

SK TELECOM CO LTD  
Form 6-K  
April 30, 2013

**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 2013**  
**COMMISSION FILE NUMBER 333-04906**

**SK Telecom Co., Ltd.**

(Translation of registrant's name into English)

11, Euljiro2-ga, Jung-gu

Seoul 100-999, Korea

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(Address of principal executive offices)

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

Form 20-F  Form 40-F

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

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

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

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

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

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

ANNUAL BUSINESS REPORT

(From January 1, 2012 to December 31, 2012)

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 ON 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.

**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, 2012 includes the following consolidated subsidiaries:

Name	Date of Establishment	Principal Business	Total Asset as of Dec. 31, 2011 (millions of Won)	Material Subsidiary*
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication services	420,829	Material
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	319,948	Material
PAXNet Co., Ltd.	May 18, 1999	Database and online information services	33,949	
Loen Entertainment, Inc.	Jul. 7, 1982	Music and audio publication	157,104	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	18,506	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Information technology and computer services	49,729	
SK Broadband Co., Ltd.	Sep. 26, 1997	Multimedia and IP TV services	3,318,699	Material
Broadband Media Co., Ltd.	Aug. 25, 2005	Telemarketing services	90,018	Material
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	48,057	
Hwaitec Focus Investment Partnership 2	Dec. 12, 2008	Investment partnership	21,663	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	44,716	
PS&Marketing Co., Ltd.	Apr. 3, 2009	Resale of telecommunication services	289,062	Material
Service Ace Co., Ltd.	Jul. 1, 2010	Call center operation and telemarketing services	43,447	
Service Top Co., Ltd.	Jul 1, 2010	Call center operation and telemarketing services	37,165	
Network O&S Co., Ltd.	Jul. 1, 2010	Wireless telecommunication services	80,249	Material
BNCP Co., Ltd.	Dec. 7, 2009	Software development	28,631	
SK Planet Co., Ltd.	Oct. 5, 2011	Platform service	1,677,730	Material
Madsmart, Inc.	Mar. 21, 2011	Software development and digital contents sourcing services		
SK Planet Japan, K.K.	Mar. 14, 2012	Software development and digital contents sourcing services		
SK Planet Global PTE, LTD.	Aug. 14, 2012	Software development and digital contents sourcing services		
SK Planet America LLC	Dec. 27, 2012	Software development and digital contents sourcing services		
SK Global Healthcare Business Group	Sep. 14, 2012	Investment		
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	36,810	
Sky Property Mgmt., Ltd.	Jun. 20, 2007	Real estate rental	820,639	Material
Shenzhen E-eye High Tech Co., Ltd.	Apr. 1, 2000	Telematics services	23,569	
SK China Real Estate Co., Ltd.	Mar. 19, 2009	Real estate investment	295	
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Wireless telecommunication services	42,539	
SKT Americas, Inc.	Dec. 29, 1995	Management consulting and investment	42,681	
YTK Investment Ltd.	Jul. 1, 2010	Investment	51,218	Material
Atlas Investment	Jun. 24, 2011	Investment	50,643	Material
Technology Innovation Partners, L.P.	Jun. 24, 2011	Investment		
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	687	

\* 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: 11 Euljiro 2-ga, 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 over seven million LTE subscribers as of December 31, 2012, the Company is solidifying its leadership position in LTE services based on its technology and network operating expertise. 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 selling industry-specific solutions focused on healthcare and education through strategic alliances.

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.

(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 IP TV services provided by Broadband Media Co., Ltd., the Company's consolidated subsidiary.

(3) Other Businesses

The Company is pursuing customer satisfaction by providing the best service and generating new values in diverse areas in contents delivery, location-based services, media and mobile commerce. In the contents delivery service business, the Company provides high-quality digital contents in its leading mobile contents marketplace, T Store, which had more than 18.8 million subscribers as of December 31, 2012 and which the Company plans to expand globally.

In the location-based service business, users of the Company's T-Map Navigation service surpassed 16.2 million in 2012. T-Map Navigation provides real time traffic information and various local information. In the media business, the Company provides Hoppin service that enables subscribers to access various multimedia contents through personal computers, mobile devices and other digital devices. In the commerce and advertising area, the Company's 11th Street, which continues to gain market share, is a platform service that connects various sellers and purchasers on-line.

SK Communications Co., Ltd. ( SK Communications ) provides integrated portal services through NATE, social networking services through Cyworld 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, Cyworld and NATE-ON and aims to give greater exposure to the advertiser's brand name to the public. The increased effectiveness of on-line 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 sales of on-line items to be used on Cyworld, contents sales and providing certain types of services. Revenues from contents and other services are generated through sales of on-line digital items through fixed-line Cyworld services and revenues generated by usage of mobile Cyworld services, which are shared with mobile phone service operators, as well as revenues from NATE-ON instant messaging, custom decorations for mobile phones, cartoon strips, fortunetelling, movies and other contents services. In addition, SK Planet Co., Ltd. ( SK Planet ) receives revenue from its services agreement with the Company in connection with operation of WAP wireless NATE services.

The Company is also one of the leaders in the music services industry with the continued growth of Melon, its online music service, and its investments in music distribution and production.

In order to find future growth engines and strengthen the Company's competitiveness, the Company has made strategic investments in YTK Investment Ltd., an investment fund company, and SKY Property Management Ltd., which owns SK Tower in Beijing, China.

See II. Business Overview for more information.

**E. Credit Ratings**

## (1) Corporate Bonds

<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Rating classification</b>
June 22, 2010	Corporate bond	AAA	Korea Ratings	Regular rating
June 29, 2010	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 29, 2010	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
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

\* 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
June 22, 2010	CP	A1	Korea Ratings	Current rating
June 29, 2010	CP	A1	Korea Investors Service, Inc.	Current rating
June 29, 2010	CP	A1	NICE Investors Service Co., Ltd.	Current rating
December 16, 2010	CP	A1	Korea Ratings	Regular rating
December 27, 2010	CP	A1	Korea Investors Service, Inc.	Regular rating
December 29, 2010	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
May 27, 2011	CP	A1	Korea Ratings	Current rating
June 13, 2011	CP	A1	NICE Investors Service Co., Ltd.	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 18, 2012	CP	A1	Korea Ratings.	Regular rating
December 14, 2012	CP	A1	Korea Investors Service, Inc.	Regular rating
December 18, 2012	CP	A1	NICE Investors Service Co., Ltd.	Regular rating

\* 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)

11 Euljiro 2-ga, 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 Shareholders' Meeting 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. At the 29th General Shareholders' Meeting 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.

**C. Change in Company Name**

On September 22, 2008, SK Broadband, one of our material consolidated subsidiaries, changed its name to SK Broadband Co., Ltd. from Hanaro Telecom Co., Ltd. to facilitate the sharing of SK Group's corporate culture and brand. Similarly, on September 22, 2008, Broadband Media Co., Ltd., another of our material consolidated subsidiaries, changed its name to Broadband Media Co., Ltd. from Hanaro Media Co., Ltd. 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 shareholders' meeting.

**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
Resulting Companies	SK Telecom Co., Ltd. (Surviving Company)  SK Planet Co., Ltd. (Spin-off Company)

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Effective Date

October 1, 2011

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

Description	(in millions of Won)		
	Before the spin-off (As of September 30, 2011)	After the spin-off (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

Schedule of spin-off

	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
Shareholders Meeting for Report of Spin-off and Inaugural Meeting of Shareholders		October 4, 2011
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

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

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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 has a 21.05% equity interest in SK Hynix after the purchase.

**[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 4, 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. In connection with this merger, SK Broadband did not issue any new shares.

**[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) Spin-off

On August 6, 2008, the board of directors of SK Communications resolved to spin off its video education business to create Etoos Co., Ltd. ( Etoos ), effective as of November 1, 2008. The spin-off was intended to help SK Communications to better focus on its core businesses and to give each of its business divisions greater autonomy in making operational decisions based on technical expertise specific to the respective business division.

(2) 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.

(3) 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 50,000 million 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.

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) Bank loans

On February 14, 2012, the Company borrowed Won 2.5 trillion in a syndicated loan from a syndicate of Korean banks including Kookmin Bank and Woori Bank in order to finance the purchase of SK Hynix shares. Won 2 trillion of the loan matures in three years and Won 0.5 trillion of the loan matures in one year.

**[SK Broadband]**

SK Broadband, a material consolidated subsidiary of ours, acquired subscriberships of regional cable and other service providers on several different occasions. Such acquisitions were intended to secure a stable subscriber base for our 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, we 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 our business, and therefore we believed that such acquisitions did not require resolutions of our shareholders.

**[SK Communications]**

(1) Leak of personal information

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, 2012, 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.

**[SK Telink]**

On August 23, 2012, the board of directors of SK Telink resolved to discontinue operations of its satellite Digital Multimedia Broadcasting (DMB) services due to the decrease in satellite DMB subscribers and the continued burden of fixed costs.



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

(As of December 31, 2012)

(Unit: shares)

Classification	Share type		Remarks
	Common shares	Total	
<b>I. Total number of authorized shares</b>	220,000,000	220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946	89,278,946	
<b>III. Total number of shares retired to date</b>	8,533,235	8,533,235	
a. reduction of capital			
b. retirement with profit	8,533,235	8,533,235	
c. redemption of redeemable shares			
d. others			
<b>IV. Total number of shares (II-III)</b>	80,745,711	80,745,711	
<b>V. Number of treasury shares</b>	11,050,712	11,050,712	
<b>VI. Number of shares outstanding (IV-V)</b>	69,694,999	69,694,999	

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.

**B. Treasury Shares**

## (1) Acquisitions and Dispositions of Treasury Shares

(As of December 31, 2012)

(Unit: 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			
	Tender offer	Direct over-the-counter acquisition	Common shares			
			Preferred shares			
	Sub-total	Held by trustee	Common shares	7,086,028		7,086,028
			Preferred shares			
	Acquisition through trust and other agreements	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		77,974	
Total		Common shares	11,050,712		11,050,712	
		Preferred shares				

\* Of the 11,050,712 shares acquired by the Company, 2,421,077 shares were deposited with the Korea Securities Depository as of March 22, 2013 for issuance upon conversion of the Company's overseas convertible bonds.

**4. Status of Voting Rights**

(As of December 31, 2012)			(Unit: shares)
Classification		Number of shares	Remarks
<b>Total shares (A)</b>	Common share	80,745,711	-
	Preferred share		-
<b>Number of shares without voting rights (B)</b>	Common share	11,050,712	Treasury shares
	Preferred share		-
<b>Shares without voting rights pursuant to the Company's articles of incorporation (C)</b>	Common share		-
	Preferred share		-
<b>Shares with restricted voting rights pursuant to Korean law (D)</b>	Common share		-
	Preferred share		-
<b>Shares with reestablished voting rights (E)</b>	Common share		-
	Preferred share		-
<b>The number of shares with exercisable voting rights (F = A - B - C - D + E)</b>	Common share	69,694,999	-
	Preferred share		-

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

- (1) Distribution of cash dividends was approved during the 26th General Meeting of Shareholders held on March 12, 2010.

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 318th Board of Directors Meeting on July 22, 2010.

- (3) 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.

- (4) Distribution of interim dividends of Won 1,000 was approved during the 330th Board of Directors Meeting on July 28, 2011.

- (5) 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.

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

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- (7) 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.

**B. Dividends for the Last 3 Fiscal Years**

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

Classification	As of and for the year ended December 31, 2012	As of and for the year ended December 31, 2011	As of and for the year ended December 31, 2010
Par value per share (Won)	500	500	500
Net income	1,242,767	1,694,363	1,947,008
Net income per share (Won)	17,832	24,002	27,063
Total cash dividend	655,133	656,533	669,534
Total stock dividends			
Percentage of cash dividend to available income (%)	52.7	38.7	34.4
Cash dividend yield ratio (%)			
	Common share	6.2	6.6
	Preferred share		5.4
Stock dividend yield ratio (%)			
	Common share		
	Preferred share		
Cash dividend per share (Won)			
	Common share	9,400	9,400
	Preferred share		9,400
Stock dividend per share (share)			
	Common share		
	Preferred share		

Prepared based on separate financial statements. Net income per share means basic net income per share.

- \* The total cash dividend of Won 669,534 million for the year ended December 31, 2010 includes the total interim dividend amount of Won 72,345 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 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.

**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 telecommunication business consisting of mobile phone, wireless data, information telecommunication, (2) the fixed-line telecommunication business consisting of PSTN, high speed Internet, data and network lease services, among others, and (3) other businesses consisting of platform services, Internet portal services and music streaming services, among others.

**1. Business Overview****Summary Business Description of Material Consolidated Subsidiaries**

<b>Classification</b>	<b>Company name</b>	<b>Description of business</b>
<b>Wireless</b>	SK Telecom Co., Ltd.	Wireless voice and data telecommunications services via digital wireless networks
	PS&Marketing Co., Ltd.	Resale 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
<b>Fixed-line</b>	SK Broadband Co., Ltd.	High-speed Internet, TV, telephone, commercial data and other fixed-line services
	Broadband Media Co., Ltd.	Various media-related services, such as development of IP TV set boxes and value-added services, management of the transmission system for online digital contents, channel management, including video on demand, and mobile IPTV services
	SK Telink Co., Ltd.	International wireless direct-dial 00700 services, pre-paid international card calling services, voice services using Internet protocol and Mobile Virtual Network Operator ( MVNO ) services
<b>Other business</b>	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, social networking services through Cyworld and instant messaging services through NATE-ON
	Loen Entertainment, Inc.	Online music services, including operation of MelOn, a music portal, as well as production and sales of music albums
	Sky Property Mgmt., Ltd.	Established for the purpose of holding SK Tower located in Beijing, China

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YTK Investment Ltd.

Established to strategically invest in funds in order to find future growth opportunities and strengthen the Company's competitiveness

Atlas Investment

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

As of December 31, 2012, the number of domestic mobile phone subscribers reached 53.62 million and, with more than a 100% penetration rate, the Korean mobile communication market can be considered to have reached its maturation stage. However, the penetration rate is expected to increase further due to increased use of mobile phones by corporate users resulting from the rapid growth of smartphone markets, as well as the increasing popularity of high-tech mobile devices based on wireless data services such as tablet computers.

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 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 HSPA+ network commercialized in October 2010 and the LTE network introduced in July 2011, B2B businesses, such as the corporate connected workforce business which can directly contribute to an enhancement in productivity, are expected to grow rapidly.

**B. Growth Potential**

Classification		(Unit: 1,000 persons)				
		As of December 31,				
		2012	2011	2010	2009	2008
<b>Number of subscribers</b>	<b>SK Telecom</b>	26,961	26,553	25,705	24,270	23,032
	<b>Others (KT, LGU+)</b>	26,663	25,954	25,062	23,675	22,575
	<b>Total</b>	53,624	52,507	50,767	47,944	45,607

(Source: Korea Communications Commission website)

**C. Domestic and Overseas Market Conditions**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Sales revenue related to data services is expected to increase due to the increasing popularity of smartphones and wireless Internet. 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.

Historical market share of the Company:

Classification	(Unit: %)			
	As of December 31,			
	2012	2011	2010	2009
Mobile communication services	50.3	50.6	50.6	50.6

(Source: Korea Communications Commission website)

Comparative market share:

(As of December 31, 2012)		(Unit: %)		
Classification	SK Telecom	KT	LGU+	
<b>Market share</b>	50.3	30.8	18.9	

(Source: Korea Communications Commission website)





**D. Business Overview and Competitive Strengths**

The Company is seeking to transform itself from a telecommunication service provider into a comprehensive information and communication technology ( ICT ) service provider. It has continued to expand the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts. For the year ended December 31, 2012, the Company recorded Won 16.3 trillion in operating revenue and Won 1,760 billion in operating income on a consolidated basis and Won 12.33 trillion in revenue and Won 1,680 billion in operating income on a separate basis.

The number of subscribers as of December 31, 2012 was 26.96 million, an increase of approximately 408,000 from the previous year. In particular, the number of smartphone subscribers as of December 31, 2012 was 16.18 million, an increase of 4.92 million from the previous year, including 7.53 million LTE subscribers, solidifying the Company's market leadership. The Company upgraded the quality of data services by providing commercial LTE services, enabling streaming of high-quality videos, high-definition voice services such as high-definition video conference calls and joyn.T, an all-IP next generation integrated communications service. The Company also plans to enhance customer satisfaction by improving network quality.

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 15 years, 15 years and 13 years, respectively.

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. 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 products to customers, including mobile office products to business customers.

PS&Marketing, a subsidiary of the Company involved in wholesale, retail and online sales, offers fixed-line and wireless telecommunication products and services to meet the lifestyle needs of customers.

**[Fixed-line Business]**

**A. Industry Characteristics**

Mergers among fixed-line operators and wireless operators have accelerated the convergence within the Korean telecommunications industry, creating a market structure in which groups with both fixed-line and wireless capabilities compete for greater market share to secure a more solid footing in the market. In addition, with the introduction of smartphones, tablet computers and other devices with enhanced mobility and the expansion of LTE service, wireless Internet usage has become a norm. As subscribers to various bundled wireless and fixed-line products are continuing to increase, subscribers to IPTV services are rapidly increasing. 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 has greatly increased the demand for wireless data transmissions, thereby further emphasizing the importance of fixed-line networks.

We believe the transition to digital TV services will accelerate when analog open air TV broadcasting terminates at the end of 2012. With the introduction of new services such as smart TVs, we are seeing stronger competition in various convergence products, such as mobile IPTV and N-screen services employing smartphones and tablet computers.

**B. Growth Potential**

(Unit: 1,000 persons)

Classification		As of December 31,		
		2012	2011	2010
Fixed-line Subscribers	High-speed Internet	18,254	17,860	17,224
	Fixed-line telephone	18,459	18,633	19,273
	IPTV (real-time)	6,310	3,591	2,740

(Source: Korea Communications Commission website)

**C. Cyclical Nature and Seasonality**

High-speed Internet, fixed-line telephone and IPTV services are generally not sensitive to cyclical economic changes. Demand for these services also does not show seasonal fluctuations.

We expect that the accelerated transition to digital TV services as a result of the termination of analog open air TV broadcasting, as well as the entrance of Google Inc. ( Google ) and Apple Inc. ( Apple ) into the television market and the introduction of smart TV products, will present opportunities by expanding the market size and increasing consumers' interests. We are strengthening our competitiveness in the TV business by improving the performance of our TV set boxes and expanding the number of popular channels, as well as introducing mobile IPTV services using N-screen.

Historical market share of the Company:

(Unit: %)

Classification	As of December 31,		
	2012	2011	2010
High-speed Internet (include resales)	24.1	23.5	23.2
Fixed-line telephone (include VOIP)	16.5	14.6	13.7
IPTV (real-time)	22.2	19.3	23.8

(Source: Korea Communications Commission website)

**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, we have positioned ourselves to focus on corporate customer services as one of the key strategic areas for mid- to long-term growth, and our efforts to exploit new information and communications technology-based businesses have led to revenue growth and strengthening of our competitiveness in the emerging business-to-business market.

SK Telink, a material consolidated subsidiary of the Company, 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 strengthen its existing business, including international and long-distance calling services, value-added services for local calling and B2B services, while satisfying customers' diverse needs for new services.

**[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. 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. .

**B. Growth Potential**

The Company expects that the scope and value generated by the platform business, including application and content marketplaces and N-screen services, will 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 are growing, which include 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.

**C. Domestic and Overseas Market Conditions**

(1) Competition

Application Marketplace

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 ecosystems that include application developers as well as platform operators.

Commerce Markets

The Company expects that on-line commerce markets will continue to grow due to the growth potential of the Internet shopping population and the strengthening of on-line business models by off-line operators. The Korean advertising market is expected to grow from Won 7.4 trillion in 2010 to Won 10.0 trillion in 2015. In particular, mobile advertising is expected to grow rapidly to Won 0.8 trillion in 2015, primarily due to the popularity of smartphones and convergence with location-based advertising.

Media Contents Market

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 on-line and mobile video market.

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Although Internet portal service providers provide more or less identical types of services, including search, social networking, email, news and other content services, for each type of service, a small number of service providers with specialized expertise are enjoying relatively large market shares. However, the portal services market has a relatively low entry barrier and there is increased competition from new entrants. In addition, the ease of access to services provided by competitive foreign providers is also adding to a highly competitive market environment.

(2) Market Share

CyWorld service, our social networking website in Korea, had 26 million cumulative subscribers, 14 million net users and a page view of 6 billion as of December 2012. Our Nate-On service had the largest market share of 74.4% in the instant messenger market in Korea with 8 million net users as of December 2012. Our Nate search portal service had a market share of 1.8% as of December 2012. (Source: Korean Click, Company data).

**D. Business Overview and Competitive Strengths**

SK Planet plans to expand its platform ecosystem focusing on its Open & Collaboration motto in operating its digital content marketplaces such as T Store and Hoppin, commerce marketplaces such as 11<sup>th</sup> Street and Smart Wallet and location-based services such as T-Map Navigation, thereby ultimately increasing its enterprise value.

Digital Content Marketplace

T Store, launched in September 2009, reached 18.8 million subscribers and cumulative downloads of 1 billion as of December 2012, 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 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, which provides N-screen media service enabling subscribers to enjoy video on demand through a number of N-screen compatible devices, including smartphones, tablets and PCs. Through continual service improvements and stable service provision, Hoppin has become the leading mobile video on demand service with over 300 million subscribers as of October 2012. The Company plans to market this service globally based on its experience in the Korean IT infrastructure environment.

Commerce (Open Market)

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. Future growth plans include overseas joint ventures based on 11th Street's business expertise.

Location-based Service

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 16.23 million as of December 31, 2012, T-Map Navigation is one of the leading location-based service platforms in Korea. 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.

Media Platform

The Company's media platform business started with its Hoppin service, which provides N-screen media service enabling subscribers to enjoy contents through a number of devices. Hoppin has expanded its services to more types of smartphones and tablets and has 3.38 million subscribers as of December 31, 2012. The Company plans to develop Hoppin service into a media platform acting as an intermediary of various N-screen services. It also plans to provide media platform services in overseas markets in stages.

#### Mobile Social Networking Service

In the first quarter 2012, SK Planet, a subsidiary of the Company, acquired Madsmart Inc., which provides "tic-toc" service, in order to expand its business to mobile communication and social networking services. Mobile social networking, still in its early stage of development, presents ample opportunities for new businesses and is expected to grow rapidly in the future. In October 2012, the Company completed the development of a global mobile social networking service and released it globally, including to the U.S. and South East Asia. SK Planet plans to create synergies from the acquisition of Madsmart Inc. by combining its know-how in platform services and the strengths of "tic-toc" in social networking services.

#### Music Business

The Company's online music site, MelOn, has continued to increase its sales and, for the past four years, has been recognized as having the largest market share and the highest brand recognition in the digital music sales market in Korea. As of December 31, 2012, the Company supports all major smartphone and tablet devices introduced in Korea, including the iPhone and the iPad, and is strengthening its support for its mobile customers who use MelOn services in a multi-device environment. From January 2013, the Ministry of Culture, Sports and Tourism has required online music streaming service providers to pay increased licensing fees to copyright holders and in response, MelOn released various new services and increased the fees for its services. With a wider range of options for subscribers and a more reasonable profit distribution structure for copyright holders, the Company expects to establish a coexistent structure for copyright holders and music distribution platforms. The Company plans to strengthen its leadership in the mobile market and increase the number of its subscribers by responding to changes in the smart device and 4G LTE network environment, providing reliable service operations and continually improving service, offering relevant and special music related contents to its customers and engaging in diverse and differentiated marketing promotion activities.

#### Satellite DMB

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 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, %)

Business	Major companies	Item	Major trademarks	Sales amount (ratio)
Wireless	SK Telecom Co., Ltd., PS&Marketing Co., Ltd., Service Ace Co., Ltd., Service Top Co. Ltd., Network O&S Co., Ltd.	Mobile Communication Service, Wireless Data Service, Information Telecommunication Service	T and others	13,218,904 (81%)
	SK Broadband Co., Ltd., Broadband Media Co., Ltd., SK Telink Co., Ltd.	Fixed-line Phone, High Speed Internet, Data and Network Lease Service	B tv , 00700 international call and others	2,193,861 (13%)
Other	SK Planet Co., Ltd , Commerce Planet Co., Ltd , SK Communications Co., Ltd., PAXNet Co., Ltd., Loen Entertainment, Inc., SKT Americas, Inc., SK Telecom China Holdings Co., Ltd.	Internet Portal Service, Game Service	NATE, 11th Street, T Store, T-Map Navigation, MelOn, Cyworld and others	887,714 (5%)
Total				16,300,479 (100%)

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

#### [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 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, 2012, 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 1 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. For the year ended December 31, 2012, broadband Internet and TV services comprised 46.3% of SK Broadband's revenue, telephony service 24.0%, corporate data services 23.5% and other telecommunications services 6.2%.



### 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	Amount already invested	Future investment
Network/Common	Upgrade/ New installation	2012	Network, systems and others	Capacity increase and quality improvement; systems improvement	28,000	28,584	To be determined
<b>Total</b>				-	28,000	28,584	To be determined

#### B. Future Investment Plan

(Unit: in 100 millions of Won)						
Business	Expected investment amount		2013	Expected investment for each year		Investment effect
	Asset type	Amount		2014	2015	
Network/Common	Network, systems and others	21,000	21,000	To be determined	To be determined	Upgrades to the existing services and provision of new services
<b>Total</b>		21,000	21,000	To be determined	To be determined	Upgrades to the existing services and provision of new services

### [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	Upgrade/ New installation	2012	Backbone and subscriber network / others	Expand subscriber networks and facilities Increase leased-line and integrated information system Expand networks	4,113	1,172	To be determined
Telephone						126	
Television						1,009	
Corporate Data							
Others						1,012	
<b>Total</b>						4,113	



## 4. Revenues

				(Unit: in millions of Won)		
Business	Sales type	Item		For the year ended December 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
Wireless	Services	Mobile communication	Export	14,202	1,331	599
			Domestic	13,204,702	13,100,614	12,919,663
			Subtotal	13,218,904	13,101,945	12,920,262
Fixed-line	Services	Fixed-line, B2B data, High-speed Internet, TV	Export	29,883	28,070	30,883
			Domestic	2,163,978	2,134,498	2,196,424
			Subtotal	2,193,861	2,162,568	2,227,307
Other	Services	Display and Search ad., Content	Export	4,698	12,036	12,000
			Domestic	883,016	711,729	439,593
			Subtotal	887,714	723,765	451,726
Total			Export	48,783	41,437	43,482
			Domestic	16,251,696	15,946,841	15,555,680
			Total	16,300,479	15,988,278	15,599,162

					(Unit: in thousands of Won)	
For the year ended December 31, 2012	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
Total sales	14,475,379	3,018,156	1,648,142	19,141,677	(2,841,198)	16,300,479
Internal sales	1,256,475	824,295	760,428	2,841,198	(2,841,198)	
External sales	13,218,904	2,193,861	887,714	16,300,479		16,300,479
Operating income (loss)	1,683,431	53,115	23,625	1,760,171		1,760,171
Profit (loss)	1,280,730	(7,352)	(18,378)	1,255,000		1,255,000
Total assets	22,860,867	3,349,715	3,298,775	29,509,357	(3,913,797)	25,595,560
Total liabilities	10,281,115	2,105,282	860,337	13,246,734	(505,957)	12,740,777

## 5. Derivative Transactions

(1) Currency swap contract applying cash flow risk hedge accounting

The Company has entered into a floating-to-fixed cross currency swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar-denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of December 31, 2012, in connection with this unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 2,391 million (net of tax effect totaling Won 263 million and foreign currency translation loss arising from U.S. dollar-denominated long-term borrowings totaling Won 12,310 million) was accounted for as accumulated other comprehensive loss.

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In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with six banks, including Morgan Stanley, to hedge the foreign currency risk of unguaranteed U.S. dollar-denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007, and has applied cash flow hedge accounting to this cross currency swap contract starting from May 12, 2010. Accordingly, as of December 31, 2012, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 37,047 million (net of tax effect totaling Won 11,828 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 28,628 million) was accounted for as accumulated other comprehensive loss. In connection with this cross currency swap contract, a gain on valuation of the cross currency swap contract incurred before application of cash flow hedge accounting of Won 129,806 million was recognized.

The Company has entered into a floating-to-fixed cross currency swap contract with two banks, including DBS, to hedge the foreign currency risk and the interest rate risk of floating-rate U.S. dollar-denominated bonds with face amounts totaling US\$250,000,000 issued on December 15, 2011. As of December 31, 2012, in connection with this unsettled cross currency interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 6,152 million (net of tax effect totaling Won 1,964 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 21,668 million) was accounted for as other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar-denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of December 31, 2012, in connection with this unsettled cross currency interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 121 million (net of tax effect totaling Won 39 million and foreign currency translation gain arising from these Singapore dollar-denominated bonds totaling Won 554 million) was accounted for as accumulated other comprehensive loss.

The Company has entered into a fixed-to-fixed cross currency swap contract with six banks, including Citibank, to hedge the foreign currency risk of its Swiss Franc-denominated bonds with face amounts totaling CHF 300,000,000 issued on June 12, 2012. As of December 31, 2012, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 5,999 million (net of tax effect totaling Won 1,915 million and foreign currency translation gain arising from its Swiss Franc-denominated bonds totaling Won 11,550 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with ten banks, including Barclays, to hedge the foreign currency risk of unguaranteed U.S. dollar-denominated bonds with face amounts totaling US\$700,000,000 issued on November 1, 2012. As of December 31, 2012, in connection with this unsettled cross currency swap contract, an accumulated loss on valuation of derivatives amounting to Won 12,419 million (net of tax effect totaling Won 3,965 million and foreign currency translation gain arising from these unguaranteed U.S. dollar-denominated bonds totaling Won 13,485 million) was accounted for as accumulated other comprehensive loss.

(2) Convertible options not designated as hedged items

The Company sold its entire stake in Etoos Co., Ltd., which had been held by SK Communications Co., Ltd. prior to 2011, to Cheongsol Academy. In connection with this transaction, the Company received convertible bonds with conversion rights as consideration and recognized losses on the valuation of derivatives of Won 286 million and Won 943 million for the years ended December 31, 2012 and 2011, respectively.

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(3) The fair values of the derivative instruments described above as of December 31, 2012 are recognized as derivative assets or derivative liabilities under current assets, non-current assets or current liabilities on the Company's balance sheet. Details are as follows:

Category	Subject of Risk Hedge	Contract Period	(Unit: in thousands of Won)		
			Designated as Hedging Instrument	Not Designated as Hedging Instrument	Total
Currency Swap (Current Asset)	U.S. dollar-denominated long-term borrowings (principal amount of US\$100,000,000)	From Oct. 10, 2006 to Oct. 10, 2013	9,655,850		9,655,850
Currency Swap (Non-current Asset)	Unguaranteed U.S. dollar-denominated bonds (face amount of US\$400,000,000)	From Jul. 20, 2007 to Jul. 20, 2027	52,302,976		52,302,976
Conversion Right (Non-current Asset)	Convertible bonds (Available-for-sale securities)(*) (face amount of Won 50,000,000,000)	From Sep. 1, 2009 to Aug. 31, 2014		689,144	689,144
Total derivative assets			61,958,826	689,144	62,647,970
Currency Swap (Non-current Liability)	Floating-rate U.S. dollar-denominated bonds (face amount of US\$250,000,000)	From December 15, 2011 to December 12, 2014	13,551,534		13,551,534
	Floating-rate Singapore dollar-denominated bonds (face amount of SGD 65,000,000)	From December 15, 2011 to December 12, 2014	714,268		714,268
	Floating-rate Swiss Franc-denominated bonds (face amount of CHF 300,000,000)	From June 12, 2012 to June 12, 2017	19,464,329		19,464,329
	Floating-rate U.S. dollar-denominated bonds (face amount of US\$700,000,000)	From November 1, 2012 to May 1, 2018	29,869,056		29,869,056
Total derivative liabilities			63,599,187		63,599,187

(\*) The fair value of Won 689,144,000 of the conversion rights of the convertible bonds held by SK Communications, a subsidiary of the Company, was recognized as a non-current derivative asset.

**6. Major Contracts**  
**[SK Telecom]**

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount (in 100 millions of Won)
Service	SK Planet Co., Ltd.	January 1, 2012	December 31, 2012	B2B contents contract for 2012 with SK Planet (T-Map Navigation, T-Gift, Nate FZ, T-Cloud)	6,167
Service	Service Ace Co., Ltd.	April 1, 2012	April 1, 2013	Operation of Roaming Centers in 2012	54
Goods	HAPPYNARAE Co., Ltd.	May 1, 2012	April 30, 2013	Maintenance, repair and operations purchasing and agency services	150
Real Estate	Individual	First half 2012	-	Purchase of regional centers (Gangdong regional center and ten others)	81
<b>Subtotal</b>					<b>6,452</b>

**[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 service providers	-	Interconnection among telecommunication service providers
KEPCO	Provision of electric facilities	From Dec. 2012 to Dec. 2013	Use of electricity poles
Seoul City Railway	Use of telecommunication line conduits	From Jan. 2009 to Dec. 2012	Use of railway telecommunication conduit
Seoul Metro	Use of telecommunication line conduits	From May 2010 to May 2013	Use of railway telecommunication conduit
Busan Transportation Corporation	Use of telecommunication line conduits	From July 2009 to July 2013	Use of railway telecommunication conduit
Gwangju City Railway	Use of telecommunication line conduits	From Sep. 2010 to Dec. 2012	Use of railway telecommunication conduit

**[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

**[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 Construction Co., Ltd.	Construction of Pangyo Office Building	23 months	Won 61.9 billion
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
Daum Communications	Business and service cooperation regarding search advertisement	-	Revenues are allocated in accordance with certain set percentages

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

On February 1, 2013, the board of directors of SK Communications resolved to sell the Pangyo office building (which is currently under construction) and certain land it owns to SK Planet for Won 74.9 billion. This amount is subject to the approval of the Gyeonggi Provincial Government.

**7. R&D Investments**

Category	(Unit: in millions of Won)			Remarks
	For the year ended December 31,			
	2012	2011	2010	
Raw material	42	45	41	
Labor	59,050	48,656	49,441	
Depreciation	163,295	149,850	143,131	
Commissioned service	62,399	40,257	98,545	
Others	61,546	57,118	64,755	
Total R&D costs	346,332	295,927	355,913	
Accounting				
	Sales and administrative expenses	304,557	289,979	352,186
	Development expenses (Intangible assets)	41,775	5,948	3,727
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)		2.12%	1.85%	2.28%

**8. Other information relating to investment decisions****[SK Telecom]**

## A. Trademark Policies



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

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

#### B. Business-related Intellectual Property

The Company holds 4,750 Korean-registered patents, 271 U.S.-registered patents, 159 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 842 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.

##### **[SK Broadband]**

SK Broadband holds 320 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, 2012, SK Planet held 2,033 registered patents, 91 registered design marks, 1,027 registered trademarks and one copyright (including those held jointly with other companies) in Korea. It also holds 24 U.S.-registered patents, 35 Chinese-registered patents, 8 Japanese-registered patents, 15 E.U.-registered patents (all including patents held jointly with other companies) and 118 registered trademarks, along with a number of other intellectual property rights, in other countries.

##### **[SK Communications]**

As of December 31, 2012, SK Communications held 62 registered patents, 26 registered design rights and 700 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.

**FINANCIAL INFORMATION****9. Summary Financial Information (Consolidated)****A. Summary Financial Information (Consolidated)**

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

	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
<b>Current Assets</b>	5,294,420,978	6,117,478,958	6,653,991,923
Cash and Cash Equivalents	920,124,810	1,650,793,876	659,404,935
Accounts Receivable Trade, net	1,954,920,332	1,823,169,889	1,949,397,279
Accounts Receivable Other, net	582,098,398	908,836,454	2,531,847,155
Others	1,837,277,438	1,734,678,739	1,513,342,554
<b>Non-Current Assets</b>	20,301,138,645	18,248,557,471	16,478,397,157
Long-Term Investment Securities	953,712,512	1,537,945,216	1,680,582,091
Investments in Associates	4,632,477,315	1,384,605,401	1,204,691,805
Property and Equipment, net	9,712,718,716	9,030,998,201	8,153,412,683
Intangible Assets, net	2,689,657,645	2,995,803,300	1,884,955,652
Goodwill	1,744,483,009	1,749,932,878	1,736,649,137
Others	568,089,448	1,549,272,475	1,818,105,789
<b>Total Assets</b>	25,595,559,623	24,366,036,429	23,132,389,080
<b>Current Liabilities</b>	6,174,895,434	6,673,589,809	6,202,170,452
<b>Non-Current Liabilities</b>	6,565,881,872	4,959,737,573	4,522,219,358
<b>Total Liabilities</b>	12,740,777,306	11,633,327,382	10,724,389,810
<b>Equity Attributable to Owners of the Parent Company</b>			