693,647 | - | 510,000 | - | 1,203,647 | - |
| broadband Seoul CS | 869,148 | - | 869,148 | - | - | - |
| broadband Busan CS | 907,782 | - | 907,782 | - | - | - |
| broadband Gwangju CS | 1,036,285 | - | 1,036,285 | - | - | - |
| broadband Gyeonggi CS | 1,102,415 | - | 1,102,415 | - | - | - |
| broadband TS | 170,723 | 647,591 | -170,723 | -647,591 | - | - |
| Hanaro Dream | 460,000 | 6,416,475 | - | 564,575 | 460,000 | 6,981,050 |
| broadband media | 5,200,000 | - | 20,000,000 | - | 25,200,000 | - |

| | | | | | | |
|---|-----------|------------|----|-----------|-----------|------------|
| Dreamline Corporation | 1,520,373 | 8,518,650 | - | - | 1,520,373 | 8,518,650 |
| ISU Culture Contents Investment Association | 50 | 2,500,000 | - | - | 50 | 2,500,000 |
| Gieun-Benex Culture Contents Investment Association | 250 | 2,506,199 | - | 7,624 | 250 | 2,513,823 |
| Hanwha Culture Content Investment Association | 200 | 1,986,291 | - | 19,105 | 200 | 2,005,396 |
| Benex Digital Culture Contents Investment Association | 500 | 5,068,236 | - | 4,906 | 500 | 5,073,142 |
| Benex Film Investment Association | 81 | 8,044,801 | 54 | 5,021,661 | 135 | 13,066,462 |
| Total | - | 39,193,267 | - | 6,466,907 | - | 45,660,174 |

Note) Financial status of affiliates is as of the end of 2008

VI. Information Regarding Shareholders

A. Ownership Structure

(as of September 30, 2009)

| Name | Date of Change in largest shareholders | No. of shares held | Ownership(%) | Remark |
|----------------------|--|--------------------|--------------|--|
| SK Telecom Co., Ltd. | March 28, 2008 | 149,638,354 | 50.56 | - |
| Cho, Shin | March 28, 2008 | 7,525 | 0.00 | Affiliated person of the largest shareholder |
| Choi, Shin Won | July 21, 2008 | 142,885 | 0.05 | Affiliated person of the largest shareholder |

Note) Number of shares held by affiliated person of the largest shareholder is based on the report on ownership of shares

B. Distribution of Shares

(1)Major shareholders with 5% or more shareholding

As of November 16, 2009, a major shareholder with over 5% shareholding is the National Pension Service with 6.75% stake (19,983,428 shares) according to report submitted by the National Pension Service on July 22, 2009.

(2)Minority Shareholders

The following information is written before paid-in capital increase. Therefore, it may be different from the current shareholder structure and number of shares.

(as of June 9, 2009)

| Type of Shareholder | No. of Shareholders | % of Total Shareholder Number | No. of Shares Owned | Ownership (%) |
|---------------------------|---------------------|-------------------------------|---------------------|---------------|
| Minority total | 102,632 | 99.99 | 111,834,591 | 47.40 |
| Minority (corporate) | 547 | 0.53 | 33,241,335 | 14.09 |
| Minority (individual) | 102,085 | 99.46 | 78,593,256 | 33.31 |
| Largest shareholder, etc. | 4 | 0.00 | 102,547,249 | 43.46 |
| Others total | 3 | 0.00 | 21,495,008 | 9.11 |
| Others (corporate) | 3 | 0.00 | 21,495,008 | 9.11 |
| Others(individual) | 0 | 0.00 | 0 | 0.00 |
| KSD | 1 | 0.00 | 82,239 | 0.03 |
| Total | 102,640 | 100.00 | 235,959,087 | 100.00 |

C. Information on Shares and Share Certificates

- Articles of Incorporation

Article 9. Preemptive Rights

① Each shareholder of the Company shall have a preemptive right to subscribe for any new shares to be issued by the Company in proportion to its shareholding ratio.

② If any shareholder waives or forfeits its preemptive rights, or if any fractional number of shares("odd shares") is created in the course of allotting of such new shares, then such shares waived or forfeited or the odd shares shall be disposed in accordance with by resolution of the Board of Directors of Company. <Amended on August 28, 1999>

③ Notwithstanding the provisions of the foregoing Paragraph ①, the Company may, by resolution of the Board of Directors, allocate such new shares to any persons, including persons other than existing shareholders <Amended on August 28, 1998>;

1. If new shares are subscribed by the public pursuant to the Securities and Exchange Act;
2. If new shares are offered to the public in the form of an increase of paid-in capital by means of a general public offer pursuant to a resolution of the Board of Directors, in accordance with the Securities and Exchange Act;
3. If new shares are allotted to members of employee shareholders association in accordance with the relevant provisions of the Securities and Exchange Act; <Amended on April 28, 1998>
4. If new shares are issued in the form of depositary receipts (DR) in accordance with the Securities and Exchange Act;
5. <Deleted March 30, 1998>;
6. If new shares are issued to any person exercising stock option rights conferred pursuant to Article 189-4 of the Securities and Exchange Act <Inserted on February 26, 1999.>;
7. If new shares are issued to a foreign telecommunications company or a foreign financial/investment institution that has completed the foreign investment procedures for the purpose of strategic alliance in relation to the business. <Inserted on October 1, 1999.>
8. If new shares are issued to domestic/overseas investors or the employees or officers of the Company up to an amount not exceeding 50% of the then current total issued and outstanding shares of the Company for the purpose of realizing the Company's business objectives, including, but not limited to, improving its financial structure and entering into new business areas. <Inserted on Mar. 26, 2004, amended on Mar. 26, 2004>

④ <Deleted>

⑤ In case the Company issues new shares through right issues, bonus issues and stock dividends, the new shares shall be deemed to have been issued at the end of the fiscal year immediately prior to the fiscal year during which the new shares are issued for purposes of distribution of dividends for such new shares.

| | | | |
|------------------------------------|--|---------------|--|
| Closing date of the fiscal year | December 31 | AGM | To be convened within three(3) months after the closing date of each fiscal year |
| Closing of shareholder register | <ol style="list-style-type: none"> The Company shall suspend alteration of entries in the register of shareholders, registration of pledges, creation and cancellation of trust property for one month, commencing from the day following the last day closing of each accounting period. The Company shall entitle every shareholder on its shareholders list as of the last day of each fiscal year to vote at the meeting of the annual ordinary general shareholders meeting held for such fiscal year. The Company may suspend alteration of entries in the register of shareholders for a period not exceeding three (3) months or set a record date when necessary for convening an extraordinary general meeting of shareholders or for other reasons, in accordance with a resolution of the board of directors. The Company may suspend the alteration of entries in the registry of shareholders and at the same time set a record date, when considered necessary by the board of directors. The Company shall give public notice of the period and dates referred to in preceding Paragraph (3) at least two weeks in advance of the commencement of the period and of the occurrence of such date. | | |
| Denomination of share certificates | Registered common shares, registered preferred shares, registered convertible shares, registered redeemable shares 8 denominations (1, 5, 10, 50, 100, 500, 1000, 10000) | | |
| Transfer agent | The Korea Securities Depository (Tel: +822-3774-3000) | | |
| Priority of shareholders | None | Public notice | The Seoul Shinmun |

D. Share Price and Trading Volume in the Past 6 Months

Share price and trading volume in the past 6 months are as follow, and shares are unlisted in foreign stock market.

(Unit: KRW, share)

| | | Sep.2009 | Aug.2009 | Jul.2009 | Jun.2009 | May 2009 | Apr.2009 |
|------------------------|---------|------------|------------|------------|------------|-------------|-------------|
| Common share | Highest | 5,210 | 5,370 | 5,450 | 6,100 | 6,790 | 6,180 |
| | Lowest | 4,960 | 5,000 | 5,030 | 5,200 | 5,840 | 5,060 |
| Monthly trading volume | | 32,569,990 | 34,366,491 | 44,652,205 | 33,253,915 | 148,687,226 | 183,900,014 |

VII. Information on Directors, Officers & Employees

1. Directors, Officers & Employees

A. Directors and Officers

| Registered/ non- registered | Name | Date of birth | Position | No. shares owned | Date of appointment |
|-----------------------------------|------------------|------------------|--|---------------------|------------------------------------|
| Registered officer | Cho, Shin | Dec. 21, 1957 | President & CEO | 7,525 | Mar. 22. 2008 (New appointment) |
| Registered officer | Kwon, Soon-yub | Jun. 17, 1957 | - | - | Mar. 13. 2009 (New appointment) |
| Registered officer | Bae, Joon-dong | Jan. 9, 1959 | - | - | Mar. 13. 2009 (New appointment) |
| Registered officer | Kim, Young Chul | Oct. 18, 1962 | Head of Strategy Planning Office | - | Mar. 28. 2008 (New appointment) |
| Registered officer | Yoo, Hyuck | May 25, 1960 | - | - | Mar. 28. 2008 (New appointment) |
| Registered officer | Yoo, Yong Suk | Aug. 7, 1958 | - | - | Mar. 28. 2008 (New appointment) |
| Registered officer | Cho, Myeong Hyun | Jun. 11, 1964 | - | - | Mar. 28. 2008 (New appointment) |
| Registered officer | Hong, Dae Hyoung | Mar. 21, 1955 | - | - | Mar. 28. 2008 (New appointment) |
| Registered officer | Kim Sun-woo | Sep.9, 1941 | - | - | Mar. 13. 2009 (Reappointment) |
| Non- registered officer | Shin Kyu-shik | Jun.7, 1957 | Head of Corporate Sales Unit | 105,952 | Jan. 24. 2005 |
| Non- registered officer | Huh Nam-chul | Nov. 25, 1956 | Head of Management Support Division | 99,652 | Mar. 31. 2008 |
| Non- registered officer | Lee Joo-sik | May 12, 1962 | Head of New Media Business Unit | - | Mar. 31. 2008 |
| Non- registered officer | Chung Tae-chul | Jul. 5, 1961 | Head of CR Strategy Office | - | Mar. 31. 2008 |
| Non- registered officer | Lee Seung-seog | Sep.19, 1959 | Head of Technology Strategy HQ | 65,541 | Apr. 6. 2000 |
| Non- registered officer | Park Chan-woong | Mar.20, 1963 | Head of Network Operation HQ | 68,240 | Mar. 1. 2004 |

| Registered/ non- registered | Name | Date of birth | Position | No. shares owned | Date of appointment |
|-----------------------------------|------------------|------------------|---|---------------------|------------------------|
| Non- registered officer | Chae Chung-sik | Sep.23, 1964 | Head of Corporate Business HQ | 31,784 | Jan. 1. 2006 |
| Non- registered officer | Park Min-hyok | Feb.5, 1965 | Head of Gangbuk Sales HQ | - | Apr. 17. 2006 |
| Non- registered officer | Choi Young-chan | Jun. 24, 1965 | Head of Strategy Planning Group | - | Mar. 31. 2008 |
| Non- registered officer | Han Kwon-hee | Feb. 10, 1964 | Head of Sales Planning HQ | - | Mar. 2008 |
| Non- registered officer | Lim Jin-chaе | Jun. 17, 1963 | Head of New Media Business Unit | - | Mar. 31. 2008 |
| Non- registered officer | Choi Hyung-jun | Jan. 14, 1965 | Head of Finance Support Group | - | Mar. 31. 2008 |
| Non- registered officer | Shin Dong-bum | Sep. 1, 1962 | Head of Network Construction HQ | 563 | Mar. 31. 2008 |
| Non- registered officer | Ahn, Seung-yun | Sep. 6, 1962 | Head of Marketing Division | - | Jan. 1. 2009 |
| Non- registered officer | Kim, Tae-sub | Dec. 13, 1965 | Head of Marketing Strategy HQ | - | Jan. 1. 2009 |
| Non- registered officer | Chung Hyung-jae | Mar.24, 1961 | Head of Gangnam Network HQ | 1,978 | Apr. 17. 2006 |
| Non- registered officer | Lee Sang-heon | May 30, 1957 | Head of External Collaboration Group | - | Jan. 1. 2007 |
| Non- registered officer | Jeon Joong-in | Mar.19, 1963 | Head of Convergence Sales HQ | 7,826 | Jan. 1. 2007 |
| Non- registered officer | Yang Seung-cheon | Apr.30, 1966 | Head of Sales Planning Team | 1,504 | Jan. 1. 2007 |
| Non- registered officer | Kim Ki-tae | Oct.15, 1963 | Head of Ethics Management Group | 4,681 | Jan. 1. 2007 |
| Non- registered officer | Lee Byeong-min | Jan.7, 1965 | Head of Seobu Sales HQ | 4,176 | Jan. 1. 2007 |
| Non- registered | Lee Myung Geun | Nov. 25, 1959 | Head of Network Business Unit | 1,850 | Oct. 1. 2009 |

| Registered/ non- registered | Name | Date of birth | Position | No. shares owned | Date of appointment |
|-----------------------------------|---------------|---------------|-------------------------------|---------------------|------------------------|
| officer | | | | | |
| Non- registered officer | Bang Chan Jum | Jul. 29, 1961 | Head of Network Marketing HQ | - | Oct. 1. 2009 |
| Non- registered officer | Yoon Moo shik | Sep. 8, 1958 | Head of Network Technology HQ | - | Oct. 1. 2009 |

B. Employees (as of September 30, 2009)

(Unit: person, year, KRW)

| Description | No. of employees | | | Average year of service | Total salaries in 3Q 2009 | Average salaries per person |
|-------------|---------------------|--------|-------|----------------------------|------------------------------|-----------------------------------|
| | Management staff | Others | Total | | | |
| Male | 1,407 | 38 | 1,445 | 8.2 | 63,663,206,190 | 44,057,582 |
| Female | 98 | 54 | 152 | 4.5 | 3,940,256,379 | 25,922,739 |
| Total | 1,505 | 92 | 1,597 | 7.8 | 67,603,462,569 | 42,331,536 |

2. Executive Compensation

A. Executive Compensation

(1) Compensation for directors (including outside directors) and Audit Committee members (as of September 30, 2009)

(Unit: KRW)

| | Total amount paid | Ceiling amount of compensation | Average amount per person | Fair value of stock option rights |
|-------------------------------|-------------------|-----------------------------------|------------------------------|--------------------------------------|
| Directors | 286,632,079 | 2,000,000,000 | 71,658,020 | - |
| Outside directors | 63,797,710 | | 31,898,855 | - |
| Members of Audit Committee | 101,849,620 | | 33,949,873 | 6,422,956 |

Total amount paid bases on biannual performance, and average amount per person is calculated by applying to the average annual number of persons having tenure. The Company values stock options using the fair value method (binomial option-pricing model).

B. Granting of the stock option rights (As of September 30, 2009)

- The cumulative number of stock option rights that have been granted: 18,030,000
- The cumulative number of stock option rights that have been exercised: 725,000
- The cumulative number of stock option rights that have been cancelled: 7,892,060
- The cumulative number and type of stock option rights to be exercised: 9,412,940 common shares

[Weighted average exercise price of remaining stock option rights: KRW 8,402]

VIII. Transactions with the Related Parties

A. Credit Extension to largest shareholders, etc.

On March 20, 2009, the Company resolved provision of collateral on borrowings amounting to 140 billion KRW(Max. price of bond : 182 billion KRW). Furthermore, on 20, July 2009, the Company resolved provision of collateral on borrowings amounting to 100 billion KRW(Max. price of bond : 130 billion KRW).

Such resolution is related with the extension of the provision of collateral on borrowings for 2008. You may find more information from the Company's disclosures titled 'BOD resolution on provision of collateral', which were disclosed on March 20, 2009 and July 21, 2009.

As of November 16, 2009, the Company provides collateral on borrowing amounting to 276.2 billion KRW and 16.9 billion KRW for Broadband Media and Broadband CS, respectively.

B. Transactions with Largest Shareholders

(Unit: KRW million)

| 1. Name of the owned subsidiary | SK C&C | | |
|--|--------|--------|-----------------------|
| 2. Transaction amount | | | |
| Sales amount | 1,183 | 1,102 | 1,100 |
| Purchase amount | 14,557 | 23,581 | 25,200 |
| Total amount | 15,740 | 24,683 | 26,300 |
| Sales amount comparison(%) | 0.84 | 1.33 | 1.41 |
| 3. Resolution date of BOD | - | - | September 17, 2009 |
| 4. Pertinent period of the transaction | 2Q09 | 3Q09 | 4Q09 |

IX. Other Matters

A. Summary of Shareholders' Meeting

| Date | Agenda | Resolution |
|--|---|--|
| The 12 th AGM (March 13, 2009) | Approval of the Financial Statements for the Year 2008 | Approved (No dividend) |
| | Amendment of the Articles of Incorporation | Approved - New establishment, change of the company objectives etc. |
| | Approval of the Appointment of Directors | Approved - 2 persons |
| | Approval of the Appointment of an Outside director | Approved - 1 outside director |
| | Approval of the Appointment of an Audit Committee Member | Approved - 1 audit committee member |
| | Approval of Ceiling Amount of the Remuneration for Directors for 2009 | Approved - Ceiling amount: KRW 2 billion |

B. Contingent Liabilities

(1) Litigations

As of September 30, 2009, the Company is a defendant in several lawsuits claiming damages for payments amounting to KRW 29.5 billion and is a plaintiff in several lawsuits claiming for payments amounting to KRW 4.1 billion. The final outcome of the above lawsuits cannot presently be determined.

(2) Commitments and Contingencies

- The Company has a credit loan contract with four financial institutions including Hana Bank. (KRW 200 billion, as a maximum)
- Regarding public offering bonds and issuance of foreign bonds, the Company has several restricted provisions. Among the Company's bonds, for 30th, 31-1st, 31-2nd, 32-1st and 32-2nd bonds, according to 'bond subscription delegation agreement', the Company has to maintain debt ratio below 1,000% and can not sell, transfer, lease or dispose of the amount that is more than 20 times or more than its equity capital. Also, for foreign bonds, pursuant to the agreement, if the following two conditions are effective at the same time, the Company has to suggest buying all of the outstanding foreign bonds at the price of 101% of its principal. Those two conditions are 1) when other person or corporation(except for AIG-Newbridge-TVG Consortium) takes the company's stake more than 45%, 2) when the Company's credit rating from the designated creditors(S&P, Moody's) is downgraded due to change in its management. If the Company infringes such obligations, the Company could forfeit the benefit of time for the bonds.
- The Company has provided KRW 90 billion, as a maximum, of debt repayment guarantees and entered into the loan agreements of KRW 60 billion, as a maximum, with broadband media Inc. As of September 30, 2009, no actual borrowings were made under this guarantee.
- The Company has provided its properties and financial instruments as guarantees for broadband media Inc. as of September 30, 2009. For the guarantee, the Company has provided its properties as collaterals of KRW 65 billion to Hana Bank, KRW 52 billion to Woori Bank, KRW 52 billion to Kookmin Bank and KRW 26 billion to the Korean Federation of Community Credit Cooperatives, and its financial instruments as collaterals of KRW 11.2 billion to the KFCCC, KRW 30 billion to Korea Exchange Bank, KRW 20 billion to Kookmin Bank, KRW 10 billion to Hana Bank and KRW 10 billion to Woori Bank as of September 30, 2009.

In addition, the Company has provided guarantees for loans of broadband CS Inc. For the guarantee, the Company has provided its properties as collaterals of KRW 16.9 billion to Kookmin Bank as of September 30, 2009.

- The Company has entered into a purchase agreement with KDB Capital Corp. (KRW 38.1 billion), IBK Capital Corp. (KRW 33.6 billion), Shinhan Capital Corp. (KRW 25.6 billion) and Macquarie Capital Korea Ltd. (KRW 23.1 billion) and KEB Capital (KRW 4.0 billion) for financing lease of broadband media Inc.
- The Company's board of directors approved to provide its time deposit up to KRW 20 billion as collateral in order to encourage members of Employee Stock Purchase Association (ESPA) to contribute money to ESPA, which will be used to purchase the Company's shares in the market. The Company has pledged its time deposit of KRW 4.0 billion as of September 30, 2009.
- Some of the company's buildings worth KRW 25.2 billion have been provided as collaterals with reference to the rental contracts.
- The Company has entered into the network supply agreements for the right to use various underground facilities to house its fiber-optic cable network, leased lines, telecommunication equipments with Seoul Metropolitan Subway Corporation, Seoul Metropolitan Rapid Transit Corp., LG Powercomm Corp., LG Dacom Corp., Korea Electric Power Corporation, Dreamline Corp. and others, and the related rental expenditure is recorded as telecommunication equipment lease expense.

(3) Current Status Regarding Sanctions

Pursuant to Article 438(4) of the Capital Market and Financial Investment Act, Article 387(3) of the Enforcement Decree of said Act and Article 29(2) of the Capital Market Survey Regulations, the Company has received a formal warning from the Financial Supervisory Service on July 22, 2009, since when Korea Exchange demanded the Company to report and disclose certain information in connection with the share purchase agreement entered into by and between SKT and AIG-Newbridge Consortium, the major shareholder of the Company, in December 2007, the Company omitted certain material information which could have influenced the investors' making their decisions regarding the investment, which constituted a violation of Article 186(2) (Duty of Report and Disclosure of Listed Corporation, etc.) of the then-existing Securities and Exchange Act.

(4) Information on how publicly raised funds were used

(Unit: KRW million)

| Classification | Payment date | Total payment amount | Use of funds raised according to report | Actual use of funds raised |
|---------------------------------|---------------|----------------------|---|---|
| Rights offering to shareholders | July 21, 2009 | 300,000 | Redemption of CP : 2,659 Interest expense : 182 Other operating capital : 158 | Redemption of CP : 100 Interest expense : 182 Other operating capital : 158 |

Note) Remaining funds raised are currently deposited in financial institutions.

(5) Results of Issuing Commercial Papers (as of September, 30, 2009)

(Unit: KRW million, %)

| Subject of credit rating | Date of Issuance | Total amount of Issuance | Interest rate | Credit rating | Date of Expiration | Status |
|--------------------------|------------------|--------------------------|---------------|---------------|--------------------|-------------|
| Commercial paper | Jan. 16, 2009 | 70,000 | 6.05 | A2+ | Dec. 31, 2009 | Outstanding |
| Commercial paper | Jan. 20, 2009 | 10,000 | 5.84 | A2+ | Jan. 19, 2009 | Outstanding |
| Commercial paper | Jan. 20, 2009 | 40,000 | 5.84 | A2+ | Jan. 19, 2009 | Outstanding |

| Subject of credit rating | Date of Issuance | Total amount of Issuance | Interest rate | Credit rating | Date of Expiration | Status |
|--------------------------|------------------|--------------------------|---------------|---------------|--------------------|-------------|
| Commercial paper | Jan. 20, 2009 | 50,000 | 5.84 | A2+ | Jan. 19, 2009 | Outstanding |
| Commercial paper | Jan. 20, 2009 | 20,000 | 5.84 | A2+ | Jan. 19, 2009 | Outstanding |
| Total | - | 190,000 | - | - | - | - |

<Outstanding amounts of commercial papers per outstanding periods (as of September, 30, 2009)>

(Unit: KRW million)

| Outstanding periods | Less than 10 days | Less than 30 days | Less than 90 days | Less than 180 days | Less than 1 year | More than 1 year | Total |
|---------------------|-------------------|-------------------|-------------------|--------------------|------------------|------------------|---------|
| Outstanding amounts | - | - | 135,900 | 120,000 | - | - | 255,900 |

X. Attachments

A. Financial Statements

For more information regarding the Company's financial statements for 3Q09, please refer to the independent auditor's report attached to publish disclosure documents.

B. Consolidated Financial Statements

For consolidated financial statements of the resent three business years, please refer to independent auditor's report.