

SK TELECOM CO LTD
Form 6-K
April 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
FOR THE MONTH OF APRIL 2014
COMMISSION FILE NUMBER 333-04906

SK Telecom Co., Ltd.

(Translation of registrant's name into English)

Euljiro65(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):
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ANNUAL BUSINESS REPORT

(From January 1, 2013 to December 31, 2013)

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

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

ALL REFERENCES TO THE COMPANY, WE, US, OR OUR SHALL MEAN SK TELECOM CO., LTD. AND, UNLESS THE CONTEXT OTHERWISE REQUIRES, ITS CONSOLIDATED SUBSIDIARIES. REFERENCES TO SK TELECOM SHALL MEAN SK TELECOM CO., LTD., BUT SHALL NOT INCLUDE ITS CONSOLIDATED SUBSIDIARIES.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA (K-IFRS) 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.

IN ADDITION TO PREPARING FINANCIAL STATEMENTS IN ACCORDANCE WITH K-IFRS AS ADOPTED BY THE KOREAN ACCOUNTING STANDARDS BOARD (THE KASB) INCLUDED HEREIN, WE ALSO PREPARE FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS ADOPTED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (THE IASB) WHICH WE FILE WITH THE SECURITIES AND EXCHANGE COMMISSION ON FORM 20-F.

BEGINNING WITH OUR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH K-IFRS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012, WE ARE REQUIRED TO ADOPT CERTAIN AMENDMENTS TO K-IFRS NO. 1001, PRESENTATION OF FINANCIAL STATEMENTS, AS ADOPTED BY THE KASB IN 2012. THE AMENDMENTS REQUIRE OPERATING INCOME, WHICH IS CALCULATED AS OPERATING REVENUE LESS OPERATING EXPENSE, TO BE SEPARATELY PRESENTED IN THE CONSOLIDATED STATEMENT OF INCOME. OPERATING EXPENSE REPRESENTS EXPENSES INCURRED IN OUR MAIN OPERATING ACTIVITIES AND INCLUDES COST OF PRODUCTS THAT HAVE BEEN RESOLD AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.

IN OUR CONSOLIDATED STATEMENTS OF INCOME PREPARED IN ACCORDANCE WITH IFRS AS ISSUED BY THE IASB, SUCH CHANGES IN PRESENTATION WERE NOT ADOPTED. AS A RESULT, THE PRESENTATION OF OPERATING INCOME IN OUR CONSOLIDATED STATEMENTS OF INCOME PREPARED IN ACCORDANCE WITH K-IFRS INCLUDED HEREIN DIFFERS FROM THE PRESENTATION OF OPERATING INCOME FROM CONTINUING OPERATIONS IN THE CONSOLIDATED STATEMENTS OF INCOME PREPARED IN ACCORDANCE WITH IFRS AS ISSUED BY THE IASB FOR THE CORRESPONDING PERIODS.

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

Starting in the first quarter of 2011, the Company prepares and reports its financial statements under K-IFRS. The transition date of the Company and its consolidated subsidiaries to K-IFRS is January 1, 2010 and the adoption date is January 1, 2011. The Company's annual business report for the year ended December 31, 2013 includes the following consolidated subsidiaries:

Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2013 (millions of Won)	Material Subsidiary*
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication services and satellite broadcasting services	241,977	Material
M&Service Co., Ltd.	Feb. 10, 2000	Online information services	48,493	
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	265,819	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	10,965	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Online shopping mall operation services	34,007	
SK Broadband Co., Ltd.	Sep. 26, 1997	Fixed-line telecommunication services, multimedia and IPTV services	3,035,657	Material
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	43,779	
Hwaitec Focus Investment Partnership 2	Dec. 12, 2008	Investment partnership	22,547	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	43,394	
PS&Marketing Co., Ltd.	Apr. 3, 2009	Sale of telecommunication devices	317,613	Material
Service Ace Co., Ltd.	Jul. 1, 2010	Customer center management services	48,956	
Service Top Co., Ltd.	Jul 1, 2010	Customer center management services	43,332	
Network O&S Co., Ltd.	Jul. 1, 2010	Network maintenance services	165,818	Material
BNCP Co., Ltd.	Dec. 7, 2009	Internet services	24,000	
SK Planet Co., Ltd.	Oct. 1, 2011	Telecommunication and platform services	1,647,965	Material
SK Planet Japan, K.K.	Mar. 14, 2012	Digital contents sourcing services	47	
SK Planet Global PTE, LTD.	Aug. 10, 2012	Digital contents sourcing services	636	
SK Planet America LLC	Jan. 27, 2012	Digital contents sourcing services	6,669	

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SKP Global Holdings PTE, LTD.	Aug. 10 , 2012	Holding company for overseas commerce	
SK Global Healthcare Business Group, Ltd.	Sep. 14, 2012	Investment	25,784
Technology Innovation Partners, L.P.	Jun. 24, 2011	Investment	27,975
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	3,213
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	35,233
Shenzhen E-eye High Tech Co., Ltd.	Apr. 1, 2000	Telematics manufacturing	18,915

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Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2013 (millions of Won)	Material Subsidiary*
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Telecommunication services	38,331	
SKT Americas, Inc.	Dec. 29, 1995	Information collection and management consulting services	36,378	
YTK Investment Ltd.	Jul. 1, 2010	Investment	64,036	Material
Atlas Investment	Jun. 24, 2011	Investment	50,723	Material

* Material Subsidiary means a subsidiary with total assets of Won 50 billion or more as of the end of the latest fiscal year.

A. Corporate Legal Business Name: SK Telecom Co., Ltd.**B. Date of Incorporation: March 29, 1984****C. Location of Headquarters**

(1) Address: 65 Euljiro, Jung-gu, Seoul, Korea

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

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

D. Major Businesses**(1) Wireless business**

The Company provides wireless telecommunications services, characterized by its competitive strengths in handheld devices, affordable pricing, network coverage and an extensive contents library. Since the introduction of services employing LTE technology in July 2011, the telecommunications market for such services has grown as demand for fast data transfer speeds and differentiated services has increased. Having reached one million subscribers by January 2012 and over 10 million subscribers by April 2013, the Company has solidified its leadership position in LTE services as it has done with its 3G services. In June 2013, the Company became the first telecommunications service provider in the world to provide commercial LTE-Advanced (LTE-A) services using carrier aggregation technology. In September 2013, beginning with the Seoul area, the Company also began offering wideband LTE service, which utilizes the 1.8 GHz band to enhance the customer experience of new and existing LTE customers. The Company is also improving the profitability of its wireless business through efficient capital expenditures and marketing and enhancement of marketing network and products.

In the business-to-business area, the Company is strengthening its solutions business through the implementation of five main solution products: Smart Store, Smart Work, Smart Cloud, Green & Safety and M Ad & Payment. Since the commercial launch of its mobile IPTV services, B tv Mobile, in October 2012, the Company has gained over one million paying subscribers as of March 2014. The Company is the first telecommunications services provider in the world to provide full high definition streaming services using its LTE-A network. With increasing video on demand usage and the potential to expand into other business areas such as advertising and shopping, the Company expects that the mobile IPTV services business will grow in the mid- to long-term.

In addition, in order to strengthen our sales channels, the Company has been offering a variety of fixed-line and wireless telecommunication convergence products to its customers through PS&Marketing Co., Ltd. (PS&Marketing), one of its subsidiaries. Furthermore, Network O&S Co., Ltd., the Company's subsidiary responsible for the operation of the Company's 2G to 4G networks (including its CDMA, WCDMA and LTE networks), provides customers with quality network services and provides the Company with technological know-how in network operations.

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(2) Fixed-line business

SK Broadband Co., Ltd. (SK Broadband) is engaged in providing telecommunications, broadcasting and new media services and various other services that are permitted to be carried out by SK Broadband under relevant regulations, as well as business activities that are directly or indirectly related to providing those services. With the adoption of K-IFRS in 2011, our broadband and fixed-line services segment also includes multimedia services and IPTV services.

(3) Other businesses

With respect to the Company's commerce business, 11th Street, continues to gain market share, is a platform service that connects various sellers and purchasers online. In the loyalty marketing business area, the Company provides an increasing number of products involving OK Cashbag points in order to attract new customers and retain existing customers. Since its inception in 1999, OK Cashbag, owned by SK Planet Co., Ltd. (SK Planet) continues to be Korea's largest loyalty mileage program with 37 million members. In the location-based services business area, users of the Company's T-Map Navigation service reached 19.2 million as of December 31, 2013. T-Map Navigation provides real time traffic information and various local information. Utilizing location-based service technology in other services, including leisure, logistics and travel services, the Company provides increased convenience and added value to customers. In the digital contents business area, the Company provides high-quality digital contents in its leading mobile contents marketplace, T Store, which had 21.8 million subscribers as of December 31, 2013 and which the Company plans to expand globally. In the media business area, the Company provides Hoppin service that enables subscribers to access various multimedia contents through personal computers, mobile devices and other digital devices. In the advertising business area, the Company is engaged in advertisement production, promotion services and research and consulting services to substantively help businesses increase their value in a rapidly evolving business environment.

SK Communications Co., Ltd. (SK Communications) provides integrated Internet portal services through NATE and instant messaging services through NATE-ON. Key sources of revenue for SK Communications are display advertising, search engine-based advertising, and contents and other services. Display advertising consists of image, video and Flash-based multimedia advertising carried on NATE and NATE-ON and aims to give greater exposure to the advertiser's brand name to the public. The increased effectiveness of online media as an advertising outlet has resulted in a greatly expanded advertiser base, and the increasing variety in the format of advertising has contributed to the growth of display advertising. Search engine-based advertising refers to the type of advertising that embeds advertisements within search results produced by searches of certain keywords on the NATE portal site. Search engine-based advertising has a certain appeal to small and medium-sized advertisers. Contents and other services include contents sales and providing certain types of services. Revenues from contents and other services are generated through revenues from NATE-ON instant messaging, custom decorations for mobile phones, cartoon strips, fortunetelling, movies and other contents services. In addition, SK Planet receives revenue from its services agreement with the Company in connection with operation of WAP wireless NATE services and application development.

In order to find future growth engines and strengthen the Company's competitiveness, the Company has made strategic investments in YTK Investment Ltd. and Atlas Investment, both investment fund companies.

See II-1. Business Overview for more information.

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(1) Corporate bonds

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
May 27, 2011	Corporate bond	AAA	Korea Ratings	Regular rating
June 13, 2011	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
June 23, 2011	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
December 12, 2011	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
December 13, 2011	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Current rating
December 16, 2011	Corporate bond	AAA	Korea Ratings	Current rating
June 21, 2012	Corporate bond	AAA	Korea Ratings	Regular rating
June 22, 2012	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 29, 2012	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
August 10, 2012	Corporate bond	AAA	Korea Ratings	Current rating
August 14, 2012	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
August 14, 2012	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Current rating
April 11, 2013	Corporate bond	AAA	Korea Ratings	Current rating
April 11, 2013	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
April 11, 2013	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Current rating
April 11, 2013	Corporate bond	AAA	Korea Ratings	Regular rating
April 11, 2013	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
April 11, 2013	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating

* Rating definition: AAA The certainty of principal and interest payment is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

(2) Commercial paper (CP)

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
May 27, 2011	CP	A1	Korea Ratings	Current rating
June 13, 2011	CP	A1	Korea Information Evaluation Association	Current rating
June 23, 2011	CP	A1	Korea Investors Service, Inc.	Current rating
December 12, 2011	CP	A1	Korea Investors Service, Inc.	Regular rating
December 13, 2011	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
December 16, 2011	CP	A1	Korea Ratings	Regular rating
June 21, 2012	CP	A1	Korea Ratings	Current rating
June 22, 2012	CP	A1	Korea Investors Service, Inc.	Current rating
June 29, 2012	CP	A1	NICE Investors Service Co., Ltd.	Current rating
December 14, 2012	CP	A1	Korea Investors Service, Inc.	Regular rating
December 18, 2012	CP	A1	Korea Ratings	Regular rating
December 18, 2012	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
April 11, 2013	CP	A1	Korea Ratings	Current rating
April 11, 2013	CP	A1	Korea Investors Service, Inc.	Current rating
April 11, 2013	CP	A1	NICE Investors Service Co., Ltd.	Current rating
November 29, 2013	CP	A1	Korea Ratings	Regular rating
December 18, 2013	CP	A1	Korea Investors Service, Inc.	Regular rating
December 20, 2013	CP	A1	NICE Investors Service Co., Ltd.	Regular rating

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* Rating definition: A1 Timely repayment capability is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

(3) International credit ratings

Date of credit rating	Subject of rating	Credit rating of securities	Credit rating company	Rating type
June 6, 2012	Bonds denominated in Swiss Franc	A-	Fitch Inc.	Current rating
June 4, 2012	Bonds denominated in Swiss Franc	A3	Moody's Investors Service	Current rating
June 7, 2012	Bonds denominated in Swiss Franc	A-	Standard & Poor's Rating Services	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A-	Fitch Inc.	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A3	Moody's Investors Service	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A-	Standard & Poor's Rating Services	Current rating

2. Company History

March 2008: Purchased shares of SK Broadband Co., Ltd. (formerly Hanaro Telecom)

May 2009: Participated in the public share offering of SK Broadband Co., Ltd.

September 2009: Acquired leased line and related other business of SK Networks Co., Ltd.

February 2010: Purchased shares of Hana Card Co., Ltd.

October 2011: SK Planet Co., Ltd. was spun off from the Company.

February 2012: Purchased shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

A. Location of Headquarters

- 22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)
- 16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)
- 267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)

- 99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)
- 65 Euljiro, Jung-gu, Seoul (December 13, 2004)

B. Significant Changes in Management

At the Extraordinary General Meeting of Shareholders held on August 31, 2011, Jun Ho Kim was elected as an inside director and Jin Woo So resigned from the Company's board of directors to transfer to an affiliate of the Company. At the 28th General Meeting of Shareholders held on March 23, 2012, (1) Young Tae Kim and Dong Seob Jee were elected as inside directors, (2) Hyun Chin Lim was re-elected as an independent director, and (3) Hyun Chin Lim was re-elected as a member of the audit committee of the Company's board of directors. At the 29th General Meeting of Shareholders held on March 22, 2013, Dae Sik Cho was elected as an inside director and Dae Shick Oh was elected as an independent director and member of the audit committee of the Company's board of directors. At the 30th General Meeting of Shareholders held on March 21, 2014, Jae Hoon Lee was elected as an independent director and Jae Hyeon Ahn was elected as an independent director and member of the audit committee of the Company's board of directors.

Table of Contents**C. Change in Company Name**

On March 23, 2012, SK hynix Inc., which became our subsidiary in February 2012, changed its name to SK hynix Inc. from Hynix Semiconductor Inc. in accordance with a resolution at its annual general meeting of shareholders.

**D. Mergers, Acquisitions and Restructuring
[SK Telecom]****(1) Spin-off**

In accordance with the resolution of the Company's board of directors on July 19, 2011 and the resolution of the shareholders' meeting on August 31, 2011, the Company spun off its platform business and established SK Planet Co., Ltd. effective as of October 1, 2011. The registration of the spin-off was completed on October 5, 2011. Set forth below are important details of the spin-off.

Description	Detail
Method of Spin-off	Simple vertical spin-off SK Telecom Co., Ltd. (Surviving Company)
Resulting Companies	SK Planet Co., Ltd. (Spin-off Company)
Effective Date	October 1, 2011

Set forth below is a summary of the Company's financial position before and after the spin-off.

Description	(in millions of Won)	
	Before the spin-off	After the spin-off
	(As of September 30, 2011)	(As of October 1, 2011)
	SK Telecom Co., Ltd.	SK Telecom Co., Ltd. SK Planet Co., Ltd.
Total Assets	19,400,114	19,084,651 1,545,537
Total Liabilities	7,673,828	7,358,365 315,463
Total Shareholders' Equity	11,726,286	11,726,286 1,230,074

The schedule of the spin-off is set forth below.

Category	Date
Board resolution on spin-off	July 19, 2011
Record Date for Determination of Shareholders for the Shareholders' Meeting for Spin-off	August 4, 2011
Shareholders' Meeting for Approval of Spin-off Plan	August 31, 2011
Date of Spin-off	October 1, 2011
	October 4, 2011

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Shareholders Meeting for Report of Spin-off and Inaugural Meeting of Shareholders	
Registration of Spin-off	October 5, 2011
Notice of closure of shareholders register	July 20, 2011
Period of closure of shareholders register	August 5, 2011 ~ August 8, 2011
Others	
Public notice of shareholders meeting	August 10, 2011 and August 12, 2011
Dispatch of notice of shareholders meeting	August 12, 2011
- Changes in shareholding, including majority shareholder	

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Not applicable because the spin-off is a simple vertical spin-off.

- Appraisal rights of shareholders

Not applicable because the spin-off is a simple vertical spin-off.

- Protection of creditors

In accordance with Article 530-1 Paragraph 1, both SK Telecom and SK Planet will be jointly and severally liable for the payment of all obligations of SK Telecom incurred prior to the spin-off.

- Allocation of new shares

In accordance with Articles 530-2 through 530-12, the spin-off is a simple vertical spin-off and all shares of SK Planet were allocated to SK Telecom.

- (2) Acquisition of shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company purchased 146,100,000 shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.) (SK Hynix) (aggregate purchase price of Won 3,374,726 million) on February 14, 2012 in order to acquire control of SK Hynix. The Company had a 21.05% equity interest in SK Hynix after the purchase. The Company's equity interest in SK Hynix decreased to 20.6% after certain convertible bonds issued by SK Hynix were converted into shares upon the exercise of conversion rights by their holders during the three months ended September 30, 2013.

- (3) Merger of SK Planet and SK Marketing & Company Co., Ltd.

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK Marketing & Company Co., Ltd. (SK Marketing & Company), a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK Marketing & Company and its subsidiary, SK M&Service Co., Ltd. The Company thereafter contributed the 100% equity stake in SK Marketing & Company to SK Planet and merged SK Marketing & Company into SK Planet as of February 1, 2013.

[SK Broadband]

- (1) Merger

On July 26, 2012, the board of directors of SK Broadband resolved to merge Broadband D&M Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband D&M Co., Ltd.'s network maintenance business to Network O&S Co., Ltd. The merger was effective as of September 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On October 25, 2012, the board of directors of SK Broadband resolved to merge Broadband CS Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband CS Co., Ltd.'s customer service business to Service Ace Co., Ltd. The merger was effective as of December 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On January 3, 2013, the board of directors of SK Broadband approved the merger of Broadband Media Co., Ltd., its wholly-owned subsidiary, into SK Broadband. The merger was effective as of March 22, 2013 and was recorded as of March 25, 2013. Please refer to the Merger Completion Report filed with the Financial Services Commission on March 25, 2013. In connection with this merger, SK Broadband did not issue any new shares.

[SK Planet]

(1) Merger

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK Marketing & Company, a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK Marketing & Company and its subsidiary, SK M&Service Co., Ltd. The Company thereafter contributed the 100% equity stake in SK Marketing & Company to SK Planet and merged SK Marketing & Company into SK Planet as of February 1, 2013. In connection with this merger, the merger ratio between SK Planet and SK Marketing & Company was 1.2927317:1 and SK Planet issued 12,927,317 of its common stock.

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On April 22, 2013, the board of directors of SK Planet resolved to merge Madsmart, Inc., its wholly-owned subsidiary, into SK Planet to enhance the competitiveness of its platform business and provide faster service to customers by merging the information and communication technology (ICT) capabilities of the two companies. The merger was effective as of June 1, 2013 and SK Planet did not issue any new shares in connection with the merger.

(2) Disposition of shares of Loen Entertainment

During the year ended December 31, 2013, SK Planet sold 13,294,369 shares (52.6% ownership interest) of Loen Entertainment, a company engaged in the publishing of music and provision of online music services, to Star Invest Holdings Limited. Consideration for the sale amounted to Won 265,887 million, and following the disposition of shares, SK Planet's ownership interests in Loen Entertainment decreased to 15.0%. As a result of the transaction, Loen Entertainment was excluded from scope of consolidation.

[SK Telink]

(1) Merger

On July 22, 2010, the board of directors of SK Telink Co., Ltd. (SK Telink) approved the merger of TU Media Corp. into SK Telink effective as of November 1, 2010. In connection with this merger, SK Telink issued 256,763 shares of its common stock.

[SK Communications]

(1) Disposition and acquisition of businesses

1. Disposition of publishing business division

On April 10, 2009, SK Communications sold its publishing business division to Etoos for Won 4,785 million in accordance with the resolution of its board of directors of March 5, 2009.

2. Acquisition of the KUKU division

On July 1, 2009, SK Communications purchased the KUKU division from SK I-Media Co., Ltd. for a purchase price of Won 1,157 million, in accordance with the June 25, 2009 resolution of its board of directors.

3. Disposition of the Spicus division

Pursuant to the July 23, 2009 resolution of its board of directors, SK Communications sold the Spicus division, its telephone English education division, to Spicus Inc., a subsidiary of Altos Ventures on August 1, 2009 for a purchase price of Won 1,493 million.

(2) Disposition of shares

1. Disposition of shares of Etoos

SK Communications sold all of its shares in Etoos to Cheong Sol pursuant to a resolution of its board of directors of October 19, 2009 and, as consideration, received Won 50 billion principal amount of convertible bonds. Pursuant to a resolution of its board of directors of July 23, 2010, SK Communications converted Won 25 billion principal amount, out of a total of Won 50 billion principal amount, of convertible bonds of Etoos into 701,000 shares of Etoos (15.58%). Pursuant to a resolution of its board of directors of January 13, 2012, SK Communications sold Won 20 billion principal amount, out of the remaining Won 25 billion principal amount, of convertible bonds of Etoos Education Co., Ltd. to Shinhan Private Equity Fund No. 2 at a price of Won 19 billion.

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2. Disposition of shares of SK i-Media

Pursuant to a resolution of its board of directors of October 17, 2011, SK Communications sold all shares of SK i-Media Co., Ltd. held by it to LK Media Tech Co., Ltd. at a price of Won 1 million.

3. Disposition of shares of U-Land, an overseas entity

Pursuant to a resolution of its board of directors of December 21, 2011, SK Communications sold all of its 29.85% interest in U-Land, an overseas entity, to SK Planet at a price of Won 10 million.

4. Disposition of shares of Service-In

On November 19, 2012, SK Communications sold all of its shares (80,000 common shares) in Service-In Co., Ltd., its subsidiary, to the chief executive officer of Service-In Co., Ltd., pursuant to a resolution of its board of directors of October 31, 2012.

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Issuance of bonds

On April 23, 2013, the Company issued two tranches of fixed-rate unsecured bonds in the principal amounts of Won 230 billion (with an annual interest rate of 3.03% and a maturity date of April 23, 2023) and Won 130 billion (with an annual interest rate of 3.22% and a maturity date of April, 23, 2033).

(2) Issuance of hybrid securities

On June 7, 2013, the Company issued Won 400 billion principal amount of hybrid securities in the form of unguaranteed subordinated bonds with an annual interest rate of 4.21%, which interest rate is adjusted five years after the date of issuance. The Company classified the hybrid securities as equity as there is no contractual obligation to deliver financial assets to the bondholders. The maturity date of the hybrid securities is June 7, 2073, which can be extended by the Company without any notice or announcement.

(3) Conversion of convertible notes

On April 7, 2009, the Company issued convertible notes with a maturity of five years in the principal amount of US\$332,528,000 with an annual interest rate of 1.75%. In 2013, holders exercised their conversion rights with respect to an aggregate principal amount of US\$326,023,000 of the convertible notes. The Company delivered 1,241,337 treasury shares in respect of US\$170,223,000 of the exercised aggregate principal amount and delivered cash in respect of the remainder due to the limit on foreign ownership. In connection with such conversion, the Company recognized Won 135,108 million in financial costs in 2013. On November 13, 2013, the Company exercised its early redemption right and on December 13, 2013, redeemed the US\$6,505,000 principal amount of convertible notes not exercised for conversion by noteholders. A 20-day volume weighted average pricing formula was used for the

delivery of cash made in place of treasury shares. Due to such calculation, the Company still had US\$91,108,507 outstanding in payables as of December 31, 2013. The amount was delivered in full as of January 6, 2014.

[SK Broadband]

SK Broadband acquired subscriberships of regional cable and other service providers on several different occasions. Such acquisitions were intended to secure a stable subscriber base for its broadband Internet service and, at the same time, increase the service coverage area. Because such acquisitions were conducted on a relatively small scale and involved purchase of subscriberships, SK Broadband did not believe such acquisitions rose to the level of purchasing an entire business line from another company or were likely to have a material impact on its business, and therefore decided that such acquisitions did not require resolutions of its shareholders.

Table of Contents**[SK Communications]**

In July 2011, there was a leak of personal information of subscribers of NATE and Cyworld websites operated by SK Communications. As of December 31, 2013, twenty lawsuits were filed against SK Communications, alleging that the leak was caused by its poor management of subscribers' personal information and seeking damages of approximately Won 5.5 billion. With respect to a few of the lawsuits, the relevant district courts have rendered judgments for the relevant plaintiffs' claims in part and SK Communications has appealed such judgments to the applicable high courts, where the cases are currently pending. Other cases remain pending at various district courts in Korea.

3. Total Number of Shares**A. Total Number of Shares**

(As of December 31, 2013)

(Unit: in shares)

Classification	Share type		Remarks
	Common shares	Total	
I. Total number of authorized 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	8,533,235	8,533,235	
a. reduction of capital			
b. retirement with profit	8,533,235	8,533,235	
c. redemption of redeemable shares			
d. others			
IV. Total number of shares (II-III)	80,745,711	80,745,711	
V. Number of treasury shares	9,809,375	9,809,375	
VI. Number of shares outstanding (IV-V)	70,936,336	70,936,336	

On July 20, 2011, the Company publicly disclosed its plan to repurchase treasury shares. The Company repurchased 1.4 million shares of treasury shares from July 25, 2011 to September 30, 2011 through the Korea Exchange. For more information on the repurchase of treasury shares, please see public disclosures made on July 20, 2011 and October 5, 2011.

Table of Contents**B. Treasury Shares**

(1) Acquisitions and dispositions of treasury shares

(As of December 31, 2013)

			(Unit: in shares)						
Acquisition methods			Type of shares	At the beginning of period	Changes Acquired (+)	Disposed ()	Retired ()	At the end of period	
Acquisition pursuant to the Financial Investment Services and Capital Markets Act of Korea (FSCMA)	Direct acquisition	Direct acquisition from market	Common shares	7,086,028				7,086,028	
			Preferred shares						
		Direct over-the-counter acquisition	Common shares						
			Preferred shares						
			Tender offer	Common shares					
		Preferred shares							
		Sub-total	Common shares	7,086,028				7,086,028	
			Preferred shares						
	Acquisition through trust and other agreements	Held by trustee	Common shares						
			Preferred shares						
Held in actual stock		Common shares	3,886,710					3,886,710	
		Preferred shares							
	Sub-total	Common shares	3,886,710				3,886,710		
		Preferred shares							
	Other acquisition	Common shares	77,974		1,241,337		(1,163,363)		
		Preferred shares							
	Total	Common shares	11,050,712					9,809,375	
		Preferred shares							

* Due to the Company's exercise of its early redemption right with respect to its convertible notes on November 13, 2013, the conversion right exercise period had expired by December 31, 2013 and there are no more treasury shares deposited with the Korea Securities Depository.

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

(As of December 31, 2013)		(Unit: in shares)	
Classification		Number of shares	Remarks
Total shares (A)	Common share	80,745,711	
	Preferred share		
Number of shares without voting rights (B)	Common share	9,809,375	Treasury shares
	Preferred share		
Shares without voting rights pursuant to the Company's articles of incorporation (the Articles of Incorporation) (C)	Common share		
	Preferred share		
Shares with restricted voting rights pursuant to Korean law (D)	Common share		
	Preferred share		
Shares with reestablished voting rights (E)	Common share		
	Preferred share		
The number of shares with exercisable voting rights (F = A - B - C - D + E)	Common share	70,936,336	
	Preferred share		

5. Dividends and Others**A. Dividends**

- (1) Distribution of cash dividends was approved during the 27th General Meeting of Shareholders held on March 11, 2011.
 - Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.
- (2) Distribution of interim dividends of Won 1,000 was approved during the 330th Board of Directors Meeting on July 28, 2011.
- (3) Distribution of cash dividends was approved during the 28th General Meeting of Shareholders held on March 23, 2012.
 - Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (4) Distribution of interim dividends of Won 1,000 was approved during the 344th Board of Directors Meeting on July 25, 2012.

- (5) Distribution of cash dividends was approved during the 29th General Meeting of Shareholders held on March 22, 2013.
 - Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (6) Distribution of interim dividends of Won 1,000 was approved during the 357th Board of Directors Meeting on July 25, 2013.

- (7) Distribution of cash dividends was approved during the 30th General Meeting of Shareholders held on March 21, 2014.
 - Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

Table of Contents**B. Dividends for the Last Three Fiscal Years**

(Unit: in millions of Won, except per share values and percentages)

Classification	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012	As of and for the year ended December 31, 2011
Par value per share (Won)	500	500	500
Net income	910,157	1,242,767	1,694,363
Net income per share (Won)	12,837	17,832	24,002
Total cash dividend	666,374	655,133	656,533
Total stock dividends			
Percentage of cash dividend to available income (%)	73.2	52.7	38.7
Cash dividend yield ratio (%)	4.1	6.2	6.6
Stock dividend yield ratio (%)			
Cash dividend per share (Won)	9,400	9,400	9,400
Stock dividend per share (share)			

- * The above figures were prepared based on separate financial statements. Net income per share means basic net income per share.
- * The total cash dividend of Won 656,533 million for the year ended December 31, 2011 includes the total interim dividend amount of Won 71,095 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.
- * The total cash dividend of Won 655,133 million for the year ended December 31, 2012 includes the total interim dividend amount of Won 69,695 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.
- * The total cash dividend of Won 666,374 million for the year ended December 31, 2013 includes the total interim dividend amount of Won 70,508 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.

Table of Contents**II. BUSINESS**

Each company in the consolidated entity is a separate legal entity providing independent services and products. The business is primarily separated into (1) the wireless business consisting of cellular voice, wireless data and wireless Internet services, (2) the fixed-line business consisting of fixed-line telephone, high speed Internet, data and network lease services, among others, and (3) other businesses consisting of platform services and Internet portal services, among others.

1. Business Overview

Set forth below is a summary business description of material consolidated subsidiaries.

Classification	Company name	Description of business
Wireless	SK Telecom Co., Ltd.	Wireless voice and data telecommunications services via digital wireless networks
	PS&Marketing Co., Ltd.	Sale of fixed-line and wireless telecommunications products through wholesale, retail and online distribution channels
	Network O&S Co., Ltd.	Network maintenance services such as the operation of the Company's base stations and related transmission and power facilities
Fixed-line	SK Broadband Co., Ltd.	High-speed Internet, TV, telephone, commercial data and other fixed-line services and management of the transmission system for online digital contents
	SK Telink Co., Ltd.	Various media-related services, such as channel management, including video on demand, and mobile IPTV services International wireless direct-dial 00700 services, pre-paid international card calling services, voice services using Internet protocol and Mobile Virtual Network Operator (MVNO) services
Other business	SK Planet Co., Ltd.	Various platform services such as 11th Street, T Store, T-Map Navigation and Hoppin in the application, commerce and new media areas, among others
	SK Communications Co., Ltd.	Integrated portal services through NATE and instant messaging services through NATE-ON
	YTK Investment Ltd. Atlas Investment	Established to strategically invest in funds in order to find future growth opportunities and strengthen the Company's competitiveness

[Wireless Business]**A. Industry Characteristics**

As of December 31, 2013, the Korean mobile communication market can be considered to have reached its maturation stage with more than a 100% penetration rate. However, the Korean mobile communications market continues to

improve in the quality of services with the help of advances in network-related technology and the development of highly advanced LTE-A, LTE and 3G smartphones which enable the provision of convergence services for multimedia contents, mobile commerce, telematics, new media and other related services. In addition, through the commercialization of LTE network in July 2011 and LTE-A network in June 2013, B2B businesses, such as the corporate connected workforce business which can directly contribute to an enhancement in productivity, are expected to grow rapidly.

Table of Contents**B. Growth Potential**

(Unit: in 1,000 persons)

Classification		As of December 31,				
		2013	2012	2011	2010	2009
Number of subscribers	SK Telecom	27,352	26,961	26,553	25,750	24,270
	Others (KT, LGU+)	27,328	26,663	25,954	25,062	23,675
	Total	54,680	53,624	52,507	50,767	47,944

* Source: Ministry of Science, ICT and Future Planning (MSIP) website and each Korean telecommunications company s respective earnings releases (including MVNOs).

C. Domestic and Overseas Market Conditions

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Sales revenue related to data services is expected to increase due to the increasing popularity of smartphones and high-speed wireless networks. The importance of the business-to-business segment, which creates added value by selling and developing various solutions, is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Set forth below is the historical market share of the Company.

(Unit: in percentages)

Classification	As of December 31,				
	2013	2012	2011	2010	2009
Mobile communication services	50.0	50.3	50.6	50.6	50.6

* Source: MSIP website and each Korean telecommunications company s respective earnings releases (including MVNOs).

D. Business Overview and Competitive Strengths

The Company is seeking to transform itself from a telecommunications service provider into a comprehensive ICT service provider. It has continued to innovate the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts. As of December 31, 2013, the Company recorded Won 16.6 trillion in revenue and Won 2.0 trillion in operating income on a consolidated basis and Won 12.9 trillion in revenue and Won 2.0 trillion in operating income on a separate basis.

The number of subscribers (including MVNO subscribers) as of December 31, 2013 was 27.35 million, an increase of approximately 390,000 from the previous year. In particular, the number of smartphone subscribers as of December 31, 2013 was 18.29 million, an increase of approximately 2.31 million from the previous year, including 13.5 million LTE subscribers, solidifying the Company s market leadership. Following the launch of commercial LTE

services in July 2011, the Company became the first telecommunications service provider in the world to launch commercial LTE-A services in June 2013. In September 2013, the Company launched commercial wideband LTE services utilizing its newly acquired 1.8 GHz band. Following provision of such services throughout Seoul and other metropolitan cities, the Company plans to expand coverage nationwide by July 2014. By launching various high quality services utilizing the LTE-A and wideband LTE networks such as group video conference call services, full high definition mobile IPTV streaming services, and T Baseball Multiview, which allows users to watch multiple baseball games on one screen, the Company plans to provide an innovative user experience, enhance customer satisfaction and increase profitability.

The Company has proved that it has superior network quality compared to its competitors according to the Korea Communications Commission quality evaluations. The Company has also proved to be the leader in Korea's top three customer satisfaction indices: according to the National Customer Satisfaction Index, Korean Customer Satisfaction Index and Korean Standard Service Quality Index, the Company has continued to hold the leading position for 16 years, 16 years and 14 years, respectively.

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SK Telink, a consolidated subsidiary of the Company, expanded its operations to the MVNO business based on its technical expertise and know-how obtained in its international telecommunications business and launched its MVNO service, 7Mobile, which is offered at reasonable rates and provides excellent quality. SK Telink is increasing its efforts to develop low-cost distribution channels and create niche markets through targeted marketing towards customers with lower average revenue per user. An MVNO leases the networks of a mobile network operator (MNO) and provides wireless telecommunication services under its own brand and fee structure, without owning telecommunication networks or frequencies.

Network O&S, a subsidiary of the Company responsible for the operation of the Company's base stations and related transmission and power facilities, offers quality fixed-line and wireless network services to customers, including mobile office products to business customers.

PS&Marketing, a subsidiary of the Company, provides a sales platform for products of the Company and SK Broadband including fixed-line and wireless telecommunication products which address customers' needs for various convergence products. PS&Marketing provides differentiated service to clients through the establishment of new sales channels and product development.

[Fixed-line Business]**A. Industry Characteristics**

Mergers among fixed-line operators and wireless operators have accelerated the convergence within the Korean telecommunications industry, and with the advent in the wireless telecommunications industry of a market for wideband LTE services utilizing LTE frequencies allocated to wireless operators following the completion of frequency auctions in August 2013, a market structure has evolved in which groups with both fixed-line and wireless capabilities compete for greater market share to secure a more solid footing in the market by offering superior services. As subscribers to various bundled wireless and fixed-line products are continuing to increase, the IPTV business is evolving to satisfy diverse customer needs for media services through differentiated service offerings including mobile IPTV, bundled wireless and IPTV products and smart set-top box services for smart televisions. The market for our corporate business is also growing with cloud computing, mobile offices and other new information and communications technologies being commercialized. The increased usage of smartphones and tablet computers, the pilot programming of commercial ultra-high definition television broadcasting services and competition for wideband LTE services has greatly increased data traffic, thereby further emphasizing the importance of fixed-line network infrastructure that is capable of handling large capacities of data traffic with stability and efficiency.

B. Growth Potential

		(Unit: in 1,000 persons)		
		As of December 31,		
Classification		2013	2012	2011
Fixed-line Subscribers	High-speed Internet	18,738	18,253	17,860
	Fixed-line telephone	17,620	18,261	18,633
	IPTV (real-time)	8,522	6,310	4,570

* Source: MSIP website and Korea Communications Commission website.

C. Cyclical Nature and Seasonality

High-speed Internet, fixed-line telephone and IPTV services are mature markets that are generally not sensitive to cyclical economic changes due to the easing of competition resulting from the decrease in differentiation between service providers and the nature of the respective services. The telecommunications services market overall is not expected to be particularly affected by economic downturns due to the low income elasticity of demand for telecommunication services.

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Set forth below is the historical market share of the Company.

Classification	(Unit: in percentages)		
	As of December 31,		
	2013	2012	2011
High-speed Internet (include resales)	24.4	24.1	23.4
Fixed-line telephone (include Voice over Internet Protocol)	16.9	16.7	15.7
IPTV (real-time)	24.4	22.2	19.3

* Source: MSIP website, Korea Communications Commission website and each Korean telecommunications company's respective earnings releases.

D. Business Overview and Competitive Strengths

SK Broadband, which in 1999 became the first company in the world to commence commercial ADSL services, has strengthened its co-marketing efforts with SK Telecom. The co-marketing efforts and the enhanced competitiveness of the bundled products have resulted in an expanded subscriber base across all of our businesses, including broadband Internet, telephone and IPTV. In particular, SK Broadband has positioned itself to focus on corporate customer services and IPTV services as key strategic areas for mid- to long-term growth, exploiting opportunities in new ICT-based businesses that have led to revenue growth, and providing differentiated contents in its IPTV business by securing popular programming which includes exclusive children's channels and live broadcasts of Major League Baseball games. In addition, SK Broadband intends to generate revenue in the mid- to long-term by strengthening the competitiveness of its IPTV business through efforts that include the first fully high-definition live broadcast on mobile television in Korea, its collaboration with Samsung Electronics in developing set-top box-free smart television services and development of ultra-high definition broadcast technology.

SK Telink provides international telecommunications service. SK Telink has been able to establish itself as a market leader as a result of its affordable pricing, proactive marketing and the quality of its services. It launched a mobile phone-based international calling service under the brand name 00700 in 1998, creating a new niche market within the long-distance telephony market that was otherwise dominated by existing service providers. In 2003, SK Telink was designated a common carrier for international calling services, which allowed us to expand our international calling services to fixed-line international calling services. SK Telink plans to strategically target the convergence of wireless and fixed-line telecommunications and strengthen its existing business, including international and long-distance calling services, value-added services for local calling and B2B services, and video conference call services while aiming to satisfy the diverse needs of customers through the provision of quality solutions at reasonable prices.

[Other Business]**A. Industry Characteristics**

As the number of smartphones distributed in Korea exceeds 30 million, the growth in various mobile devices has spurred the rise of the service provider with a strong platform business as the leader in the ICT market. It is becoming increasingly important to enhance competitiveness by building a platform with large data capacity to handle the increase in data transmission.

A platform business acts as an intermediary by promoting interactions among various customer groups, thereby generating new values. It is important for a platform business to continually attract subscribers and users and to create an ecosystem with certain lock-in effects. A platform can exist in various forms, including as a technological standard (iOS, Android OS), a subscriber-based service platform (Facebook, Twitter) or a marketplace (Amazon, T Store). Platform businesses are evolving and expanding globally.

A platform business has strong growth potential due to its connectivity with related services and ease of global expansion. Apple became a world-leading smartphone producer based on its innovative design and the competitive strength of its App Store platform. Google has created a new ecosystem of long-tail advertising by attracting millions of third parties to its advertising platform, as well as showing strong growth in mobile markets with its competitive platform based on Android OS. It is becoming increasingly important to enhance competitiveness through a database that can register and analyze purchase patterns of customers across all areas and a platform with large data capacity to utilize this database and provide differentiated services to customers.

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B. Growth Potential

The scope and value generated by the platform business, including application and content marketplaces and N-screen services, continues to increase, as smartphones and tablet computers become more popular and the bandwidth and speed of network infrastructure improve. As the wireless network evolves to LTE, business opportunities for the platform business exist, including multimedia streaming, N-screen service based on cloud technology and high-definition location-based services. Since the platform business realizes profit by connecting with advertisements or commerce sites after building a critical mass of subscribers and traffic, the recent growth in the advertising and commerce markets is expected to present an opportunity for platform businesses. The importance of building a platform with large data capacity that is connected to various digital contents and commerce is expected to increase in the future.

C. Domestic and Overseas Market Conditions

(1) Commerce markets

The Company expects that online commerce markets will continue to grow due to the growth potential of the Internet shopping population and the strengthening of online business models by off-line operators.

(2) Digital contents

The growth of application marketplaces, which started with Apple's App Store, provides the platform business with new opportunities for revenue generation. The competitive paradigm is shifting from a competition among platform operators toward a competition among eco-systems that include application developers as well as platform operators.

Due to an increase in the number of devices owned by each user and an increase in network speed, each user can now enjoy music or video files anywhere and anytime by storing them in cloud servers, which is called N-screen service. Users can recommend music to other users through social networking services and this is expected to become a distribution model for digital media contents. Various service providers are competing in this market expecting a strong growth in the online and mobile video market.

D. Business Overview and Competitive Strengths

SK Planet plans to expand its platform ecosystem focusing on its 'Open & Collaboration' motto in operating its commerce business such as 11th Street and OK Cashbag, its digital contents business such as T Store and Hoppin, and its location-based service business such as T-Map Navigation, thereby ultimately increasing its enterprise value.

(1) Commerce

11th Street, an online marketplace, has continued its growth through effective marketing and customer satisfaction. Despite its later entry into the online commerce market (launched in 2008) which was already divided between Auction and G-Market, it is leading the domestic e-commerce market and is also firmly establishing its position as the leader in the mobile commerce market. Growth plans involving overseas joint ventures based on 11th Street's business expertise have resulted in the successful launch of an open online commerce market in Turkey in partnership with

Doğuş Group in March 2013. Progress is also being made in the collaborated development of an open market platform in Indonesia with the wireless telecommunications company PT XL Axiata Tbk. through a joint venture established in July 2013.

OK Cashbag is a point-based loyalty marketing program which has grown to become a global top-tier loyalty marketing program since its inception in 1999. Customers have access to increased benefits through accumulation of loyalty reward points and partner companies use OK Cashbag as a marketing resource. With 37 million subscribers, OK Cashbag maintains a leading position in the industry and plans to continue strengthening its position by providing customized services befitting customers' needs and market conditions.

Table of Contents**(2) Location-based services**

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 19.21 million as of December 31, 2013, T-Map Navigation is one of the leading location-based service platforms in Korea. The Company is broadening the range of its location-based services by also providing infotainment systems to commercial vehicle businesses as well as providing localized content on its products, such as region-specific information and advertisements. The Company plans to further develop the T-Map Navigation platform by initiating open application programming interface-based services, providing services to more diverse types of devices and providing local area-based services.

(3) Digital contents

T Store, launched in September 2009, reached 21.79 million subscribers and cumulative downloads of 1.6 billion as of December 2013, solidifying its leadership position in the Korean application market and plans to widen its services to tablets and navigation devices. The Company intends to further develop T Store into a global service platform by evolving it into a personalized gateway and mobile playground through expansion of the scope of serviceable devices, reinforcement of digital content offerings and enhancement of search services, among other things.

The Company's Hoppin service enables subscribers to enjoy wide-ranging video on demand contents. Through continual service improvements and stable service provision, Hoppin has become the leading mobile video on demand service.

(4) Social networking services (SNS) and Internet portal services

The Company's instant messenger service, Nate-On, had the largest market share of 44.1% in the instant messenger market in Korea with 6 million net users in 2013. The Company's Internet search portal service, Nate, had a page-view market share of 5.5% as of December 31, 2013. (Source: Korean Click, based on fixed-line access)

Satellite DMB service

The Company launched its Hanbyul satellite in 2004 and received government approval in December 30, 2004 to provide satellite DMB services. Broadcasting through satellite DMB commenced in May 2005 and satellite DMB services expanded nationwide thereafter. On August 23, 2012, the board of directors of SK Telink resolved to discontinue operation of its satellite DMB services due to the rapid decrease in satellite DMB subscribers and the continued burden of fixed costs.

2. Major Products & Services**A. Updates on Major Products and Services**

(Unit: in millions of Won and percentages)

Business	Major Companies	Item
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			Major Trademarks	Consolidated Sales Amount (ratio)
Wireless	SK Telecom Co., Ltd.,			
	PS&Marketing Co., Ltd.,	Mobile communication service,		
	Service Ace Co., Ltd.,	wireless data service, ICT service	T and others	
	Service Top Co. Ltd.,			
	Network O&S Co., Ltd.			13,315,532(80.2%)
Fixed-line	SK Broadband Co., Ltd.,	Fixed-line phone, high speed Internet, data and network lease service	B tv , 00700 international call, 7Mobile and others	
	SK Telink Co., Ltd.			2,324,389(14.0%)

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(Unit: in millions of Won and percentages)

Business	Major Companies	Item	Major Trademarks	Consolidated Sales Amount (ratio)
Other	SK Planet Co., Ltd ,			
	Commerce Planet Co., Ltd,			
	SK Communications Co., Ltd.,	Internet portal service and investment	OK Cashbag, NATE, 11th Street, T Store, T-Map Navigation and others	
	M&Service Co., Ltd.,			
	YTK Investment Ltd.,			
Atlas Investment	962,133 (5.8%)			
	Total			16,602,054 (100.0%)

[Wireless Business]

In the past, based on the Company's basic monthly subscription plan, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds (daytime calls) and based on the Company's standard monthly subscription plan, the basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of December 31, 2013, based on the Company's standard monthly subscription plan, the basic service fee was Won 11,000 per month and the usage fee was Won 1.8 per second.

[Fixed-line Business]

SK Broadband provides broadband Internet access service, telephony, TV, corporate data services and other services for both individual and corporate customers. As of December 31, 2013, broadband Internet and TV services comprised 49.4% of SK Broadband's revenue, telephony service 23.0%, corporate data services 25.3% and other telecommunications services 2.3%. Price fluctuations in the different services provided by SK Broadband are due to discounts provided for long-term contracts, changes in equipment costs and competition between companies.

Table of Contents**[Other Business]**

Set forth below are major products and services of the Company's material consolidated subsidiaries.

Business Platform	Item	Major Trademarks
	ICT services, new media services, advertisement services, telecommunications sales, e-commerce and others	T Store, 11th Street, T Map, Hoppin, OK Cashbag and others
Display advertisement	Online advertisement services	Nate, Nate-On
Search advertisement	Online advertisement services	Nate, Nate-On
Contents and others	Pay content sales and other services	Nate, Nate-On

3. Investment Status**[Wireless Business]****A. Investment in Progress**

(Unit: in 100 millions of Won)

Business	Classification	Investment period	Subject of investment	Investment effect	Expected investment amount already invested	Future investment
Network/Common	Upgrade/New installation	2013	Network, systems and others	Capacity increase and quality improvement; systems improvement	21,000	23,165
	Total				21,000	23,165

B. Future Investment Plan

(Unit: in 100 millions of Won)

Business	Asset type	Expected investment amount		Expected investment for each year			Investment effect
		Amount	2014	2015	2016		
Network/Common	Network, systems and others	21,000	21,000	To be determined	To be determined	Upgrades to the existing services and expanded provision of services	

including
wideband
LTE-A

Total	21,000	21,000	To be determined	To be determined
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[Fixed-line Business]**A. Investment in Progress**

(Unit: in 100 millions of Won)

Business	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
High-speed Internet Telephone Television				Expand subscriber networks and facilities		1,501 124 909	
Corporate Data	Upgrade/New installation	For the year ended December 31, 2013	Backbone and subscriber network / others	Increase leased-line and integrated information system	5,762	2,144	To be determined
Others				Expand networks and required space		1,084	
		Total			5,762	5,762	

Table of Contents**4. Revenues**

Business	Sales type	Item	(Unit: in millions of Won)			
			For the year ended December 31, 2013	For the year ended December 31, 2012	For the year ended December 31, 2011*	
Wireless	Services	Mobile communication	Export	2,526	14,202	1,331
			Domestic	13,313,006	13,204,702	13,100,614
			Subtotal	13,315,532	13,218,904	13,101,945
Fixed-line	Services	Fixed-line, B2B data, High-speed Internet, TV	Export	28,002	29,883	28,070
			Domestic	2,296,387	2,163,978	2,134,498
			Subtotal	2,324,389	2,193,861	2,162,568
Other	Services	Display and Search ad., Content	Export	14,049	4,698	12,036
			Domestic	948,084	723,946	526,625
			Subtotal	962,133	728,644	538,661
Total			Export	44,577	48,783	41,437
			Domestic	16,557,477	16,092,626	15,761,737
			Total	16,602,054	16,141,409	15,803,174

* Revenues for the years ended December 31, 2011 and 2012 have been retroactively revised to reflect the effect of discontinued operations resulting from the sale of Loen Entertainment.

For the year ended December 31, 2013	(Unit: in millions of Won)					
	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
Total sales	14,501,829	2,972,642	1,741,599	19,216,070	2,614,016	16,602,054
Internal sales	1,186,297	648,253	779,466	2,614,016	2,614,016	
External sales	13,315,532	2,324,389	962,133	16,602,054		16,602,054
Operating income (loss)	1,986,106	55,625	-30,622	2,011,109		2,011,109
Total assets	23,263,268	3,288,275	3,075,321	29,626,864	3,050,349	26,576,515
Total liabilities	9,744,248	2,033,978	901,563	12,679,789	269,831	12,409,958

Table of Contents**5. Derivative Transactions****A. Current Swap Contract Applying Cash Flow Risk Hedge Accounting**

Currency swap contracts under cash flow hedge accounting as of December 31, 2013 are as follows.

Borrowing date	Hedged item	Hedged risk	Contract type	Financial institution	Duration of contract
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$400,000,000)	Foreign currency risk	Cross currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 Jul. 20, 2027
Dec. 15, 2011	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$250,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	DBS Bank and Citibank	Dec. 15, 2011 Dec. 12, 2014
Dec. 15, 2011	Floating-to-fixed cross currency interest rate swap (Singapore dollar denominated bonds face value of SGD 65,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	United Overseas Bank	Dec. 15, 2011 Dec. 12, 2014
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000,000)	Foreign currency risk	Cross currency swap	Citibank and five other banks	Jun. 12, 2012 Jun.12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$700,000,000)	Foreign currency risk	Cross currency swap	Barclays and nine other banks	Nov. 1, 2012 May. 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar	Foreign currency risk	Cross currency swap	BNP Paribas and three other banks	Jan. 17, 2013 Nov. 17, 2017

	denominated bonds face value of AUD 300,000,000)				
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	DBS Bank	Mar. 7, 2013 Mar. 7, 2020
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$94,735,627)	Foreign currency risk	Cross currency swap	Deutsche Bank	Dec. 16, 2013 Apr. 29, 2022

Table of Contents**B. Treatment of Derivative Instruments on the Balance Sheet**

As of December 31, 2013, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows.

(Unit: in millions of Won and thousands of foreign currencies)

Hedged item	Fair value					Trading purposes	Total
	Accumulated gain (loss) on valuation of derivatives	Tax effect	Cash flow hedge Foreign currency translation gain (loss)	Others ^(*1)			
Current assets:							
Convertible option ^(*2) (face amounts of Won 1,500 million)						9,828	9,828
Non-current assets:							
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$400,000,000)	(42,772)	(13,656)	(34,853)	129,806			38,525
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	8,822	2,816	(8,451)				3,187
Total assets							41,722
Non-current liabilities:							
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$250,000,000)	5,871	1,875	(25,602)				(17,856)
Floating-to-fixed cross currency interest rate swap (Singapore dollar denominated bonds face value of SGD 65,000,000)	7	2	(3,324)				(3,315)
Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000,000)	(5,275)	(1,684)	(6,902)				(13,861)
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$700,000,000)	(8,400)	(2,682)	(24,435)				(35,517)
Fixed-to-fixed cross currency swap	4,262	1,361	(53,295)				(47,672)

(Australia dollar denominated bonds face value of AUD 300,000,000) Fixed-to-fixed cross currency swap				
(U.S. dollar denominated bonds face value of US\$300,000,000) Fixed-to-fixed cross currency swap	(1,128)		(1,830)	(2,958)
(U.S. dollar denominated bonds face value of US\$94,735,627)	(2,548)	(813)	202	(3,160)
Total liabilities				(124,339)

(*1) Cash flow hedge accounting has been applied to the relevant contract from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to the year ended December 31, 2012.

(*2) Fair value of the conversion option of convertible bonds held by SK Communications Co., Ltd. amounting to Won 10 million was accounted for as derivative financial assets.

Table of Contents**6. Major Contracts**
[SK Telecom]

(Unit: in 100 millions of Won)

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount
Service	SK Planet Co., Ltd.	February 25, 2013	December 31, 2013	B2B contents purchase contract for Smart Safe and Phone Safe 40	206
Service	SK Planet Co., Ltd.	February 1, 2013	January 1, 2014	Partnership agreement for OK Cashbag services	168
Service	SK Planet Co., Ltd.	February 25, 2013	March 31, 2013	Contract for 2012 production of above-the-line advertisements (former SK Marketing & Company)	58
Service	M&Service Co., Ltd.	January 1, 2013	December 31, 2013	Contract for 2013 operation of virtual learning center	10
Service	Happy Ecophone Foundation	April 1, 2013	December 31, 2013	Contract for 2013 operation of T ecophone center	21
Construction	Dongwon Construction Industry Corporation	March 1, 2013	May 20, 2014	Construction of SK Dream Park	146
Real Estate	Woori Bank*		December 26, 2012	Disposal of Namsan Green Building	1,972
Real Estate	Woori Bank*		December 26, 2012	Disposal of Guro Offices	400
Real Estate	Individual	January 1, 2013	June 30, 2013	Purchase of regional centers (23 centers)	180
Subtotal					3,161

* The manager of the 18th IGIS KORIF private real estate investment fund.
[SK Broadband]

SK Broadband enters into contracts to use telecommunications facilities, including the use of line conduits and interconnection among telecommunication service providers.

Counterparty	Contract Contents	Contract Period	Note
Telecommunication service providers	Interconnection among telecommunication		Interconnection among telecommunication service

	service providers		providers
KEPCO	Provision of electric facilities	From Dec. 2012 to Nov. 2013	Use of electricity poles
Seoul City Railway	Use of telecommunication line conduits	From Jan. 2009 to Dec. 2011 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Seoul Metro	Use of telecommunication line conduits	From May 2010 to May 2013 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Busan Transportation Corporation	Use of telecommunication line conduits	From July 2009 to July 2012 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Gwangju City Railway	Use of telecommunication line conduits	From Sep. 2010 to Dec. 2012 (Renewal in progress)	Use of railway telecommunication conduit (Service lease)
[SK Planet]			

Counterparty	Contract Contents	Contract Period	Amount
SK Communications	Operation of shopping business at Nate.com website	From Jul. 1, 2011 to Dec. 31, 2013	Variable depending on the NATE shopping revenues and other factors

Table of Contents**[SK Communications]**

Counterparty	Purpose	Contract Period	Contract Amount
Daum Communications	Cost-per-click Internet search advertisement		Amount determined based on the number of clicks
SK Planet Co., Ltd.	Sale of asset in construction (Pangyo office building)		Sold for Won 69.5 billion on June 11, 2013
SK Planet Co., Ltd.	Operation of shopping business at nate.com website	From Jul. 1, 2011 to Dec. 31, 2013	Minimum guarantee of Won 18.4 billion for the period from Jul. 1, 2011 to Dec. 31, 2011; Amounts for 2012 and 2013 are to be determined depending on the NATE shopping revenues and other factors

* SK Communications and Daum Communications have agreed not to publicly disclose the contract period with respect to the contract with Daum Communications.

7. R&D Investments

Set forth below are the Company's R&D expenditures.

Category	(Unit: in millions of Won except percentages)			Remarks
	For the year ended December 31,			
	2013	2012	2011	
Raw material	38	42	45	
Labor	79,865	59,050	48,656	
Depreciation	158,158	163,295	149,850	
Commissioned service	22,923	62,399	40,257	
Others	102,668	61,546	57,118	
Total R&D costs	363,652	346,332	295,927	
Accounting				
	Sales and administrative expenses	352,385	304,557	289,979
	Development expenses (Intangible assets)	11,267	41,775	5,948
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)	2.19%	2.12%	1.85%	

8. Other information relating to investment decisions

A. Trademark Policies

The Company manages its corporate brand and other product brands in a comprehensive way to protect and increase their value. The Company's Brand Strategy Council in charge of overseeing its systematic corporate branding operates full-time to execute decisions involving major brands and operates Brandnet, an intranet system to manage corporate brands which provides solutions including registering and licensing of the brands.

B. Business-related Intellectual Property

[SK Telecom]

The Company holds 5,099 Korean-registered patents, 302 U.S.-registered patents, 209 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 883 Korean-registered trademarks and owns intellectual property rights to the design of the alphabet T. The designed alphabet T is registered in all business categories for trademarks (total of 45) and is being used as the primary brand of the Company.

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[SK Broadband]

SK Broadband holds 352 Korean-registered patents relating to high-speed Internet, telephone and IPTV service. In addition, SK Broadband has applied for a patent relating to two-way broadcasting system. SK Broadband also holds a number of trademarks and service marks relating to its service and brand.

[SK Planet]

As of December 31, 2013, SK Planet held 2,287 registered patents, 101 registered design marks, 1,168 registered trademarks and one copyright (including those held jointly with other companies) in Korea. It also holds 71 U.S.-registered patents, 73 Chinese-registered patents, 36 Japanese-registered patents, 20 E.U.-registered patents (all including patents held jointly with other companies) and 191 registered trademarks, along with a number of other intellectual property rights, in other countries.

[SK Communications]

As of December 31, 2013, SK Communications held 72 registered patents, 26 registered design rights and 721 registered trademarks in Korea.

C. Business-related Pollutants and Environmental Protection

The Company does not engage in any manufacturing and therefore does not undertake any industrial processes that emit pollutants into the air or industrial processes in which hazardous materials are used.

Table of Contents**III. FINANCIAL INFORMATION****1. Summary Financial Information (Consolidated)****A. Summary Financial Information (Consolidated)**

(Unit: in thousands of Won except number of companies)

	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
Current Assets	5,123,415,405	5,294,420,978	6,117,478,958	6,653,991,923
Cash and Cash Equivalents	1,398,638,926	920,124,810	1,650,793,876	659,404,935
Accounts Receivable Trade, net	2,257,316,402	1,954,920,332	1,823,169,889	1,949,397,279
Accounts Receivable Other, net	643,602,730	582,098,398	908,836,454	2,531,847,155
Others	823,857,347	1,837,277,438	1,734,678,739	1,513,342,554
Non-Current Assets	21,453,099,834	20,301,138,645	18,248,557,471	16,478,397,157
Long-Term Investment Securities	968,527,332	953,712,512	1,537,945,216	1,680,582,091
Investments in Associates and Joint Ventures	5,325,296,741	4,632,477,315	1,384,605,401	1,204,691,805
Property and Equipment, net	10,196,607,229	9,712,718,716	9,030,998,201	8,153,412,683
Intangible Assets, net	2,750,781,769	2,689,657,645	2,995,803,300	1,884,955,652
Goodwill	1,733,260,574	1,744,483,009	1,749,932,878	1,736,649,137
Others	478,626,189	568,089,448	1,549,272,475	1,818,105,789
Total Assets	26,576,515,239	25,595,559,623	24,366,036,429	23,132,389,080
Current Liabilities	6,069,219,582	6,174,895,434	6,673,589,809	6,202,170,452
Non-Current Liabilities	6,340,738,309	6,565,881,872	4,959,737,573	4,522,219,358
Total Liabilities	12,409,957,891	12,740,777,306	11,633,327,382	10,724,389,810
Equity Attributable to Owners of the Parent Company	13,452,372,339	11,854,777,781	11,661,880,863	11,329,990,900
Share Capital	44,639,473	44,639,473	44,639,473	44,639,473
Capital Surplus (Deficit) and Other Capital Adjustments	317,508,426	(288,882,796)	(285,347,419)	(78,952,875)
Retained Earnings	13,102,495,264	12,124,657,526	11,642,525,267	10,721,249,327
Reserves	(12,270,824)	(25,636,422)	260,063,542	643,054,975
Non-controlling Interests	714,185,009	1,000,004,536	1,070,828,184	1,078,008,370
Total Equity	14,166,557,348	12,854,782,317	12,732,709,047	12,407,999,270
Number of Companies Consolidated	28	32	31	32

(Unit: in thousands of Won except per share amounts)

For the year ended For the year ended For the year ended For the year ended
December 31, December 31, 2012* December 31, 2011* December 31,

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	2013		2010	
Operating Revenue	16,602,053,960	16,141,409,477	15,926,468,674	15,489,373,747
Operating Income	2,011,108,750	1,730,049,433	2,295,613,330	2,555,781,816
Profit Before Income Tax	1,827,101,517	1,519,368,041	2,240,689,573	2,373,223,839
Profit for the Period	1,609,549,453	1,115,662,553	1,582,073,280	1,766,834,754
Profit for the Period Attributable to Owners of the Parent Company	1,638,964,318	1,151,704,905	1,612,889,086	1,841,612,790
Profit for the Period Attributable to Non-controlling Interests	(29,414,865)	(36,042,352)	(30,815,806)	(74,778,036)
Basic Earnings Per Share (Won)	23,211	16,525	22,848	25,598
Diluted Earnings Per Share (Won)	23,211	16,141	22,223	24,942

* Financial information for the years ended December 31, 2011 and 2012 have been retroactively revised to reflect the effect of discontinued operations resulting from the sale of Loen Entertainment.

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B. Changes to Accounting Standards Adopted During 2012

(1) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS No.1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(2) Presentation of Financial Statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

C. Changes to Accounting Standards Adopted During 2013

(1) Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

(3) Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize

the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venture to recognize an investment and to account for that investment using the equity method.

(4) Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

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(5) Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(6) Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

D. Impact of Changes in Accounting Policies

(1) Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

Table of Contents**2. Summary Financial Information (Separate)****A. Summary Financial Information (Separate)**

(Unit: in thousands of Won)

	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
Current Assets	2,817,782,116	2,589,699,186	3,948,077,706	5,316,976,799
Cash and Cash Equivalents	448,458,844	256,576,827	895,557,654	357,469,908
Accounts Receivable Trade, net	1,513,138,337	1,407,205,772	1,282,233,900	1,453,060,673
Accounts Receivable Other, net	388,475,438	383,048,424	774,221,266	2,499,969,010
Others	467,709,497	542,868,163	996,064,886	1,006,477,208
Non-Current Assets	20,009,637,772	19,659,803,155	16,572,449,699	14,410,149,512
Long-Term Investment Securities	729,703,131	733,893,220	1,312,437,834	1,517,029,011
Investments in Subsidiaries and Associates	8,010,121,697	7,915,546,670	4,647,505,583	3,584,394,790
Property and Equipment, net	7,459,986,405	7,119,090,098	6,260,168,675	5,469,747,495
Intangible Assets, net	2,239,166,824	2,187,872,109	2,364,795,182	1,424,968,542
Goodwill	1,306,236,299	1,306,236,299	1,306,236,299	1,308,422,097
Others	264,423,416	397,164,759	681,306,126	1,105,587,577
Total Assets	22,827,419,888	22,249,502,341	20,520,527,405	19,727,126,311
Current Liabilities	4,288,073,368	4,343,086,486	4,467,005,877	4,561,013,611
Non-Current Liabilities	5,223,938,268	5,529,367,602	4,087,219,816	3,585,155,050
Total Liabilities	9,512,011,636	9,872,454,088	8,554,225,693	8,146,168,661
Share Capital	44,639,473	44,639,473	44,639,473	44,639,473
Capital Surplus and Other Capital Adjustments	433,893,129	(236,160,479)	(236,016,201)	(24,643,471)
Retained Earnings	12,665,699,496	12,413,981,340	11,837,184,788	10,824,355,758
Reserves	171,176,154	154,587,919	320,493,652	736,605,890
Total Equity	13,315,408,252	12,377,048,253	11,966,301,712	11,580,957,650

(Unit: in thousands of Won except per share amounts)

	For the year ended December 31, 2013	For the year ended December 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
Operating Revenue	12,860,379,475	12,332,719,444	12,551,255,630	12,514,520,922
Operating Income	1,969,684,335	1,675,388,351	2,184,498,641	2,530,954,768
Profit Before Income Tax	1,220,797,234	1,546,719,635	2,274,421,558	2,503,637,367
Profit for the Period	910,156,661	1,242,767,480	1,694,363,093	1,947,007,919
Basic Earnings Per Share (Won)	12,837	17,832	24,002	27,063
	12,837	17,406	23,343	26,366

Diluted Earnings Per Share
(Won)

B. Changes to Accounting Standards Adopted During 2012

(1) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS No.1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(2) Presentation of Financial Statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

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C. Changes to Accounting Standards Adopted During 2013

(1) Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

(3) Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venturer to recognize an investment and to account for that investment using the equity method.

(4) Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(5) Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(6) Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

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D. Impact of Changes in Accounting Policies

(1) Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

3. K-IFRS: Preparation, Impact to Financial Statements and Changes in the Accounting Principles Implemented

Transition to K-IFRS

The Company prepares its financial statements in accordance with K-IFRS starting from fiscal year 2011 which commenced on January 1, 2011. The Company's financial statements in previous periods were prepared in accordance with Korean GAAP. The Company's financial statements for fiscal year 2010, which are presented for comparison, were prepared in accordance with K-IFRS with January 1, 2010 as the transition date and pursuant to K-IFRS No. 1101, First-time Adoption of Korean International Financial Reporting Standards.

Table of Contents**IV. AUDITOR S OPINION****1. Auditor (Consolidated)**

Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	Deloitte Anjin LLC

2. Audit Opinion (Consolidated)

Period	Auditor s opinion	Issues noted
Year ended December 31, 2013	Unqualified	
Year ended December 31, 2012	Unqualified	
Year ended December 31, 2011	Unqualified	

3. Auditor (Separate)

Year ended December 31, 2013	Year ended December 31, 2012	Year ended December 31, 2011
KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	Deloitte Anjin LLC

4. Audit Opinion (Separate)

Period	Auditor s opinion	Issues noted
Year ended December 31, 2013	Unqualified	
Year ended December 31, 2012	Unqualified	
Year ended December 31, 2011	Unqualified	

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

(Unit: in thousands of Won except number of hours)

**Total number of
hours accumulated
for the fiscal
year**

Fiscal Year	Auditors	Contents	Fee	Total number of hours accumulated for the fiscal year
Year ended December 31, 2013	KPMG Samjong Accounting Corp.	Semi-annual review Quarterly review Separate financial statements audit Consolidated financial statements audit English financial statements review and other audit task	1,250,000	17,796
Year ended December 31, 2012	KPMG Samjong Accounting Corp.	Semi-annual review Quarterly review Separate financial statements audit Consolidated financial statements audit English financial statements review and other audit task	1,220,000	19,583
Year ended December 31, 2011	Deloitte Anjin LLC	Semi-annual review Quarterly review Separate financial statements audit Consolidated financial statements audit English financial statements review and other audit task	1,364,000	14,033

Table of Contents**B. Non-Audit Services Contract with External Auditors**

(Unit: in thousands of Won)

Period	Contract date	Service provided	Service duration	Fee
Year ended December 31, 2013	N/A	N/A	N/A	N/A
Year ended December 31, 2012	N/A	N/A	N/A	N/A
Year ended December 31, 2011	April 11, 2011	Tax consulting	30 days	45,000
	April 28, 2011	Tax consulting	30 days	45,000

6. Change of Independent Auditors

Starting from 2012, the Company changed its independent auditors to KPMG Samjong Accounting Corp. from Deloitte Anjin LLC due to the expiration of the audit contract with Deloitte Anjin LLC.

Table of Contents**V. MANAGEMENT'S DISCUSSION AND ANALYSIS****1. Forward-Looking Statements**

This section contains forward-looking statements with respect to the financial condition, results of operations and business of the Company and plans and objectives of the management of the Company. Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements.

The Company does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this section, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Such forward-looking statements were based on current plans, estimates and projections of the Company and the political and economic environment in which the Company will operate in the future, and therefore you should not place undue reliance on them.

Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

2. Overview

In the midst of an industry environment defined by fast-paced changes centered around LTE network-based data in the wireless telecommunications industry, the Company has strengthened the competitiveness of its telecommunications business based on a principle of aiming to deliver the highest level of quality to its customers. The Company has been a leader in shifting the competitive paradigm by introducing differentiated products and services including revolutionary pricing plans. The Company has also solidified its leadership position in the LTE market by the differentiated quality of its network as seen in its ability to become the first telecommunications service operator globally to commercialize LTE-A technology.

The Company has also prepared the groundwork for future growth, a meaningful achievement. The Company's B2B solutions business achieved sizeable growth and the Company gained growth momentum through an expansion of its IPTV subscriber base as well as diversification through its healthcare business. The Company's overall position as a leading information and communications technology company was strengthened through the expansion of SK Planet's business and an improvement in SK Hynix's competitive positioning.

The Company's operating revenue, on a consolidated basis, was Won 16,602.1 billion for the year ended December 31, 2013, a 2.9% increase from 2012 due to an increase in the number of LTE subscribers and the resulting increase in average revenue per subscriber. The Company's operating income, on a consolidated basis, was Won 2,011.1 billion for the year ended December 31, 2013, a 16.2% increase from 2012 due to the increase in revenue as well as a decrease in marketing expenses which reflected a shift in the competitive paradigm. For the year ended December 31, 2013, the Company's EBITDA (as further explained below) and profit for the year were Won 4,830.9 billion and Won 1,609.5 billion, respectively.

In 2013, the Company's capital expenditures, on a separate basis, were Won 2.3 trillion, which exceeded the capital expenditure budget set at the beginning of the year. The Company expects that the capital expenditure amount in the mid- to long-term future will decrease and stabilize due to better technology and its efforts to invest more efficiently.

Cash dividends for 2013 were Won 9,400 per common share, which include interim dividends of Won 1,000 per common share paid during the year.

Table of Contents**3. Analysis of Consolidated Financial Position**

(Unit: in billions of Won, except percentages)

	As of December 31, 2013	As of December 31, 2012	Change from 2012 to 2013	Percentage Change from 2012 to 2013
Total Assets	26,608	25,596	1,012	4.0%
Current Assets	5,155	5,294	(139)	-2.6%
Cash and Marketable Securities ⁽¹⁾	1,765	1,445	320	22.1%
Non-Current Assets	21,453	20,301	1,152	5.7%
Property and Equipment and Investment Property	10,212	9,740	472	4.8%
Intangible Assets and Goodwill	4,484	4,434	50	1.1%
Long-term Financial Instruments, Long-term Investment Securities and Investment in Associates	6,302	5,586	716	12.8%
Total Liabilities	12,442	12,741	(299)	-2.3%
Current Liabilities	6,104	6,175	(71)	-1.1%
Short-term Borrowings	260	600	(340)	-56.7%
Current Portion of Long-term Debt	1,268	893	375	42.0%
Non-Current Liabilities	6,338	6,566	(228)	-3.5%
Debentures and Long-term Borrowings, Excluding Current Portion	5,010	5,348	(338)	-6.3%
Total Equity	14,167	12,855	1,312	10.2%
Interest-bearing Financial Debt ⁽²⁾	6,354	6,684	(330)	-4.9%
Debt-to-Equity Ratio ⁽³⁾	44.8%	52.0%	-7.2%p	

- (1) Cash & marketable securities includes cash & cash equivalents, marketable securities and short-term financial instruments.
- (2) Interest-bearing financial debt: Total of short-term borrowings, current portion of long-term debt and debentures and long-term borrowings
- (3) Debt-to-equity ratio: Interest-bearing financial debt / Total Equity

A. Assets

As of December 31, 2013, SK Telecom's assets comprised 86% of the Company's assets, on a consolidated basis.

The Company's current assets as of December 31, 2013 decreased 2.6% from the end of the previous year, primarily due to a decrease in the number of consolidated subsidiaries, including SKY Property among others, and a decrease in inventories. Non-current assets as of December 31, 2013 increased 5.7% from the end of the previous year, primarily due to the acquisition of additional network frequency and an increase in the value of SK Hynix shares.

B. Liabilities

As of December 31, 2013, SK Telecom's liabilities comprised 74% of the Company's liabilities, on a consolidated basis.

The Company's current liabilities as of December 31, 2013 decreased 1.1% from the end of the previous year primarily due to the redemption of convertible notes and decreases in short-term borrowings of SK Telecom. Non-current liabilities as of December 31, 2013 decreased 3.5% from the end of the previous year mainly due to decreases in long-term borrowings of SK Telecom.

Table of Contents**4. Analysis of Consolidated Financial Information**

(Unit: in billions of Won, except percentages)

	For the year ended December 31, 2013	For the year ended December 31, 2012	Change from 2012 to 2013	Percentage Change from 2012 to 2013
Operating Revenue	16,602	16,141	461	2.9%
Operating Expense	14,591	14,411	180	1.2%
Operating Income	2,011	1,730	281	16.2%
Operating Margin	12.1%	10.7%	1.4%p	
Net Other Income (Loss)	(184)	(211)	27	-12.8%
Profit Before Income Tax	1,827	1,519	308	20.3%
Profit for the Year	1,610	1,116	494	44.3%
Profit for the Year Attributable to Owners of the Parent Company	9.7%	6.9%	2.8%p	
Profit for the Year Attributable to Non-controlling Interests	(29)	(36)	7	19.4%
EBITDA ⁽¹⁾	4,831	4,297	534	12.4%
EBITDA Margin	29.1%	26.6%	2.5%p	

- (1) EBITDA: Sum of operating income and depreciation and amortization expenses (including depreciation and amortization expenses related to research and development)

A. Operating Revenue

The Company's operating revenue for the year ended December 31, 2013 increased 2.9% from the previous year, primarily due to an increase in LTE subscribers, an increase in revenue from new business areas such as B2B solutions and the merger of SK Marketing & Company into SK Planet.

B. Operating Profit

The Company's operating income for the year ended December 31, 2013 increased 16.2% from the previous year, primarily due to a decrease in commissions paid, which was partially attributable to decreased marketing competition.

C. Operating Expense

(Unit: in billions of Won, except percentages)

	For the year ended	For the year ended	Change from 2012 to 2013	Percentage Change from 2012 to
--	--------------------------	--------------------------	--------------------------------	--------------------------------------

	December 31, 2013	December 31, 2012		2013
Labor Cost	1,561	1,268	293	23.1%
Commissions Paid	5,499	5,950	(451)	-7.6%
Advertising	394	384	10	2.6%
Depreciation and Amortization ⁽¹⁾	2,820	2,567	253	9.9%
Network Interconnection	1,044	1,057	(13)	-1.2%
Leased Line Fees	242	265	(23)	-8.7%
Frequency License Fees	207	204	3	1.5%
Cost of Products that have been Resold	1,300	1,292	8	0.6%
Others	1,524	1,424	100	7.0%
Total Operating Expense	14,591	14,411	180	1.2%

(1) Includes depreciation and amortization expenses related to research and development.

Labor cost for the year ended December 31, 2013 increased 23.1% from the previous year primarily due to an increase in the number of employees resulting from the merger of SK Marketing & Company into SK Planet, as well as an increase in the number of employees of the Company and its other subsidiaries. Commissions paid for the year ended December 31, 2013 decreased 7.6% from the previous year primarily due to decreased marketing expenses in response to decreased marketing competition and a decrease in sales commissions by PS&Marketing. Depreciation and amortization expenses increased 9.9% from the previous year mainly due to an increase in capital expenditures by the Company and SK Broadband and an increase in amortization expenses in connection with the Company's acquisition of an additional frequency license.

Table of Contents**5. Analysis of SK Telecom's Non-consolidated Operating Information****A. Number of Subscribers**

	For the year ended December 31, 2013	For the year ended December 31, 2012	Change from 2012 to 2013	Percentage Change from 2012 to 2013
Subscribers (thousands)	27,352	26,961	391	1.5%
Net Increase	391	409	(18)	-4.4%
Activations	7,755	8,644	(889)	-10.3%
Deactivations	7,364	8,235	(871)	-10.6%
Monthly Churn Rate (%)	2.3%	2.6%	-0.3%p	
Average Subscribers (thousands)	27,121	26,680	441	1.7%
Smartphone Subscribers	18,286	15,979	2,308	14.4%
LTE Subscribers	13,487	7,530	5,957	79.1%

The number of LTE subscribers as of December 31, 2013 was 13.49 million. The growth in LTE subscribers is expected to be the basis for long-term future growth. The Company expects LTE subscribers as a proportion of all SK Telecom subscribers will exceed 65% by the end of 2014. The number of smartphone subscribers as of December 31, 2013 was 18.29 million and constituted 66.9% of all SK Telecom subscribers.

B. Average Monthly Revenue per Subscriber

	For the year ended December 31, 2013	For the year ended December 31, 2012	Change from 2012 to 2013	Percentage Change from 2012 to 2013
Billing Average Monthly Revenue per Subscriber (Won)	34,551	33,016	1,535	4.6%

* The billing average monthly revenue per subscriber (ARPU) is derived by dividing the sum of total SK Telecom and SK Planet revenues from voice service and data service (but excluding revenue from MVNO subscribers) for the period by the monthly average number of subscribers that are not MVNO subscribers for the period, then dividing that number by the number of months in the period. Although the definition of ARPU may vary by company, it is a measure that is widely used in the telecommunications industry for revenue comparison purposes. In 2013, the increase in LTE subscribers led to an increase in average revenue per subscriber to Won 34,551, a 4.6% increase compared to the previous year.

6. Guidance for Fiscal Year 2014

The Company announced the following guidance for fiscal year 2014 during its earnings release conference call on January 28, 2014.

1. Operating revenue (consolidated): Won 17.4 trillion
2. SK Telecom's capital expenditures (separate): Won 2.1 trillion
3. Cash dividends: Similar level as cash dividends paid for fiscal year 2013

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7. Liquidity

As of December 31, 2013, the Company's debt-to-equity ratio (as calculated based on the interest-bearing financial debt) was 44.8% compared to 52.0% as of December 31, 2012. The net debt-to-equity ratio (as calculated based on the interest-bearing financial debt minus cash and marketable securities) was 32.4% and 40.8% at the end of 2013 and 2012, respectively. Interest coverage ratio (EBITDA / interest expense) was 15.3 and 11.3 at the end of 2013 and 2012, respectively. The Company continues to have sufficient liquidity.

8. Financing

As of December 31, 2013, the Company's aggregate debt amounted to Won 6,353 billion, comprising long-term and short-term borrowings, debentures and current portion of long-term borrowings, which decreased by 5.3% from Won 6,709 billion as of December 31, 2012. The decrease was primarily due to holders exercising their conversion rights with respect to an aggregate principal amount of US\$326,023,000 of convertible notes issued by the Company on April 7, 2009. The Company delivered 1,241,337 treasury shares in respect of US\$170,223,000 of the exercised aggregate principal amount and delivered cash in respect of the remainder due to the limit on foreign ownership.

9. Investments

The Company did not make any significant investments in 2013.

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

The Company's board of directors (the Board of Directors) is composed of eight members: five independent directors and three inside directors. Within the Board, there are five committees: Independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

Total number of persons	(As of March 25, 2014)	
8	Inside directors	Independent directors
	Sung Min Ha, Dae Sik Cho, Dong Seob Jee	Jae Hyeon Ahn, Dae Shick Oh, Jae Hoon Lee, Hyun Chin Lim, Jay Young Chung

At the 30th General Meeting of Shareholders held on March 21, 2014, Jae Hoon Lee was elected as an inside director and Jae Hyeon Ahn was elected as an independent director and a member of the audit committee.

B. Significant Activities of the Board of Directors

Meeting	Date	Agenda	Approval
351th (the 1st meeting of 2013)	February 7, 2013	- Financial statement as of and for the year ended December 31, 2012	Approved as proposed
		- Annual business report as of and for the year ended December 31, 2012	Approved as proposed
		- Bond offering	Approved as proposed
		- Report of internal accounting management	
		- Report for subsequent events following the fourth quarter of 2012	
352th (the 2nd meeting of 2013)	February 21, 2013	- 2013 transaction of goods, services and assets with SK Planet	Approved as proposed
		- Convocation of the 29th General Meeting of Shareholders	Approved as proposed
		- Evaluation results of internal accounting management system	
353th (the 3rd meeting of 2013)	March 22, 2013	- Election of the chairman of the Board of Directors	Approved as proposed

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		<ul style="list-style-type: none"> - Election of committee members - Financial transactions with affiliated company (SK Securities) 	<p>Approved as proposed</p> <p>Approved as proposed</p>
354th (the 4th meeting of 2013)	April 25, 2013	<ul style="list-style-type: none"> - Sublease transaction of advisor offices - Budget and operation plans for 2013 SUPEX conferences - Report for the period after the first quarter of 2013 	<p>Approved as proposed</p> <p>Approved as proposed</p>
355th (the 5th meeting of 2013)	May 23, 2013	<ul style="list-style-type: none"> - Landscaping at Future Management Institute - Issuance of hybrid securities - Issuance of asset-backed short-term bonds - Report of compliance review and validity evaluation 	<p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p>
356th (the 6th meeting of 2013)	June 20, 2013	<ul style="list-style-type: none"> - Financial transactions with affiliated company (SK Securities) - Service transactions with SK Telecom China Holdings Co., Ltd. 	<p>Approved as proposed</p> <p>Approved as proposed</p>
357th (the 7th meeting of 2013)	July 25, 2013	<ul style="list-style-type: none"> - Payment of interim dividends - Incurrence of long-term debt - Additional procurement of LTE network frequency - Financial results for the first six months of 2013 - Post-second quarter of 2013 report 	<p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p>

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Meeting	Date	Agenda	Approval
358 th (the 8th meeting of 2013)	September 26, 2013	- Financial transactions with affiliated company (SK Securities) - Additional investments in LTE network	Approved as proposed Approved as proposed
359 th (the 9th meeting of 2013)	November 28, 2013	- 2014 transaction plan with SK Forest Co., Ltd. - Customer center management service contract for 2014 - Base station maintenance contract for 2014 - Report for the period after the third quarter of 2013	Approved as proposed Approved as proposed Approved as proposed
360 th (the 10th meeting of 2013)	December 18, 2013	- Management plan for 2014 - Plan of resale of fixed-line services of SK Broadband in 2014 - Financial transactions with affiliated company (SK Securities)	Approved as proposed Approved as proposed Approved as proposed
361 th (the 1st meeting of 2014)	February 6, 2014	- Financial statements as of and for the year ended December 31, 2013 - Annual business report as of and for the year ended December 31, 2013 - Report of internal accounting management - Report for the period after the fourth quarter of 2013	Approved as proposed Approved as proposed
362 th (the 2nd meeting of 2014)	February 20, 2014	- 2014 transaction of goods, services and assets with SK Planet Co., Ltd. - Rights offering by PS&Marketing Co., Ltd. - Convocation of the 30th General Meeting of Shareholders - Evaluation results of internal accounting management system	Approved as proposed Approved as proposed Approved as proposed
363 th (the 3rd meeting of 2014)	March 21, 2014		Approved as proposed

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- Election of the chief executive officer
 - Election of the chairman of the Board of Directors
 - Election of committee members
 - Financial transactions with affiliated company (SK Securities)
 - Provision of funds for management of the 2014 SUPEX meetings
- Approved as proposed
Approved as proposed
Approved as proposed
Approved as proposed

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

Table of Contents**C. Committees within Board of Directors**

(1) Committee structure (as of March 25, 2014)

(a) Compensation Review Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
3	-	Jae Hoon Lee, Hyun Chin Lim, Jay Young Chung		Review CEO remuneration system and amount

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

(b) Capex Review Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
5	Dong Seob Jee	Jae Hyeon Ahn, Dae Shick Oh, Jae Hoon Lee, Jay Young Chung		Review major investment plans and changes thereto

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

(c) Corporate Citizenship Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
4	Dong Seob Jee	Jae Hyeon Ahn, Hyun Chin Lim, Jay Young Chung		Review guidelines on corporate social responsibility (CSR) programs, etc.

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

(d) Independent Director Nomination Committee

Total number of persons	Members		Task
	Inside Directors	Independent Directors	
3	Sung Min Ha	Dae Shick Oh, Jae Hoon Lee	Nomination of independent directors

* Under the Korean Commercial Code, a majority of the members of the Independent Director Nomination Committee should be independent directors.

(e) Audit Committee

Total number of persons	Members		Task
	Inside Directors	Independent Directors	
3		Dae Shick Oh, Hyun Chin Lim, Jae Hyeon Ahn	Review financial statements and supervise independent audit process, etc.

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

2. Audit System

The Company's Audit Committee consists of four independent directors, Dae Shick Oh, Hyun Chin Lim, Jae Hyeon Ahn.

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Major activities of the Audit Committee as of March 25, 2014 are set forth below.

Meeting	Date	Agenda	Approval
The 1st meeting of 2013	February 6, 2013	- Construction of mobile phone facilities for 2013	Approved as proposed
		- Construction of transmission network facilities for 2013	Approved as proposed
		- Evaluation of internal monitoring controls based on the opinion of the members of the Audit Committee	Approved as proposed
		- Review business and audit results for the second half of 2012 and business and audit plans for 2013	
The 2nd meeting of 2013	February 20, 2013	- Report of internal accounting management system	
		- Report on the IFRS audit of fiscal year 2012	
		- Report on review of 2012 internal accounting management system	Approved as proposed
		- Evaluation of internal accounting management system operation	Approved as proposed
		- Agenda and document review for the 29th General Meeting of Shareholders	Approved as proposed
The 3rd meeting of 2013	March 21, 2013	- Auditor's report for fiscal year 2012	Approved as proposed
		- IT service management contract for 2013	Approved as proposed
		- Transactions with SK C&C Co., Ltd. in the second quarter of 2013	Approved as proposed
The 4th meeting of 2013	April 24, 2013	- Plans for financial transactions with affiliated company (SK Securities)	
		- Election of chairman	Approved as proposed
		- Purchase of maintenance, repair and operations items from Happynarae Co., Ltd.	Approved as proposed

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		- Service contract for SK Telecom China Holdings Co., Ltd.	Approved as proposed
		- Remuneration for outside auditor for fiscal year 2013	Approved as proposed
		- Outside auditor service plan for fiscal year 2013	Approved as proposed
		- Audit plan for fiscal year 2013	
The 5th meeting of 2013	June 19, 2013	- Transactions with SK C&C Co., Ltd. in the third quarter of 2013	Approved as proposed
		- Myshop solution supply agreement with the Company's Thailand branch	Approved as proposed
		- Plans for financial transactions with affiliated company (SK Securities)	
The 6th meeting of 2013	July 24, 2013	- Construction of mobile phone facilities for 2013	Approved as proposed
		- Construction of transmission network facilities for 2013	Approved as proposed
		- Report on the 2013 first half IFRS review	Approved as proposed
The 7th meeting of 2013	September 25, 2013	- Transactions with SK C&C Co., Ltd. in the fourth quarter of 2013	
		- Review business and audit results and business and audit plan for 2013	
The 8th meeting of 2013	November 27, 2013	- Contract for maintenance of optical fiber cables in 2014	Approved as proposed
		- Leases of electricity and transmission facilities in 2014	Approved as proposed
		- Service contract for fixed-line network services in 2014	Approved as proposed
		- Construction of mobile phone facilities in 2014	Approved as proposed
		- Construction of transmission network facilities in 2014	Approved as proposed
The 9th meeting of 2013	December 17, 2013	- Transactions with SK C&C Co., Ltd. in the first quarter of 2014	Approved as proposed
		- Transactions of goods and services with SK Planet Co., Ltd. in 2014	Approved as proposed
		- Agency contract for collection of accounts receivable in 2014	Approved as proposed
The 1st	February 5, 2014		Approved as proposed

meeting of 2014

- Evaluation of internal monitoring controls based on the opinion of the members of the Audit Committee
- Review of business and audit results for the second half of 2013 and business and audit plans for 2014
- Report of internal accounting management system

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Meeting	Date	Agenda	Approval
The 2nd meeting of 2014	February 19, 2014	<ul style="list-style-type: none"> - Report on the IFRS audit of fiscal year 2013 - Report on review of 2013 internal accounting management system - Evaluation of internal accounting management system operation - Agenda and document review for the 30th General Meeting of Shareholders - Auditor's report for fiscal year 2013 - IT service management contract for 2014 - Service contract with SK Wyverns for 2014 - Service contract with SKTCH - Construction of fixed-line and wireless networks in 2014 	<p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p>
The 3rd meeting of 2014	March 20, 2014	<ul style="list-style-type: none"> - Transactions with SK C&C Co., Ltd. in the second quarter of 2014 	Approved as proposed

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

3. Shareholders Exercise of Voting Rights

A. Voting System and Exercise of Minority Shareholders Rights

Pursuant to the Articles of Incorporation as shown below, the cumulative voting system was first introduced in the general meeting of shareholders held in 2003.

Articles of Incorporation	Description
Article 32(3) (Election of Directors)	Cumulative voting under Article 382-2 of the Korean Commercial Code will not be applied for the election of directors.
Article 4 of the 12 th 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 meeting of shareholders held in 2003. Also, neither written or electronic voting system nor minority shareholder rights is applicable.

4. Affiliated Companies

A. Capital Investments between Affiliated Companies

(As of December 31, 2013)

Investing company	Invested companies									
	SK Corporate	SK Innovation	SK Energy	SK Global Chemical	SK Telecom	SK Networks	SKC	SK E&C	SK Shipping	SK Securities
SK Holdings		33.4%			25.2%	39.1%	42.5%	44.5%	83.1%	
SK Innovation			100.0%	100.0%						
SK Energy										
SK Global Chemical										
SK Networks										
SK Telecom										
SK Chemicals						0.02%		28.2%		
SKC										
SK E&C										
SK Gas										
SK C&C	31.8%									10.0%
SK E&S										
SK Communications										
SK Broadband										
SK D&D										
SK Continental										
E-Motion										
SK Lubricants										
SK Shipping										
SK Planet										
SK Hynix										
Ko-one Energy										
SK Seentec										
Total affiliated companies	31.8%	33.4%	100.0%	100.0%	25.2%	39.2%	42.5%	72.7%	83.1%	10.0%

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Investing company	Invested companies							Jeonnam		
	SK E&S	SK Gas	DOPCO	CCE	YN Energy	Ko-one Energy Service	Entis	SK Telink	Busan City Gas	City Gas
SK Holdings	94.1%									
SK Innovation			41.0%							
SK Energy										
SK Global										
Chemical										
SK Networks										
SK Telecom								83.5%		
SK Chemicals		45.5%					50.0%			
SKC										
SK E&C										
SK Gas										
SK C&C	5.9%									
SK E&S				100.0%	100.0%	99.9%			67.3%	100.0%
SK										
Communications										
SK Broadband										
SK D&D										
SK Continental										
E-Motion										
SK Lubricants										
SK Shipping										
SK Planet										
SK Hynix										
Ko-one Energy										
Service										
SK Seentec		10.0%								
Total affiliated companies	100.0%	55.5%	41.0%	100.0%	100.0%	99.9%	50.0%	83.5%	67.3%	100.0%

Investing company	Invested companies							
	Gangwon City Gas	JBES M & Service	SK Wyverns	Infosed	Happynas	SK Telesys	Gimcheon Energy F&U Credit Info	Hanam Energy Service
SK Holdings								
SK Innovation						42.5%		
SK Energy								
SK Global								
Chemical								
SK Networks								
SK Telecom				100.0%		42.5%		50.0%
SK Chemicals								

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SKC										50.0%	
SK E&C											
SK Gas										5.0%	
SK C&C					100.0%					5.0%	
SK E&S	100.0%	100.0%								80.0%	
SK Communications											
SK Broadband											
SK D&D											
SK Continental E-Motion											
SK Lubricants											
SK Shipping											
SK Planet										100.0%	
SK Hynix											
Ko-one Energy Service										100.0%	
SK Seentec											
Total affiliated companies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	50.0%	80.0%	50.0%	100.0%

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Investing company	Invested companies									
	SK D&D	Natruck	SK Hynix	Speed Motor	Energy	Petrochemicals	SK Communi	SK Planet	SKC Air Gas	SKN service
SK Holdings										
SK Innovation				100.0%						
SK Energy		100.0%								
SK Global Chemical						100.0%				
SK Networks				100.0%						86.5%
SK Telecom			20.6%					100.0%		
SK Chemicals										
SKC								80.0%		
SK E&C	45.0%									
SK Gas										
SK C&C										
SK E&S										
SK Communications										
SK Broadband										
SK D&D										
SK Continental										
E-Motion										
SK Lubricants										
SK Shipping										
SK Planet							64.5%			
SK Hynix										
Ko-one Energy Service										
SK Seentec										
Total affiliated companies	45.0%	100.0%	20.6%	100.0%	100.0%	100.0%	64.5%	100.0%	80.0%	86.5%

Investing company	Invested companies					
	Commerce Planet	SKC Solmics Co., SK Real Vest	SKC Ltd. Broadband	LC&C	PMPPS&Marketing	PyongTaek Wirye Energy Service
SK Holdings						
SK Innovation						
SK Energy						
SK Global Chemical						
SK Networks				79.6%		
SK Telecom			50.6%		100.0%	
SK Chemicals						44.0%

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SKC			41.4%							
SK E&C	100.0%									
SK Gas										
SK C&C										
SK E&S			100.0%				100.0%		100.0%	89.5%
SK Communications										
SK Broadband										
SK D&D										
SK Continental										
E-Motion										
SK Lubricants										
SK Shipping										
SK Planet	100.0%									
SK Hynix										
Ko-one Energy Service										
SK Seentec										
Total affiliated companies	100.0%	100.0%	41.4%	50.6%	79.6%	100.0%	100.0%	44.0%	100.0%	89.5%

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Investing company	Invested companies									
	Jeju United	MKS	SK Fores	SK Lubricants	SKC Lighting	Bizen	SK HY ENG	HYSTE	Silicon Fil	SK Biopharma
FC	Guarante									ceuticals
SK Holdings			100.0%							100.0%
SK Innovation				100.0%						
SK Energy	100.0%									
SK Global										
Chemical										
SK Networks										
SK Telecom										
SK Chemicals										
SKC					98.6%					
SK E&C										
SK Gas										
SK C&C						99.0%				
SK E&S										
SK										
Communications										
SK Broadband										
SK D&D		100.0%								
SK Continental										
E-Motion										
SK Lubricants										
SK Shipping										
SK Planet										
SK Hynix							100.0%	100.0%	27.9%	
Ko-one Energy										
Service										
SK Seentec										
Total affiliated companies	100.0%	100.0%	100.0%	100.0%	98.6%	99.0%	100.0%	100.0%	27.9%	100.0%

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Investing company	DaejeonGwangju			Invested companies			Service Top	U base SK Pinx	Manufacturing Asia	
	SK Seentec	Pure Water	Pure Water	SKW	Television Media Korea	Network O&S				
SK Holdings										
SK Innovation										
SK Energy										
SK Global										
Chemical										
SK Networks								100.0%		
SK Telecom						100.0%	100.0%	100.0%		
SK Chemicals	100.0%									
SKC				90.0%						
SK E&C		32.0%	42.0%							
SK Gas										
SK C&C										
SK E&S										
SK										
Communications										
SK Broadband										
SK D&D										
SK Continental										
E-Motion										
SK Lubricants									100.0%	
SK Shipping										
SK Planet					51.0%					
SK Hynix										
Ko-one Energy										
Service										
SK Seentec										
Total affiliated companies	100.0%	32.0%	42.0%	90.0%	51.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Investing company	Invested companies						
	Ulsan Aromatics	SK Continental E-Motion Korea	G.Hub	SK Incheon Petrochem	SK Trading International	Boryeong LNG Terminal	Initz
SK Holdings							
SK Innovation				100.0%	100.0%		
SK Energy							
SK Global Chemical	50.0%						
SK Networks							
SK Telecom							
SK Chemicals							66.0%
SKC							
SK E&C							
SK Gas			100.0%				
SK C&C							
SK E&S						50.0%	
SK Communications							
SK Broadband							
SK D&D							
SK Continental E-Motion		100.0%					
SK Lubricants							
SK Shipping							
SK Planet							
SK Hynix							
Ko-one Energy Service							
SK Seentec							
Total affiliated companies	50.0%	100.0%	100.0%	100.0%	100.0%	50.0%	66.0%

* Change in company names:

- Ulsan Aromatics changed its name from Arochemi

- Happynarae changed its name from MRO Korea

- Bizen changed its name from Telsk

- SK Hystec changed its name from Hystec

- SK HY ENG changed its name from Hynix Engineering

- Entis changed its name from SK Sci-tech

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

(As of
December 31,
2013)

(Unit: in shares and percentages)

Name	Relationship	Type of share	Number of shares owned and ownership ratio			
			Beginning of Period Number of shares	Ownership ratio	End of Period Number of shares	Ownership ratio
SK Holdings Co., Ltd.	Largest Shareholder	Common share	20,363,452	25.22	20,363,452	25.22
Tae Won Chey	Officer of affiliated company	Common share	100	0.00	100	0.00
Shin Won Chey	Officer of affiliated company	Common share	2,000	0.00	2,000	0.00
Sung Min Ha	Officer of affiliated company	Common share	738	0.00	738	0.00
Total-		Common share	20,366,290	25.22	20,366,290	25.22

B. Overview of the Largest Shareholder

SK Holdings Co., Ltd. (SK Holdings) is a holding company and as of December 31, 2013, has nine subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK Shipping Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd., SK Biofarm Co., Ltd. and SK Forest Co., Ltd.

Details of the subsidiaries of SK Holdings are as follows:

(Unit: in millions of Won)

Affiliates	Share Holdings	Book Value (million Won)	Industry	Description
SK Innovation Co., Ltd.	33.4%	3,944,657	Energy and Petrochemical	Publicly Listed
SK Telecom Co., Ltd.	25.2%	3,091,125	Telecommunication	Publicly Listed
SK Networks Co., Ltd.	39.1%	905,691	Trading, Energy Sale	Publicly Listed
SKC Co., Ltd.	42.5%	254,632	Synthetic Resin Manufacturing	Publicly Listed
SK E&C Co., Ltd.	44.5%	470,015	Construction	Privately Held
SK Shipping Co., Ltd.	83.1%	420,568	Ocean Freight	Privately Held
SK E&S Co., Ltd.	94.1%	1,026,307	Gas Company Holdings and Power Generation	Privately Held
SK Biofarm Co., Ltd.	100.0%	228,702	Biotechnology	Privately Held
SK Forest Co., Ltd.	100.0%	61,387	Forestry and landscaping	Privately Held

* The above shareholdings are based on common share holdings as of December 31, 2013.

SK Holdings is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 161 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Holdings is required to report key management activities of its subsidiaries in accordance with Article 8 of KOSPI Market Disclosure Regulation.

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The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets based on the financial statements as of December 31, 2013. SK Innovation Co., Ltd. and SK Telecom Co., Ltd. are two such subsidiaries.

2. Changes in Shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(As of December 31, 2013)

(Unit: in shares and percentages)

Largest Shareholder	Date of the change in the largest shareholder/ Date of change in shareholding	Shares Held	Holding Ratio	Remarks
SK Corporation	March 11, 2011	18,750,490	23.22	Man Won Jung, SK Telecom's CEO, resigned
	April. 5, 2011	18,749,990	23.22	Shin Bae Kim, SK C&C's CEO, resigned Dal Sup Shim, an Independent Director, disposed 500 shares
	July 8, 2011	18,749,990	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
	August 5, 2011	18,750,490	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
	August 23, 2011	18,751,490	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
	December 21, 2011	20,366,490	25.22	SK Holdings purchased 1,615,000 shares
	January 31, 2012	20,366,290	25.22	Retirement of Bang Hyung Lee, a former officer of an affiliated company

* Shares held are the sum of shares held by SK Holdings and its related parties.

3. Distribution of Shares**A. Shareholders with ownership of 5% or more and others**

(As of December 31, 2013)

(Unit: in shares and percentages)

Rank	Name (title)	Number of shares	Ownership ratio	Remarks
1	Citibank ADR	13,677,811	16.94%	
2	SK Holdings	20,363,452	25.22	
3	SK Telecom	9,809,375	12.15	Treasury shares

4	National Pension Service	4,760,489	5.90
	Shareholdings under the Employee Stock Ownership Program	124,821	0.15

B. Shareholder Distribution

(As of December 31, 2013)

(Unit: in shares and percentages)

Classification	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
Total minority shareholders*	19,218	99.71%	30,867,631	38.23%	

* Defined as shareholders whose shareholding is less than a hundredth of the total issued and outstanding shares.

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

(Unit: in Won and shares)

Types		December 2013	November 2013	October 2013	September 2013	August 2013	July 2013
Common stock	Highest	238,500	233,500	237,500	222,000	226,500	225,000
	Lowest	222,000	211,500	224,000	213,000	208,000	202,000
Monthly transaction volume		3,318,332	3,879,537	4,949,462	3,308,919	3,450,141	4,132,452

B. Foreign Securities Market**New York Stock Exchange**

(Unit: in US dollars and number of American Depositary Receipts)

Types		December 2013	November 2013	October 2013	September 2013	August 2013	July 2013
Depository Receipt	Highest	25.16	24.78	24.79	22.70	22.32	22.26
	Lowest	23.55	22.16	23.35	21.64	20.47	19.47
Monthly transaction volume		26,263,646	31,228,383	19,620,914	16,420,048	14,577,017	24,407,441

VIII. EMPLOYEES AND DIRECTORS**1. Employees**

(As of December 31, 2013)

(Unit: in persons and millions of Won)

Classification	Number of employees				Average service year	Aggregate wage for the year ended December 31, 2013		Average wage per person	Remarks
	Regular employees	Contract employees	Others	Total		December 31, 2013	2013		
Male	3,548	58		3,606	12.7	421,409	111		
Female	523	63		586	10.7	50,029	74		
Total	4,071	121		4,192	12.4	471,438	105		

* Excludes retirement and severance payments to employees whose employment was terminated before the end of the respective employment periods. Average wage per person was calculated with respect to the total number of paid employees.

2. Compensation of Directors

A. Amount Approved at the Shareholders Meeting

(As of December 31, 2013)	(Unit: in millions of Won)	
Classification	Number of Directors	Aggregate Amount Approved
Directors	8	12,000

B. Amount Paid

(As of December 31, 2013)	(Unit: in millions of Won)		
Classification	Number of Directors	Aggregate Amount Paid	Average Amount Paid Per Director
Insider Directors	3	2,872	957
Independent Directors*	1	83	83
Audit Committee Members	4	320	80
Total	8	3,275	

Table of Contents**3. Individual Compensation of Directors**

(As of December 31, 2013) Name	Title	(Unit: in millions of Won) Aggregate Amount Paid
Sung Min Ha	Chief Executive Officer and President	1,266
Dong Seob Jee	Vice President, Head of Strategy Planning Department of SK Telecom	594

IX. RELATED PARTY TRANSACTIONS**1. Loans to the Largest Shareholder and Related Persons**

None.

2. Transfer of Assets to/from the Largest Shareholder and Other Transactions**A. Investment and Disposition of Investment**

None.

B. Transfer of Assets

Name (Corporate name)	Relationship	Transferred Objects	Purpose of Transfer	Date of Transfer	(Unit: in millions of Won)		Remarks
					Details	Amount transferred to Largest Shareholder	
SK Telesys	Affiliated company	Machinery and equipment	Disposition of idle assets	October 21, 2013		160	
SK Networks	Affiliated company	Distribution network assets	Disposition of idle assets	November 26, 2013		162	
Total						322	

3. Related Party Transactions (excluding Transactions with the Largest Shareholder and Related Persons)**A. Provisional Payment and Loans (including loans on marketable securities)**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending interest	Remarks
			Beginning	Increase	Decrease		
Seoul E&T and others	Agency	Long-term and short-term loans	89,491	278,639	283,370	84,760	

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending interest	Remarks
			Beginning	Increase	Decrease		
Daehan Kanggun BcN Co., Ltd.	Investee	Long-term loans	22,102			22,102	

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

None.

B. Summary Minutes of the General Meeting of Shareholders

Date	Agenda	Resolution
27th Fiscal Year Meeting of Shareholders (March 11, 2011)	1. Approval of the financial statements for the year ended December 31, 2010	Approved (Cash dividend, Won 8,400 per share)
	2. Approval of Remuneration Limit for Directors	Approved
	3. Amendment to Company Regulation on Executive Compensation	Approved (Won 12 billion)
	4. Election of directors	
	- Election of inside directors	
	- Election of independent directors	Approved (Sung Min Ha, Jin Woo So)
	- Election of independent directors as Audit Committee members	Approved (Rak Young Uhm, Jay Young Chung, Jae Ho Cho) Approved (Jay Young Chung, Jae Ho Cho)
1st Extraordinary Meeting of Shareholders of 2011 (August 31, 2011)	1. Approval of the Spin-off Plan	Approved (Spin-off of SK Planet)
	2. Election of director	Approved (Jun Ho Kim)
28th Fiscal Year Meeting of Shareholders (March 23, 2012)	1. Approval of the financial statements for the year ended December 31, 2011	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of Incorporation	

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	3. Election of directors	Approved
	- Election of an inside director	
	- Election of an inside director	Approved (Young Tae Kim)
	- Election of an independent director	Approved (Dong Seob Jee)
	4. Election of an independent director as Audit Committee member	Approved (Hyun Chin Lim)
		Approved (Hyun Chin Lim)
	5. Approval of remuneration limit for directors	
		Approved (Won 12 billion)
	1. Approval of the financial statements for the year ended December 31, 2012	Approved (Cash dividend, Won 8,400 per share)
	2. Amendments to Articles of Incorporation	
	3. Election of directors	
29th Fiscal Year Meeting of Shareholders (March 22, 2013)	- Election of an inside director	Approved
	- Election of an independent director	
	4. Election of an independent director as Audit Committee member	Approved (Dae Sik Cho)
		Approved (Dae Shick Oh)
	5. Approval of remuneration limit for directors	Approved (Dae Shick Oh)
		Approved (Won 12 billion)
30th Fiscal Year Meeting of Shareholders (March 21, 2014)	1. Approval of the financial statements for the year ended December 31, 2013	Approved (Cash dividend, Won 8,400 per share)
	2. Amendments to Articles of Incorporation	
	3. Election of directors	Approved
	- Election of an inside director	
	- Election of an independent director	Approved (Sung Min Ha)
	- Election of an independent director	Approved (Jay Young Chung)

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|---|---------------------------|
| - Election of an independent director | Approved (Jae Hoon Lee) |
| 4. Election of an independent director as
Audit Committee member | Approved (Jae Hyeon Ahn) |
| 5. Approval of remuneration limit for
directors | Approved (Jae Hyeon Ahn) |
| | Approved (Won 12 billion) |

Table of Contents**2. Contingent Liabilities****[SK Telecom]****A. Material Legal Proceedings****(1) Claim for copyright license fees regarding Coloring services**

On May 7, 2010, Korea Music Copyright Association (KOMCA) filed a lawsuit with the court demanding that the Company pay KOMCA license fees for the Company s Coloring services. The court rendered a judgment against the Company ordering the Company to pay Won 570 million to KOMCA, which was affirmed by the appellate court on October 26, 2011. The Company filed an appeal at the Supreme Court of Korea and the judgment was overturned on July 11, 2013. The case was remanded down to the appellate court and the Company expects to successfully defend the suit, based on recent decisions in similar suits involving KT and LGU+. While the Company does not expect this litigation to have an immediate impact on the Company s business or results of operation as the final outcome of this litigation has not been determined, the Company may be required to pay increased annual license fees to KOMCA if the final judgment is rendered against the Company.

* Actual impact on the Company s business and financial condition from the litigation may be different from the Company s expectation stated above.

B. Other Matters**(1) Pledged assets and covenants**

SK Broadband has provided geun mortgage amounting to Won 14.8 billion to others, including Ilsan Guksa, on a part of its buildings in connection with the leasing of the buildings.

In 2011, PS&Marketing, a consolidated subsidiary of the Company, entered into a loan agreement to borrow up to Won 30 billion of working capital from Shinhan Bank.

[SK Broadband]**A. Material Legal Proceedings****(1) SK Broadband as the plaintiff**

(Unit: in thousands of Won)

Description of Proceedings	Date of Commencement of Proceedings	Amount of	Status
-----------------------------------	--	----------------------	---------------

Claim

Claim for cancellation of Korea Fair Trade Commission's penalty reassessment	September 2009	1,810,000	Pending before Supreme Court
Damages claims against Golden Young and others	April 2011	454,267	Pending before district court
Other claims and proceedings		52,074	
Total		2,316,341	

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(2) SK Broadband as the defendant

(Unit: in thousands of Won)

Description of Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Damages claim by Sun Technology and one other	October 2011	1,223,778	Pending before Supreme Court
Damages claim by Haein Networks	March 2013	101,000	Pending before district court
Damages claim by On-nuri Co., Ltd.	December 2011	101,000	Pending before district court
Damages claim by Mac Telecom and five other companies	January 2012	606,000	Pending before district court
Other claims and proceedings		245,352	
Total		2,277,130	

In 2013, SK Broadband paid an aggregate of Won 5,599 million in damages in connection with the litigation relating to the leak of personal information at the district court with respect to the cases in which final judgments have been rendered (the total amount of which is Won 24,689 million and the total amount of damages ordered being Won 6,091 million). The Company has recorded a provision in the amount of Won 192 million for any potential remaining cases (the total amount of which is Won 3,000 million.)

[SK Communications]**A. Material Legal Proceedings**

As of December 31, 2013, the aggregate amount of claims was Won 3.9 billion. The management cannot reasonably forecast the outcome of the pending cases.

B. Other Contingent Liabilities

The material payment guarantees provided by third parties to SK Communications as of December 31, 2013 are set forth in the table below.

(Unit: in thousands of Won)

Financial Institution	Guarantee	Amount
Seoul Guarantee Insurance Company	Prepaid coverage payment guarantee	700,000
Seoul Guarantee Insurance Company	Provisional deposit guarantee insurance for bonds	683,000

[SK Planet]

A. Material Legal Proceedings

As of December 31, 2013, there were four pending proceedings with SK Planet as the defendant and the aggregate amount of the claims was Won 1.4 billion. The management cannot reasonably forecast the outcome of the pending cases and no amount in connection with these proceedings were recognized on the Company's financial statements.

In addition, on July 4, 2012, SK Planet received a correctional order and a fine of Won 1,349 million from the Fair Trade Commission of Korea for alleged violation of Article 23 of the Fair Trade Act relating to the payment of system management and operation fees. SK Planet appealed the order and filed a suit with the administrative court, which is still pending.

3. Status of sanctions, etc.

[SK Telecom]

On September 19, 2011, the Korea Communications Commission imposed on the Company a fine of Won 6.86 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by January 2012.

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On April 22, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 21 of the Electronic Commerce Act and was imposed a fine of Won 5 million. The Company paid the fine and filed a suit disputing the order of the Fair Trade Commission. The suit is currently pending.

On November 11, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 23 of the Fair Trade Act relating to the transfer of patented technology necessary for the supply of relay facilities. The Company corrected the procedures before receiving the correctional order.

On March 14, 2012, the Company received a correctional order from the Fair Trade Commission of Korea for an alleged violation of Article 23 of the Fair Trade Act relating to the handset subsidy practice and distribution of handsets and was imposed a fine of Won 21,928 million. The Company appealed the order and filed a suit with the administrative court. The suit is currently pending.

On February 6, 2012, the Company received three penalty points and was imposed a fine of Won 3 million from the Korea Exchange for a violation of Article 35 of Korea Exchange's disclosure rules. The Company paid the fine and has been taking efforts to prevent a repetitive violation.

On June 21, 2012, the Company received a correctional order from the Korea Communications Commission in connection with its decision on whether the Company had violated regulations related to the safeguarding of location information. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by December 2012.

On July 4, 2012, the Company received a correctional order and a fine of Won 24,987 million from the Fair Trade Commission of Korea for alleged violation of Article 23 of the Fair Trade Act relating to the payment of system management and operation fees. The Company appealed the order and filed a suit with the administrative court. On September 12, 2012, the Company received a formal written letter from the Fair Trade Commission of Korea with a corrected fine of Won 25,042 million, which also includes the fine for transactions in the first half of 2012.

On December 24, 2012, the Korea Communications Commission imposed on the Company a fine of Won 6.89 billion, imposed a suspension on acquiring new subscribers from January 31, 2013 to February 21, 2013 and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by March 2013.

On January 11, 2013, the Company received a correctional order and a fine of Won 100 million from the Fair Trade Commission of Korea for alleged violation of Article 23 of the Fair Trade Act relating to the Company's transactions with its distribution network. The Company paid the fine by May 10, 2013.

On March 14, 2013, the Korea Communications Commission imposed on the Company a fine of Won 3.14 billion and issued a correctional order in a case for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by April 2013.

On July 18, 2013, the Korea Communications Commission imposed on the Company a fine of Won 36.5 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by August 2013.

On August 21, 2013, the Company received a correctional order from the Korea Communications Commission in connection with its decision on whether the Company had violated procedural regulations related to terms and conditions of usage. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by November 2013.

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On September 16, 2013, the Company received a correctional order from the Korea Communications Commission in connection with its decision on whether the Company had violated regulations related to wholesale provision of telecommunication services. The Company completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by October 2013.

On December 27, 2013, the Korea Communications Commission imposed on the Company a fine of Won 56.0 billion and issued a correctional order for providing discriminatory subsidies to subscribers. The Company paid the fine and completed the improvement of the procedures and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by January 2014.

On March 7, 2014, the MSIP imposed a suspension of operations for 45 days for failure to observe the order of the Korea Communications Commission to cease providing discriminatory subsidies to subscribers. The Company expects to suspend its operations during the period beginning April 5, 2014 and ending May 19, 2014, and report to the MSIP on the implementation of actions pursuant to the suspension order by May 2014.

On March 13, 2014, the Korea Communications Commission imposed on the Company a fine of Won 16.65 billion, imposed a suspension on acquiring new customers for 7 days, and issued a correctional order for providing discriminatory subsidies to subscribers. The Company expects to pay the fine, suspend acquisition of new customers, complete the improvement of the procedures and report to the Korea Communications Commission on the implementation of actions pursuant to the correctional order.

On January 31, 2013, the Seoul Central District Court acquitted Mr. Jae Won Chey, our former director and vice chairman, on all charges against him. On September 27, 2013, the Seoul High Court reversed the acquittal of the above-mentioned former director, sentencing him to a prison term of three and a half years for violating the Act on the Aggravated Punishment, etc. of Specific Economic Crimes. On February 27, 2014, the Supreme Court of Korea affirmed the Seoul High Court's decision. While the court's final decision on the appealed case is not expected to have a material effect on the Company's financial position, investors should note that it is difficult to predict, among others, the market's assessment of such case.

[SK Broadband]

(1) Violation of the Telecommunication Business Act

- Date: August 21, 2013
- Subject Company: SK Broadband
- Sanction: SK Broadband received a correctional order from the Korea Communications Commission.
- Reason and the Relevant Law: Violation of Article 50, Paragraph 1, Number 5 of the Telecommunications Business Act for use of subscription agreements that omitted certain material terms and conditions pertaining to high-speed Internet usage.

- Status of Implementation: Completed revision of subscription agreements to include material terms and conditions pertaining to high-speed Internet usage. Planning to distribute information sheets on current terms and conditions to new subscribers.

- Company's Plan: Improve operations including through revision of subscription agreements.

(2) Violation of the Telecommunication Business Act

- Date: June 5, 2013

- Subject Company: SK Broadband

- Sanction: SK Broadband received a correctional order from the Korea Communications Commission.

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- Reason and the Relevant Law: Improperly delayed cancellations of high-speed Internet subscribers and violated Articles 42 and 50 of the Telecommunication Business Act.
- Status of Implementation: Improving operating procedures to stop the prohibited practice due for completion in August, completed amendment of the terms of service and published the sanction in newspapers.
- Company's Plan: Improve cancellation procedures to prevent recurrence of the cancellation delays.

(3) Violation of accounting rules

- Date: December 13, 2012
- Subject Company: SK Broadband
- Sanction: SK Broadband was imposed a fine of Won 39 million from the Korea Communications Commission.
- Reason and the relevant law: Business report for 2011 violated accounting rules under Article 49 of the Telecommunication Business Act.
- Status of Implementation: Paid the fine.
- Company's plan: Will improve accounting management system.

(4) Violation of the Telecommunications Business Act

- Date: May 18, 2012
- Subject Company: SK Broadband
- Sanction: SK Broadband received a correctional order and a fine of Won 253 million
-

Reason and relevant law: Violation of Article 50, Paragraph 1, Number 5 of the Telecommunications Business Act and Article 50, Paragraph 1 of the related Enforcement Decree for offering discounts outside the terms and conditions of the subscription agreement to certain subscribers and thereby discriminating against certain subscribers

- Status of implementation: Paid the fine, ceased the prohibitive practice, disclosed receiving the correctional order in a newspaper advertisement and changed business practice to prevent reoccurrence.
- Company's plan: Continuous management of the company's distribution network and improve the company's distribution structure.

(5) Violation of accounting rules

- Date: January 20, 2012
- Subject Company: SK Broadband
- Sanction: SK Broadband was imposed a fine of Won 54 million from the Korea Communications Commission.
- Reason and the Relevant Law: Business report for 2010 violated accounting rules under Article 49 of the Telecommunication Business Act.
- Status of Implementation: Paid the fine.

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- Company's Plan: Will improve accounting management system.

(6) Violation of the Telecommunication Business Act

- Date: November 23, 2011
- Subject Company: SK Broadband
- Sanction: SK Broadband was imposed a fine of Won 30 million from the Korea Communications Commission.
- Reason and the Relevant Law: Violated Telecommunication Business Act by allocating 060 number without prior review and charging fees for the service usage.
- Status of Implementation: Paid the fine, stopped the prohibited practice, improved operating procedures and reported the results.
- Company's Plan: Will improve operating procedures.

(7) Violation of the Act on Facilitation of the Use of Information Network and Protection of Information

- Date: July 14, 2011
- Subject: SK Broadband and a former officer of SK Broadband
- Sanction: SK Broadband was imposed a fine of Won 15 million and the former officer was imposed a fine of Won 5 million.
- Reason and the Relevant Law: Violated Articles 24 and 62 of the Act on Facilitation of the Use of Information Network and Protection of Information by providing subscribers' personal information to telemarketers without subscribers' consents.
- Status of Implementation: Paid the fine.

- Company's Plan: Provide education to officers and employees and strengthen internal regulations.

(8) Violation of the Telecommunication Business Act

- Date: February 21, 2011
- Subject Company: SK Broadband
- Sanction: SK Broadband was imposed a correctional order and a fine of Won 3.2 billion from the Korea Communications Commission.
- Reason and the Relevant Law: Improperly discriminated subscribers with respect to the fee reduction in the process of acquiring high-speed Internet subscribers. Violated Article 50 of the Telecommunication Business Act and Article 42 of the Enforcement Decree.
- Status of Implementation: Paid the fine, stopped the prohibited practice, published the sanction in newspapers, improved operating procedures and amended the terms of services.
- Company's Plan: Continue to monitor marketing networks, improve marketing procedures, distribute incentive items directly and reduce incentive items.

Table of Contents**4. Important Matters That Occurred After December 31, 2013****[SK Telecom]**

Of the convertibles notes issued by the Company on April 7, 2009, conversion rights with respect to the remaining balance in the principal amount of US\$57,046,000 was claimed as of December 31, 2013 and the Company delivered cash as payment in full by January 6, 2014.

On February 20, 2014, the board of directors of the Company resolved to invest an additional Won 100 billion (20 million common shares) into PS&Marketing, an affiliated company, in order to increase its mid- to long-term competitiveness in distribution. The estimated date of investment is March 26, 2014 and the total investment amount including this new investment will be Won 330 billion.

On March 10, 2014, the Company disposed of 3,790,000 shares (its 9.4% equity share) of iHQ Inc. to rebalance its investment portfolio.

[PS&Marketing]

On February 20, 2014, the board of directors of PS&Marketing resolved to acquire the retail distribution business, including related assets, liabilities, contracts and human capital, of the information technology and mobile wing of SK Networks for Won 123.7 billion.

On the same day, the board of directors of PS&Marketing resolved to acquire 13 retail stores, including such stores assets and liabilities, of LCNC Co., Ltd. for Won 10.9 billion.

[SK Communications]

On March 6, 2014, the board of directors of SK Communications resolved to dispose of the Cyworld service and certain assets to Cyworld Co., Ltd.

5. Use of Proceeds**A. Use of Proceeds from Public Offerings**

Not applicable.

B. Use of Proceeds from Private Offerings

(As of December 31, 2013)

Classification	Closing Date	Proceeds	Planned Use of Proceeds	(Unit: in millions of Won)	
				Actual Use of Proceeds	Reasons for Change
Convertible Bonds	April 7, 2009	437,673	Refinancing of convertible bonds issued in May 2004	Refinancing and working capital	

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SK TELECOM CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

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Independent Auditors Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders

SK Telecom Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of SK Telecom Co., Ltd. and its subsidiaries (the Group) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of SK Broadband Co., Ltd., a domestic subsidiary, and an associate, whose financial statements constitute 21.2% of the Group's consolidated total assets as of December 31, 2013, 11.7% of the Group's consolidated operating revenue and 33.6% of the Group's profit before income tax for the year ended December 31, 2013 and the financial statements of SK Broadband Co., Ltd., and two other domestic subsidiaries and an associate, whose financial statements constitute 26.6% of the Group's consolidated total assets as of December 31, 2012 and 15.1% of the Group's consolidated operating revenue for the year ended December 31, 2012. Other auditors audited those financial statements and our report, insofar as it relates to the amounts included for these entities, is based solely on the results of other auditors.

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

In our opinion, based on our audits and reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

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Without qualifying our opinion, we draw attention to the following:

As discussed in note 38 to the consolidated financial statements, the Group disposed of its partial interests in Loen Entertainment, Inc., a subsidiary, which resulted in loss of control during the year ended December 31, 2013. The Group presented the results of operations of Loan Entertainment, Inc. as a discontinued operation in the consolidated statement of income for the year ended December 31, 2013 and accordingly restated the comparative information for the year ended December 31, 2012.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report is for use by those knowledgeable about Korean auditing standards and their application in practice.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 21, 2014

This report is effective as of February 21, 2014, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2013 and 2012

<i>(In millions of won)</i>	<i>Note</i>	December 31, 2013	December 31, 2012 (Restated)
Assets			
Current Assets:			
Cash and cash equivalents	34,35	1,398,639	920,125
Short-term financial instruments	6,34,35,36,37	311,474	514,417
Short-term investment securities	9,34,35	106,068	60,127
Accounts receivable trade, net	7,34,35,36	2,257,316	1,954,920
Short-term loans, net	7,34,35,36	79,395	84,908
Accounts receivable other, net	7,34,35,36	643,603	582,098
Prepaid expenses		108,909	102,572
Derivative financial assets	22,34,35	10	9,656
Inventories, net	8,37	177,120	242,146
Assets classified as held for sale	10	3,667	775,556
Advanced payments and other	7,9,34,35	37,214	47,896
Total Current Assets		5,123,415	5,294,421
Non-Current Assets:			
Long-term financial instruments	6,34,35,37	8,142	144
Long-term investment securities	9,34,35	968,527	953,712
Investments in associates and joint ventures	12	5,325,297	4,632,477
Property and equipment, net	13,36,37	10,196,607	9,712,719
Investment property, net	14	15,811	27,479
Goodwill	15	1,733,261	1,744,483
Intangible assets, net	16	2,750,782	2,689,658
Long-term loans, net	7,34,35,36	57,442	69,299
Long-term prepaid expenses	37	32,008	31,341
Guarantee deposits	6,7,34,35,36	249,600	236,242
Long-term derivative financial assets	22,34,35	41,712	52,992
Deferred tax assets	31	26,322	124,098
Other non-current assets	7,34,35	47,589	26,494
Total Non-Current Assets		21,453,100	20,301,138
Total Assets		26,576,515	25,595,559

See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Financial Position, Continued

As of December 31, 2013 and 2012

<i>(In millions of won)</i>	<i>Note</i>	December 31, 2013	December 31, 2012 (Restated)
Liabilities and Equity			
Current Liabilities:			
Short-term borrowings	<i>17,34,35</i>	260,000	600,245
Current portion of long-term debt, net	<i>17,18,20,34,35</i>	1,268,427	892,867
Accounts payable trade	<i>34,35,36</i>	214,716	253,884
Accounts payable other	<i>34,35,36</i>	1,864,024	1,811,038
Withholdings	<i>34,35,36</i>	728,936	717,170
Accrued expenses	<i>34,35</i>	988,193	890,863
Income tax payable	<i>31</i>	112,316	60,253
Unearned revenue		441,731	258,691
Derivative financial liabilities	<i>22,34,35</i>	21,171	
Provisions	<i>19</i>	66,775	287,307
Advanced receipts and other	<i>34,35</i>	102,931	108,272
Liabilities classified as held for sale	<i>10,37</i>		294,305
Total Current Liabilities		6,069,220	6,174,895
Non-Current Liabilities:			
Debentures, net, excluding current portion	<i>17,34,35</i>	4,905,579	4,979,220
Long-term borrowings, excluding current portion	<i>17,34,35</i>	104,808	369,237
Long-term payables other	<i>18,34,35</i>	838,585	715,508
Long-term unearned revenue		50,894	160,821
Finance lease liabilities	<i>20,34,35</i>	3,867	22,036
Defined benefit obligations	<i>21</i>	74,201	86,521
Long-term derivative financial liabilities	<i>22,34,35</i>	103,168	63,599
Long-term provisions	<i>19</i>	28,106	106,561
Deferred tax liabilities	<i>31</i>	168,825	
Other non-current liabilities	<i>34,35</i>	62,705	62,379
Total Non-Current Liabilities		6,340,738	6,565,882
Total Liabilities		12,409,958	12,740,777
Equity			
Share capital	<i>1,23</i>	44,639	44,639

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Capital surplus (deficit) and other capital adjustments	24,25	317,508	(288,883)
Retained earnings	26	13,102,495	12,124,657
Reserves	27	(12,270)	(25,636)
Equity attributable to owners of the Parent Company		13,452,372	11,854,777
Non-controlling interests		714,185	1,000,005
Total Equity		14,166,557	12,854,782
Total Liabilities and Equity		26,576,515	25,595,559

See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2013 and 2012

<i>(In millions of won except for per share data)</i>	<i>Note</i>	2013	2012 (Restated)
Continuing operations			
Operating revenue:	<i>5,36</i>		
Revenue		16,602,054	16,141,409
Operating expense:	<i>36</i>		
Labor cost	<i>21</i>	1,561,358	1,267,928
Commissions paid		5,498,695	5,949,542
Depreciation and amortization	<i>5</i>	2,661,623	2,421,128
Network interconnection		1,043,733	1,057,145
Leased line		448,833	468,785
Advertising		394,066	384,353
Rent		443,639	422,388
Cost of products that have been resold		1,300,375	1,292,304
Other operating expenses	<i>28</i>	1,238,623	1,147,787
		14,590,945	14,411,360
Operating income	<i>5</i>	2,011,109	1,730,049
Finance income	<i>5,30</i>	113,392	444,558
Finance costs	<i>5,30</i>	(571,203)	(638,285)
Gain (losses) related to investments in subsidiaries, associates and joint ventures, net	<i>5,12</i>	706,509	(24,560)
Other non-operating income	<i>20,29</i>	74,467	195,910
Other non-operating expenses	<i>29</i>	(507,173)	(188,304)
Profit before income tax		1,827,101	1,519,368
Income tax expense from continuing operations	<i>5,31</i>	400,797	288,207
Profit from continuing operations		1,426,304	1,231,161
Discontinued operations			
Profit (loss) from discontinued operations, net of income taxes	<i>38</i>	183,245	(115,498)
Profit for the year	<i>5</i>	1,609,549	1,115,663
Attributable to :			
Owners of the Parent Company		1,638,964	1,151,705

Non-controlling interests		(29,415)	(36,042)
Earnings per share	32		
Basic earnings per share (in won)		23,211	16,525
Diluted earnings per share (in won)		23,211	16,141
Earnings per share - Continuing operations	32		
Basic earnings per share (in won)		20,708	18,015
Diluted earnings per share (in won)		20,708	17,583

See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	<i>Note</i>	2013	2012 (Restated)
Profit for the year		1,609,549	1,115,663
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations	3,21	5,946	(15,048)
Items that may be reclassified subsequently to profit or loss:			
Net change in unrealized fair value of available-for-sale financial assets	3,27,30	2,009	(149,082)
Net change in other comprehensive income of investments in associates and joint ventures	3,12,27	3,034	(82,513)
Net change in unrealized fair value of derivatives	3,22,27,30	11,222	(23,361)
Foreign currency translation differences for foreign operations	3,27	(3,714)	(49,538)
		18,497	(319,542)
Total comprehensive income		1,628,046	796,121
Total comprehensive income attributable to:			
Owners of the Parent Company		1,655,570	851,565
Non-controlling interests		(27,524)	(55,444)
<i>See accompanying notes to the consolidated financial statements.</i>			

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2013 and 2012

(In millions of won)

	Controlling interest					Non-	Total
	Share capital	Capital deficit and other capital adjustments	Retained earnings	Reserves	Sub-total	controlling interests	equity
Balance, January 1, 2012	44,639	(285,347)	11,642,525	260,064	11,661,881	1,070,828	12,732,709
Cash dividends			(655,133)		(655,133)	(2,133)	(657,266)
Total comprehensive income							
Profit (loss)			1,151,705		1,151,705	(36,042)	1,115,663
Other comprehensive loss			(14,440)	(285,700)	(300,140)	(19,402)	(319,542)
			1,137,265	(285,700)	851,565	(55,444)	796,121
Changes in ownership in subsidiaries		(3,536)			(3,536)	(13,246)	(16,782)
Balance, December 31, 2012	44,639	(288,883)	12,124,657	(25,636)	11,854,777	1,000,005	12,854,782
Balance, January 1, 2013	44,639	(288,883)	12,124,657	(25,636)	11,854,777	1,000,005	12,854,782
Cash dividends			(655,946)		(655,946)	(2,242)	(658,188)
Total comprehensive income							
Profit (loss)			1,638,964		1,638,964	(29,415)	1,609,549
Other comprehensive loss			3,240	13,366	16,606	1,891	18,497
			1,642,204	13,366	1,655,570	(27,524)	1,628,046
Issuance of hybrid bond		398,518			398,518		398,518
Interest on hybrid bond			(8,420)		(8,420)		(8,420)
Treasury stock		271,536			271,536		271,536
Business combination under		(61,854)			(61,854)		(61,854)

common control

Changes in ownership in subsidiaries		(1,809)			(1,809)	(256,054)	(257,863)
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Balance,

December 31, 2013	44,639	317,508	13,102,495	(12,270)	13,452,372	714,185	14,166,557
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See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	<i>Note</i>	2013	2012
Cash flows from operating activities:			
Cash generated from operating activities			
Profit for the year		1,609,549	1,115,663
Adjustments for income and expenses	39	3,275,376	3,289,861
Changes in assets and liabilities related to operating activities	39	(969,870)	204,308
Sub-total		3,915,055	4,609,832
Interest received		64,078	88,711
Dividends received		10,197	27,732
Interest paid		(300,104)	(363,685)
Income tax paid		(130,656)	(362,926)
Net cash provided by operating activities		3,558,570	3,999,664
Cash flows from investing activities:			
Cash inflows from investing activities:			
Decrease in short-term financial instruments, net		186,425	464,531
Decrease in short-term investment securities, net			65,000
Collection of short-term loans		290,856	282,658
Proceeds from disposal of long-term financial instruments		16	23
Proceeds from disposal of long-term investment securities		287,777	511,417
Proceeds from disposal of investments in associates and joint ventures		43,249	1,518
Proceeds from disposal of property and equipment		12,579	271,122
Proceeds from disposal of investment property			43,093
Proceeds from disposal of intangible assets		2,256	21,048
Net proceeds from the disposition of non-current assets held for sale		190,393	
Collection of long-term loans		13,104	11,525
Decrease of deposits		8,509	41,785
Proceeds from disposal of other non-current assets		683	1,853
Proceeds from disposal of subsidiaries		215,939	89,002
Increase in cash due to acquisition of a subsidiary			26,651
Sub-total		1,251,786	1,831,226
Cash outflows for investing activities:			
Increase in short-term investment securities, net		(45,032)	
Increase in short-term loans		(279,926)	(245,465)
Increase in long-term loans		(4,050)	(3,464)
Increase in long-term financial instruments		(7,510)	(16)
Acquisition of long-term investment securities		(22,141)	(92,929)

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Acquisition of investments in associates and joint ventures	(97,366)	(3,098,833)
Acquisition of property and equipment	(2,879,126)	(3,394,349)
Acquisition of investment property		(129)
Acquisition of intangible assets	(243,163)	(146,249)
Increase in assets held for sale		(51,831)
Increase in deposits	(83,314)	(43,534)
Increase in other non-current assets	(1,830)	(8,619)
Acquisition of business, net of cash acquired	(94,805)	(43,389)
Decrease in cash due to disposal of a subsidiary		(12,003)
Sub-total	(3,758,263)	(7,140,810)
Net cash used in investing activities	(2,506,477)	(5,309,584)

See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2013 and 2012

<i>(In millions of won)</i>	<i>Note</i>	2013	2012
Cash flows from financing activities:			
Cash inflows from financing activities:			
Issuance of debentures		1,328,694	2,098,351
Proceeds from long-term borrowings		105,055	2,059,004
Issuance of hybrid bond		398,518	
Cash inflows from derivative transactions		19,970	87,899
Sub-total		1,852,237	4,245,254
Cash outflows for financing activities:			
Decrease in short-term borrowings, net		(340,245)	(61,401)
Repayment of current portion of long-term debt		(161,575)	(102,672)
Repayment of debentures		(771,976)	(1,145,691)
Repayment of long-term borrowings		(467,217)	(1,660,509)
Cash outflows from derivative transactions			(5,415)
Payment of finance lease liabilities		(20,342)	(20,794)
Payment of dividends		(655,946)	(655,133)
Decrease in cash from the consolidated capital transaction		(8,093)	(8,372)
Sub-total		(2,425,394)	(3,659,987)
Net cash provided by (used in) financing activities		(573,157)	585,267
Net increase (decrease) in cash and cash equivalents		478,936	(724,653)
Cash and cash equivalents at beginning of the year		920,125	1,650,794
Effects of exchange rate changes on cash and cash equivalents		(422)	(6,016)
Cash and cash equivalents at end of the year		1,398,639	920,125

See accompanying notes to the consolidated financial statements.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

1. Reporting Entity

(1) General

SK Telecom Co., Ltd. (the Parent Company) was incorporated in March 1984 under the laws of the Republic of Korea (Korea) to engage in providing cellular telephone communication services in Korea. The Parent Company mainly provides wireless telecommunications in Korea. The Parent Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of December 31, 2013, the Parent Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Holdings Co., Ltd.	20,363,452	25.22
National Pension Service	4,760,489	5.90
Institutional investors and other minority stockholders	45,812,395	56.73
Treasury stock	9,809,375	12.15
Total number of shares	80,745,711	100.00

These consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as the Group and individually as Group entities). SK Holdings Co, Ltd. is the ultimate controlling entity of the Parent Company.

(2) List of subsidiaries

The list of subsidiaries as of December 31, 2013 and 2012 is as follows:

Subsidiary	Location	Primary business	Ownership (%)	
			Dec. 31, 2013	Dec. 31, 2012
SK Telink Co., Ltd.	Korea	Telecommunication service	83.5	83.5
M&Service Co., Ltd.(*)		Data base and online information services	100.0	
SK Communications Co., Ltd.	Korea	Internet website services	64.6	64.6

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PAXNet Co., Ltd.(*)	Korea	Internet website services		59.7
Loen Entertainment, Inc.(*)	Korea	Release of music disc.		67.6
Stonebridge Cinema Fund	Korea	Investment association	56.0	57.0
Commerce Planet Co., Ltd.		Online shopping mall operation		
	Korea	agency	100.0	100.0
SK Broadband Co., Ltd.	Korea	Telecommunication services	50.6	50.6
Broadband Media Co., Ltd.(*)	Korea	Multimedia TV portal services		100.0
K-net Culture and Contents Venture				
Fund	Korea	Investment association	59.0	59.0
Fitech Focus Limited Partnership II	Korea	Investment association	66.7	66.7
Open Innovation Fund	Korea	Investment association	98.9	98.9
PS&Marketing Corporation		Communications device retail		
	Korea	business	100.0	100.0
Service Ace Co., Ltd.		Customer center management		
	Korea	service	100.0	100.0

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

Subsidiary	Location	Primary business	Ownership (%)	
			Dec. 31, 2013	Dec. 31, 2012
Service Top Co., Ltd.	Korea	Customer center management service	100.0	100.0
Network O&S Co., Ltd.	Korea	Base station maintenance service	100.0	100.0
BNCP Co., Ltd.	Korea	Internet website services	100.0	100.0
SK Planet Co., Ltd.	Korea	Telecommunication service	100.0	100.0
Madsmart, Inc.(*)	Korea	Application software production		100.0
SK Telecom China Holdings Co., Ltd.	China	Investment association	100.0	100.0
SKY Property Mgmt. Ltd.(*)	Virgin Island	Real estate investment		60.0
Shenzhen E-eye High Tech Co., Ltd.	China	Manufacturing	65.5	65.5
SK Global Healthcare Business Group., Ltd.	Hong Kong	Investment association	100.0	100.0
SK China Real Estate Co., Ltd.(*)	Hong Kong	Real estate investment		99.4
SK Planet Japan	Japan	Digital contents sourcing service	100.0	100.0
SKT Vietnam PTE. Ltd.	Singapore	Telecommunication service	73.3	73.3
SK Planet Global PTE. Ltd.	Singapore	Digital contents sourcing service	100.0	100.0
SKP GLOBAL HOLDINGS PTE. LTD.(*)	Singapore	Investment association	100.0	
SKT Americas, Inc.	USA	Information gathering and consulting	100.0	100.0
SKP America LLC.	USA	Digital contents sourcing service	100.0	100.0
YTK Investment Ltd.	Cayman	Investment association	100.0	100.0
Atlas Investment	Cayman	Investment association	100.0	100.0
Technology Innovation Partners, LP.	USA	Investment association	100.0	100.0
SK Telecom China Fund I L.P.	Cayman	Investment association	100.0	100.0

(*) Changes in subsidiaries are explained in note 1-(4).

In accordance with the Group s accounting policy relating to the scope of consolidation, small-sized subsidiaries including IM Shopping Inc. were excluded from the list of subsidiaries as the effects on the Group s consolidated financial statements are not material considering both individual and overall quantitative and qualitative effects.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries

Condensed financial information of subsidiaries as of and for the year ended December 31, 2013 is as follows:

(In millions of won)

Subsidiary	Total assets	Total liabilities	Total equity	Revenue	Profit (loss)
SK Telink Co., Ltd.	252,475	125,807	126,668	433,276	16,024
M&Service Co., Ltd.(*1)	68,587	32,626	35,961	130,178	4,176
SK Communications Co., Ltd.	205,792	53,755	152,037	128,272	(41,893)
Stonebridge Cinema Fund	11,974	377	11,597	1	1,320
Commerce Planet Co., Ltd.	26,237	27,333	(1,096)	56,565	587
SK Broadband Co., Ltd.	3,044,349	1,916,721	1,127,628	2,539,366	12,306
K-net Culture and Contents Venture Fund	16,181	12	16,169		(16,595)
Fitech Focus Limited Partnership II	21,446		21,446		(1,179)
Open Innovation Fund	27,996		27,996		(15,408)
PS&Marketing Corporation	277,300	141,356	135,944	1,095,647	1,369
Service Ace Co., Ltd.	56,276	30,667	25,609	187,961	2,995
Service Top Co., Ltd.	48,369	30,634	17,735	159,364	3,484
Network O&S Co., Ltd.	56,677	32,353	24,324	198,664	2,060
BNCP Co., Ltd.	12,108	6,433	5,675	14,819	(9,019)
SK Planet Co., Ltd.	2,528,054	766,841	1,761,213	1,378,211	201,556
SK Telecom China Holdings Co., Ltd.	36,261	2,052	34,209	17,025	613
Shenzhen E-eye High Tech Co., Ltd.	17,894	1,841	16,053	7,703	(789)
SK Global Healthcare Business Group., Ltd.	27,625		27,625		831
SK Planet Japan	1,793	280	1,513	394	(1,635)
SKT Vietnam PTE. Ltd.	11,773	8,862	2,911		(28,086)
SK Planet Global PTE. Ltd.	697	149	548	331	(1,420)
SKP GLOBAL HOLDINGS PTE. LTD.(*1)	20,713	9	20,704		1,542
SKT Americas, Inc.	33,876	1,315	32,561	9,207	(6,544)
SKP America LLC.	22,399	12	22,387		
YTK Investment Ltd.	42,118		42,118		(21,764)
Atlas Investment(*2)	40,218	101	40,117		(8,248)

(*1) Changes in subsidiaries are explained in note 1-(4).

(*2) The financial information of Atlas Investment includes financial information of Technology Innovation Partners, L.P. and SK Telecom China Fund I L.P., subsidiaries of Atlas Investment.

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SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2013 and 2012

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries, Continued

Condensed financial information of subsidiaries as of and for the year ended December 31, 2012 is as follows:

(In millions of won)