

SK TELECOM CO LTD
Form 6-K
April 20, 2015
[Table of Contents](#)

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 2015
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): 82-

Table of Contents

ANNUAL BUSINESS REPORT

(From January 1, 2014 to December 31, 2014)

THIS IS A SUMMARY OF THE ANNUAL BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN WHICH 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.

Table of Contents**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, 2014 includes the following consolidated subsidiaries:

Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2014 (millions of Won)	Material Subsidiary*
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication services and satellite broadcasting services	324,270	Material
M&Service Co., Ltd.	Feb. 10, 2000	Online information services	79,476	Material
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	176,168	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	11,137	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Online shopping mall operation services	26,078	
SK Broadband Co., Ltd.	Sep. 26, 1997	Fixed-line telecommunication services, multimedia and IPTV services	3,180,461	Material
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	21,094	
Hwaitec Focus Investment Partnership 2	Dec. 12, 2008	Investment partnership	19,301	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	21,765	
PS&Marketing Co., Ltd.	Apr. 3, 2009	Sale of telecommunication devices	544,292	
Service Ace Co., Ltd.	Jul. 1, 2010	Customer center management services	66,336	
Service Top Co., Ltd.	Jul. 1, 2010	Customer center management services	57,032	
Network O&S Co., Ltd.	Jul. 1, 2010	Network maintenance services	71,348	
BNCP Co., Ltd.	Dec. 7, 2009	Internet services	6,785	
Iconcube, Inc.	Sep. 14, 2011	Online information services	1,382	
Iconcube Holdings, Inc.	Sep. 5, 2014	Consulting services	1,934	
Irriver Ltd.	Jul. 12, 2000	Audio device manufacturing	61,945	
Irriver CS Co., Ltd.	May 1, 2010	Wholesale and retail	2,632	
SK Planet Co., Ltd.	Oct. 1, 2011	Telecommunication and platform services	2,552,850	Material
SK Planet Japan, K.K.	Mar. 14, 2012		5,222	

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		Digital contents sourcing services	
SK Planet Global PTE, LTD.	Aug. 4, 2012	Digital contents sourcing services	4,215
SK Planet America LLC	Jan. 27, 2012	Digital contents sourcing services	297,981
SKP Global Holdings PTE, LTD.	Aug. 10, 2012	Holding company for overseas commerce	29,529
SK Global Healthcare Business Group, Ltd.	Sep. 14, 2012	Investment	25,784
Technology Innovation Partners, L.P.	Jun. 24, 2011	Investment	33,194

Table of Contents

Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2014 (millions of Won)	Material Subsidiary*
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	14,290	
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	38,020	
Shenzhen E-eye High Tech Co., Ltd.	Apr. 1, 2000	Telematics manufacturing	15,566	
Iriver China Co., Ltd.	Jun 24, 2004	Electronic device manufacturing	4,519	
DongGuan Iriver Electronics Co., Ltd.	Jul. 6, 2006	Electronic device manufacturing	394	
Iriver Enterprise Ltd.	Jul. 29, 2013	Wholesale and retail	4,931	
Iriver Inc.	Feb. 15, 2007	Wholesale and retail	3,008	
Iriver America Inc.**	May 1, 2005	Wholesale and retail		
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Telecommunication services	4,242	
SKT Americas, Inc.	Dec. 29, 1995	Information collection and management consulting services	42,159	
YTK Investment Ltd.	Jul. 1, 2010	Investment	27,944	
Atlas Investment	Jun. 24, 2011	Investment	66,825	
Neos Networks Co., Ltd.	Jun. 12, 2008	Security system services	31,729	
Shopkick Management Company, Inc.	Oct. 9, 2014	Investment	230,925	Material
Shopkick, Inc.	Jun.1, 2009	Mileage based e-commerce application development	28,216	

* Material Subsidiary means a subsidiary with total assets of 75 billion or more as of the end of the latest fiscal year.

** Iriver America Inc. is currently in liquidation proceedings.

Changes in subsidiaries are set forth below.

Change	Name	Remarks
Additions	Iconcube Holdings, Inc.	Spun off from BNCP Co., Ltd. in 2014
	Iconcube, Inc.	
	Neos Networks Co., Ltd.	
	Iriver Ltd.	
	Iriver CS Co., Ltd.	SK Telecom acquired shares of these subsidiaries in 2014.
	Iriver Enterprise Ltd.	
	Iriver America Inc.	
	Iriver Inc.	
	Iriver China Co., Ltd.	
	DongGuan Iriver Electronics Co., Ltd.	
		Established by SK Planet America LLC in 2014

Shopkick Management Company,
Inc.

Shopkick, Inc.

Shopkick Management Company, Inc. acquired shares of this
subsidiary in 2014

Table of Contents

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, and in June 2014, the Company reaffirmed the Company's technological leadership by becoming the first to provide commercial 225 Mbps wideband LTE-A services, which is three times faster than LTE. In December 2014, the Company launched tri-band LTE-A, which is four times faster than LTE. The Company also launched unlimited LTE data plans and other innovative data plans such as Rush hour / Subway Free plans that are unlimited data plans based on time, place and occasion (or, TPO), reflecting the data pattern usage of customers and their lifestyles. The Company also launched new customer-focused products in 2014 such as the T-Phone, T-outdoor and T Kids Phone - Joon. The Company plans to increase its profitability by strengthening its retention strategy in the era of data-intensive services by leveraging its competitive advantages.

In the business-to-business (B2B) 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. In 2014, the number of its mobile IPTV service subscribers increased by 1.56 million to reach 2.37 million subscribers by the end of the year. In the area of healthcare, the Company achieved the following milestones during 2014: point-of-care diagnostic devices manufactured by a company of which the Company is the largest shareholder received approval from the U.S. Food and Drug Administration, the Company entered the Chinese healthcare market and the Company was the first Korean company to export medical information systems. As with the healthcare business, the Company plans to

continue to find and develop new growth engines in the mid- to long-term. The Company also plans to seek out new growth engines in existing businesses, including the intelligence business, by utilizing its technologies relating to big data.

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. Through Service Ace Co., Ltd., another subsidiary, the Company operates customer service centers in Seoul and provides telemarketing services. 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.

Table of Contents**(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. In 1999, SK Broadband launched its high-speed Internet service in Seoul, Busan, Incheon and Ulsan, and currently provides such service nationwide. SK Broadband also commercialized its TV-Portal service in July 2006 and its IPTV service in January 2009 upon receipt of permit in September 2008.

(3) Other businesses

With respect to the Company's e-commerce business, 11th Street, a platform service that connects various sellers and purchasers online, continues to gain market share. In the commerce platform business area, the Company, utilizing the existing network of partner businesses of OK Cashbag, Korea's largest loyalty mileage program with 38 million members, consumer information from big data, information technology, and other sources of competitive edges that can lead the industry, launched Syrup to provide smart shopping services to consumers and Syrup Store to provide integrated marketing solutions to partner businesses in June 2014. Syrup, a mobile wallet service upgraded and rebranded from its predecessor service, Smart Wallet, reached 13.3 million users as of December 31, 2014 and leads the online-to-offline commerce. In the location-based services business area, users of the Company's T-Map Navigation service reached 19.5 million as of December 31, 2014. 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 23.4 million subscribers as of December 31, 2014 and which the Company plans to expand. 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 Planet Co., Ltd. (SK Planet) will continue to provide value to customers by constantly developing and improving its services.

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.

See II-1. Business Overview for more information.

Table of Contents**E. Credit Ratings**

(1) Corporate bonds

Credit rating entity				
Credit rating date	Subject of rating	Credit rating	(Credit rating range)	Rating classification
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
April 22, 2014	Corporate bond	AAA	Korea Ratings	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Ratings	Current rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating
October 15, 2014	Corporate bond	AAA	Korea Ratings	Current rating
October 15, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
October 15, 2014	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating
February 9, 2015	Corporate bond	AAA	Korea Ratings	Current rating
February 9, 2015	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 9, 2015	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 entity				
Credit rating date	Subject of rating	Credit rating	(Credit rating range)	Rating classification
June 21, 2012	CP	A1	Korea Ratings	Current rating
June 22, 2012	CP	A1	Korea Investors Service, Inc.	Current rating

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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

Table of Contents**Credit rating entity**

Credit rating date	Subject of rating	Credit rating	(Credit rating range)	Rating classification
April 22, 2014	CP	A1	Korea Ratings	Current rating
April 22, 2014	CP	A1	Korea Investors Service, Inc.	Current rating
April 22, 2014	CP	A1	NICE Investors Service Co., Ltd.	Current rating
October 15, 2014	CP	A1	Korea Ratings	Regular rating
October 15, 2014	CP	A1	Korea Investors Service, Inc.	Regular rating
October 15, 2014	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

* On August 9, 2013, Moody's Investors Service raised the outlook on the Company's rating from A3 (Negative) to A3 (Stable).

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)

Table of Contents**B. Significant Changes in Management**

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. At the 31st General Meeting of Shareholders held on March 20, 2015, Dong Hyun Jang was elected as an inside director.

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
Resulting Companies	SK Telecom Co., Ltd. (Surviving Company)
	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.

	(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.,	SK Telecom Co., Ltd.	SK Planet Co., Ltd.
Description	Ltd.		
Total Assets	19,400,114	19,084,651	1,545,537

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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
Shareholders Meeting for Report of Spin-off and Inaugural Meeting of Shareholders	October 4, 2011
Registration of Spin-off	October 5, 2011
Others	Notice of closure of shareholders register
	July 20, 2011
	Period of closure of shareholders register
	August 5, 2011~ August 8, 2011
	Public notice of shareholders meeting
	August 10, 2011 and August 12, 2011
	Dispatch of notice of shareholders meeting
	August 12, 2011

Table of Contents

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 530-9 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 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.

(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, 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.

(4) Acquisition of shares of PS&Marketing
On February 20, 2014, the board of directors of the Company resolved to invest an additional 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 April 2, 2014 and the cumulative investment amount will total 330 billion.

(5) Disposition of shares of iHQ Inc.

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.

(6) Acquisition of shares of Neos Networks Co., Ltd.

In order to acquire a new growth engine, the Company acquired a controlling stake in Neos Networks Co., Ltd., a building security company, with the purchase of 31,310 shares (a 66.7% equity interest) of Neos Networks Co., Ltd. on April 2, 2014.

Table of Contents

(7) Acquisition of shares of Iriver Ltd.

In order to foster application development and smartphone accessories as part of the Company's growth engines, the Company purchased 10,241,722 shares (a 39.3% equity interest) of Iriver Ltd. (Iriver) from Vogo-Rio Investment Holdings Co., Ltd. and KGF-Rio Limited on August 13, 2014. As of December 31, 2014, the Company holds a 48.9% equity interest of Iriver by acquiring additional shares in its rights offering. The Company does not hold a majority of the voting rights of Iriver but the Company concluded that it has effective control as it holds significantly more voting rights than any other shareholder or any organized group of shareholders.

(8) Acquisition of shares of Shopkick, Inc.

On October 10 2014, SK Planet America LLC, a subsidiary of the Company, acquired (through its 95.2%-owned subsidiary Shopkick Management Company, Inc.) a 100.0% ownership interest in Shopkick, Inc. (Shopkick), a developer of a shopping app for mobile devices that provides benefits to customers for visiting stores, in order to penetrate the mobile commerce market in the United States.

[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, 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.

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.

Table of Contents

[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 the Cyworld service

Pursuant to the resolution of its board of directors on March 8, 2014, SK Communications sold its Cyworld service and certain related assets to Cyworld Co., Ltd. for 2,824 million.

(2) Disposition of shares

1. 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.

[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. On the same day, the board of directors of PS&Marketing also resolved to acquire retail stores, including their assets and liabilities, of LCNC Co., Ltd (LCNC). The acquisitions were completed on April 30, 2014 at a purchase price of 124.5 billion for the assets acquired from SK Networks and a purchase price of 10 billion for the assets acquired from LCNC.

[M&Service]

Upon the merger between SK Marketing & Company, which held 100% equity stake in M&Service, and SK Planet on February 1, 2013, SK Planet holds 100% equity stake in M&Service.

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Issuance of bonds

On May 14, 2014, the Company issued four tranches of fixed-rate unsecured bonds in the principal amounts of 50 billion (with an annual interest rate of 3.301% and a maturity date of May 14, 2019), 150 billion (with an annual interest rate of 3.637% and a maturity date of May 14, 2024), 50 billion (with embedded options, an annual interest rate of 4.725% and a maturity date of May 14, 2029), and 50 billion (with embedded options, an annual interest rate of 4.72% and a maturity date of May 14, 2029).

On October 28, 2014, the Company issued three tranches of fixed-rate unsecured bonds in the principal amounts of 160 billion (with an annual interest rate of 2.53% and a maturity date of October 28, 2019), 150 billion (with an annual interest rate of 2.66% and a maturity date of October 28, 2021), and 190 billion (with an annual interest rate of 2.82% and a maturity date of October 28, 2024).

Table of Contents

On February 26, 2015, the Company issued three tranches of fixed-rate unsecured bonds in the principal amounts of 100 billion (with an annual interest rate of 2.40% and a maturity date of February 26, 2022), 150 billion (with an annual interest rate of 2.49% and a maturity date of February 26, 2025), and 50 billion (with an annual interest rate of 2.61% and a maturity date of February 26, 2030).

(2) Issuance of hybrid securities

On June 7, 2013, the Company issued 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 135,108 million in financial expenses 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 converted 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 and currently has no amount outstanding.

[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.

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

(As of December 31, 2014)

(Unit: in shares)

Classification	Share type	Remarks
Table of Contents		

	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

Table of Contents**B. Treasury Shares**

(1) Acquisitions and dispositions of treasury shares

(As of December 31, 2014)

(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
		Direct over-the-counter acquisition	Preferred shares			
		Tender offer	Common shares			
			Preferred shares			
		Sub-total	Common shares	7,086,028		7,086,028
	Acquisition through trust and other agreements	Held by trustee	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				(1,163,363)	(1,163,363)	
			Common shares			
			Preferred shares			
Total			Common shares	9,809,375		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, 2014)

(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 28th General Meeting of Shareholders held on March 23, 2012.

Distribution of cash dividends per share of ₩8,400 (exclusive of an interim dividend of ₩1,000) was approved.

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

- (3) 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 ₩8,400 (exclusive of an interim dividend of ₩1,000) was approved.

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

(5) 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 8,400 (exclusive of an interim dividend of 1,000) was approved.

(6) Distribution of interim dividends of 1,000 was approved during the 366th Board of Directors Meeting on July 24, 2014.

(7) Distribution of cash dividends was approved during the 31st General Meeting of Shareholders held on March 20, 2015.

Distribution of cash dividends per share of 8,400 (exclusive of an interim dividend of 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, 2014	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012
Par value per share ()		500	500	500
Net income		1,028,541	910,157	1,242,767
Net income per share ()		14,262	12,837	17,832
Total cash dividend		666,802	666,374	655,133
Total stock dividends				
Percentage of cash dividend to available income (%)		64.8	73.2	52.7
Cash dividend	Common share	3.5	4.1	6.2
yield ratio (%)	Preferred share			
Stock dividend	Common share			
yield ratio (%)	Preferred share			
Cash dividend per share ()	Common share	9,400	9,400	9,400
	Preferred share			
Stock dividend per share (share)	Common share			
	Preferred share			

* The above figures were prepared based on separate financial statements. Net income per share means basic net income per share. The cash dividend per share of 9,400 includes the interim cash dividend per share of 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
	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
Fixed-line		Various media-related services, such as 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
	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
Other business	SK Communications Co., Ltd.	Integrated portal services through NATE and instant messaging services through NATE-ON
	M&Service Co., Ltd.	System software development, distribution and technical support services and other online information services
	SK Planet America LLC Shopkick Management Company, Inc.	Digital contents provider and sourcing services Investment business

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

As of December 31, 2014, 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. In the first half of 2014, wideband LTE-A service was commercialized and on December 29, 2014, tri-band LTE-A service with a maximum speed of 300 Mbps was also commercialized.

Table of Contents**B. Growth Potential**

(Unit: in 1,000 persons)

		As of December 31,				
Classification		2014	2013	2012	2011	2010
Number of subscribers	SK Telecom	28,613	27,352	26,961	26,553	25,705
	Others (KT, LGU+)	28,595	27,328	26,663	25,954	25,062
	Total	57,208	54,680	53,624	52,507	50,767

* 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)

		As of December 31,				
Classification		2014	2013	2012	2011	2010
Mobile communication services		50.0	50.0	50.3	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 a result, for the year ended December 31, 2014, the Company recorded 17.2 trillion in revenue and 1.8 trillion in operating income on a consolidated basis and 13.1 trillion in revenue and 1.7 trillion in operating income on a separate basis.

The number of subscribers (including MVNO subscribers) as of December 31, 2014 was 28.61 million, an increase of approximately 1,260,000 from the previous year. In particular, the number of smartphone subscribers as of December 31, 2014 was 19.49 million, an increase of approximately 1,210,000 from the previous year, including 16.74 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 wideband LTE-A services in June 2014. In December 2014, the Company launched tri-band LTE-A

services. 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 17 years, 17 years and 15 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. 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.

Table of Contents

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**

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 ultra-high definition 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		2014	2013	2012
Fixed-line Subscribers	High-speed Internet	19,199	18,738	18,253
	Fixed-line telephone	16,939	17,620	18,261
	IPTV (real-time)	10,850	8,522	6,310

* Source: MSIP website, Korea Communications Commission website and the Korea Digital Media Industry Association 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.

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

(Unit: in percentages)

Classification	As of December 31,		
	2014	2013	2012
High-speed Internet (include resales)	25.1	24.4	24.1
Fixed-line telephone (include Voice over Internet Protocol)	17.0	16.9	16.7
IPTV	26.1	23.8	22.0

* Source: MSIP website and the Korea Communications Commission website.

Table of Contents**D. Business Overview and Competitive Strengths**

In 1999, the Company was the first in the world to commence commercial ADSL services and on the back of its premium technology and enhanced competitiveness achieved through bundled products, it is currently expanding subscriber base across all of its 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, the Company is reinforcing its leadership in the ultra-high definition broadcasting market by launching ultra-high definition services that require no set-top boxes in April 2014 and by commercializing ultra-high definition set-top boxes for the first time in Korea in September 2014. Furthermore, the Company was the first in the industry to adopt solutions to upgrade full high definition to ultra-high definition, and the Company also strengthened the line-up of ultra-high definition contents by securing access to diverse contents provided by Sony and NBC Universal. Moreover, the Company provides the greatest number of channels in full high definition in the IPTV market due to its recent upgrade of all 130 live high definition channels to full high definition.

In September 2013, the Company developed technology that compresses videos for its ultra-high definition IPTV services. During the first quarter of 2014, the Company commercialized new transmission technology that can more efficiently transmit signals on the hybrid fiber-coaxial network despite its limited frequency. Furthermore, the Company solidified its technological leadership for providing ultra-high definition broadcasting for wireless and fixed line in the IPTV industry by commercializing a unique ultra-high-definition service that can be provided directly to smart televisions without the installation of smart set-top boxes in April 2014 and started transmitting ultra-high definition contents to mobile IPTV in May 2014.

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 40 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.

Table of Contents**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, the strengthening of online business models by off-line operators, and the rapid rise of mobile commerce. Recently, due to the widespread use of smartphones and social media, the commercialization of location-based services and the development of big data technology, online to offline (or, O2O) business, which is a concept of attracting customers to offline stores using online and mobile environments, is being highlighted as a new field in the online commerce market industry.

(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

The Company plans to expand its platform ecosystem focusing on its 'Open & Collaboration' motto in operating its commerce business such as 11th Street, Syrup, 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 rapidly growing 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. In Indonesia, an open market platform was successfully launched through a joint venture established in July 2013 with PT XM Axiata Tbk, a wireless telecommunications company in Indonesia. In October 2014, SK Planet and Celcom Axiata Berhad, which is a leading telecommunications service provider in Malaysia, established a joint venture, Celcom Planet, to launch online commerce services tailored to the Malaysian market in the first half of 2015.

Table of Contents

Syrup is a consumer-oriented commerce service and its goal is to minimize its customers' time and efforts while maximizing the economic benefits provided by providing information about coupons and events based on time, place and occasion. To achieve this goal, Syrup combines location-based services, such as geo-fencing, a virtual perimeter technology using a global positioning system (or, GPS) and Bluetooth Low Energy (or, BLE), with big data analysis of consumption patterns. Syrup's business partners can benefit from cost-effective marketing through Syrup by utilizing statistics and analysis regarding consumers' frequency of visits, preferred products, and consumption patterns.

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 38 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.

(2) Location-based services

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 19.52 million as of December 31, 2014, 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 23.44 million subscribers and cumulative downloads of 2.5 billion as of December 31, 2014, solidifying its leadership position in the application market and plans to widen its services to tablets and navigation devices. The Company intends to further develop T Store 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 a market share of 29.4% in the instant messenger market in Korea with 5 million net users during December 2014. The Company's Internet search portal service, Nate, had a page-view market share of 5.1% as of December 31, 2014. (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.

Table of Contents**2. Major Products & Services****A. Updates on Major Products and Services**

(Unit: in millions of Won and percentages)

Business	Major Companies	Item	Major Trademarks	Consolidated Sales Amount (ratio)
Wireless	SK Telecom Co., Ltd., PS&Marketing Co., Ltd., Service Ace Co., Ltd., Network O&S Co., Ltd.	Mobile communication service, wireless data service, ICT service	T and others	13,527,881 (79%)
Fixed-line	SK Broadband Co., Ltd., SK Telink Co., Ltd.	Fixed-line phone, high speed Internet, data and network lease service	B tv , 00700 international call, 7Mobile and others	2,449,920 (14%)
Other	SK Planet Co., Ltd , SK Communications Co., Ltd., Iriver Inc. M&Service Co., Ltd.,	Internet portal service and e-commerce	OK Cashbag, NATE, T Store, T-Map Navigation and others	1,185,997 (7%)
Total				17,163,798 (100%)

[Wireless Business]

In the past, based on the Company's standard monthly subscription plan, the basic service fee was 13,000 per month and the usage fee was 20 per 10 seconds (daytime calls) and based on the Company's standard monthly subscription plan, the basic service fee was 12,000 per month and the usage fee was 18 per 10 seconds. As of December 31, 2014, based on the Company's standard monthly subscription plan, the basic service fee was 11,000 and the usage fee was 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, 2014, broadband Internet and TV services comprised 50.4% of SK Broadband's revenue, telephony service 21.5%, corporate data services 26.6% and other telecommunications services 1.5%. 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.

[Other Business]

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

Business	Item	Major Trademarks
Platform	ICT services, new media services, advertisement services, telecommunications sales,	Syrup, T Store, 11th Street, T Map, Hoppin,

	e-commerce and others	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

Table of Contents**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	2014	Network, systems and others	Capacity increase and quality improvement; systems improvement	21,000	21,447	
Total					21,000	21,447	

B. Future Investment Plan

(Unit: in 100 millions of Won)

Business	Expected investment amount		Expected investment for each year			Investment effect
	Asset type	Amount	2015	2016	2017	
Network/Common	Network, systems and others	20,000	20,000	To be determined	To be determined	Upgrades to the existing services and expanded provision of services including wideband LTE-A
Total		20,000	20,000	To be determined	To be determined	

[Fixed-line Business]**A. Investment in Progress**

In 2014, the Company has increased the amount of capital investments by 25.2 billion compared to the same period in 2013 due to an increase in the number of subscribers and in order to expand its B2B coverage in advance of the revenue growth expected in the second half of 2014. The Company expects to continue to make investments to expand its customer base for future growth such that the total amount of capital investments in 2015 will be similar to that of 2014.

(Unit: in 100 millions of Won)

Business	Classification	Investment period	Subject of investment	Investment effect	Total investment amount	Amount already invested	Future investment
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High-speed Internet				Expand subscriber networks and facilities	1,137	
Telephone					67	
Television					1,362	
Corporate Data	Upgrade/ New installation	For the year ended December 31, 2014	Backbone and subscriber network / others	Increase leased-line and integrated information system	6,014	To be determined
Others				Expand networks and required space	2,490	
					958	
Total					6,014	6,014

4. Revenues

(Unit: in millions of Won)

				For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012*
Business	Sales type	Item				
Wireless	Services	Mobile communication	Export	6,773	2,526	14,202
			Domestic	13,521,108	13,313,006	13,204,702
			Subtotal	13,527,881	13,315,532	13,218,904
Fixed-line	Services	Fixed-line, B2B data, High-speed Internet, TV	Export	63,608	28,002	29,883
			Domestic	2,386,312	2,296,387	2,163,978
			Subtotal	2,449,920	2,324,389	2,193,861
Other	Services	Display and Search ad., Content	Export	20,798	14,049	4,698
			Domestic	1,165,199	948,084	723,946
			Subtotal	1,185,997	962,133	728,644
Total			Export	91,179	44,577	48,783
			Domestic	17,072,619	16,557,477	16,092,626
			Total	17,163,798	16,602,054	16,141,409

* Revenue for the year ended December 31, 2012 has been retroactively revised to reflect the effect of discontinued operations resulting from the sale of Loen Entertainment.

Table of Contents

(Unit: in millions of Won)

For the year ended December 31, 2014	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
Total sales	15,248,039	3,119,845	1,884,784	20,252,668	(3,088,870)	17,163,798
Internal sales	1,720,158	669,925	698,787	3,088,870	(3,088,870)	
External sales	13,527,881	2,449,920	1,185,997	17,163,798		17,163,798
Operating income (loss)	1,754,433	80,423	(9,751)	1,825,105		1,825,105
Profit (loss) for the period						2,253,828
Total assets	23,451,471	3,434,020	3,202,833	30,088,324	(2,149,091)	27,941,233
Total liabilities	9,626,724	2,172,454	924,683	12,723,861	(30,898)	12,692,963

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, 2014 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
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
Oct. 29, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk	Cross currency swap	Korea Development Bank and others	Oct. 29, 2013 Oct. 26, 2018
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$86,338,000)	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, 2014, 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	Accumulated gain (loss) on valuation of derivatives	Tax effect	Fair value		Trading purposes	Total
			Cash flow hedge Foreign currency translation gain (loss)	Others ^(*1)		
Non-current assets:						
Convertible option ^(*2) (face amounts of 100 million)					8,713	8,713
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of US\$400,000,000)	(40,360)	(12,886)	(17,545)	129,806		59,015
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of US\$300,000,000)	8,895		(6,588)			2,307
Total assets						70,035
Non-current liabilities:						
Fixed-to-fixed cross currency swap						
(Swiss Franc denominated bonds face value of CHF 300,000,000)	(8,725)	(2,786)	(29,993)			(41,504)
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of US\$700,000,000)	(22,903)	(7,312)	6,058			(24,157)
Fixed-to-fixed cross currency swap						
(Australia dollar denominated bonds face value of AUD 300,000,000)	2,588	826	(65,496)			(62,082)
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of US\$300,000,000)	(4,369)	(1,395)	4,668			(1,096)
Fixed-to-fixed cross currency swap						
(U.S. dollar denominated bonds face value of US\$86,338,000)	(4,439)	(1,417)	3,806			(2,050)
Total liabilities						(130,889)

- (*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 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
Purchase	SK Planet Co., Ltd.	January 1, 2014	January 1, 2015	2014 SK Planet B2B Strategic Product #1 T map	2,545
Purchase	SK C&C Co., Ltd.	April 1, 2014	December 31, 2014	2014 IT Academy IT Service Management Contract (SK C&C)	1,462
Purchase	SK Planet Co., Ltd.	January 1, 2014	January 1, 2015	2014 SK Planet B2B Strategic Product #2 T freemium	1,001
Purchase	SK Planet Co., Ltd.	January 1, 2014	January 1, 2015	2014 SK Planet B2B Biz ASP #5 Voice/Messaging VAS (Color Ring, etc.)	545
Purchase	SK Planet Co., Ltd.	March 1, 2014	February 1, 2015	2014 T Membership Program Management Contract (March 2014 January 2015)	529
Real Estate	Individuals	January 1, 2014	December 31, 2014	Purchase of land (Daegu Dalsung region and 25 others)	237
Construction	UbiNS Co., Ltd.	December 23, 2014	December 31, 2015	2014 B2B GOP Unmanned Security System Installation in eastern Korea	166
Goods	Comtec Systems Co., Ltd.	June 25, 2014	June 19, 2014	2014 B2B ROK Air Force Base Command/Maintenance Wireless Network System Installation (Terminal)	103
Equipment	SeAH Networks Co., Ltd.	June 19, 2014	December 19, 2014	2014 B2B ROK Air Force Base ALU TD-LTE Wireless Network Equipment	100
Service	SK Planet Co., Ltd.	July 1, 2014	December 31, 2014	X-Life Service Development, 1 st stage	52
Real Estate	SK Broadband Co., Ltd.	February 1, 2015	January 31, 2016	Namsan Office Building Lease Contract	52
Subtotal					6,792

[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		Automatically renewed for two years at a time unless specific amendments are requested
KEPCO	Provision of electric facilities	From Nov. 2014 to Oct. 2015	Use of electricity poles
Seoul City Railway	Use of telecommunication line conduits	From Jan. 2012 to Dec. 2014	Use of railway telecommunication conduit
Busan Transportation Corporation	Use of telecommunication line conduits	From July 2009 to July 2013 (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)
Gwangju City Railway	Use of telecommunication line conduits	From Sep. 2010 to Dec. 2012 (Renewal in progress)	Use of railway telecommunication conduit (Service lease)

* Renewal is in progress after negotiation of lower usage fees.
[SK Communications]

Counterparty	Purpose	Contract Period	Contract Amount
Daum Kakao Corp.	Cost-per-click Internet search advertisement		Amount determined based on the number of clicks

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

7. R&D Investments

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

(Unit: in millions of Won except percentages)

Category	For the year ended December 31,			Remarks
	2014	2013	2012	
Raw material	530	38	42	
Labor	71,224	79,865	59,050	

Depreciation	176,975	158,158	163,295
Commissioned service	67,802	22,923	62,399
Others	81,221	102,668	61,546
Total R&D costs	397,752	363,652	346,332
Sales and administrative expenses	390,943	352,385	304,557
Accounting			
Development expenses (Intangible assets)	6,809	11,267	41,775
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)	2.32%	2.19%	2.12%

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.

Table of Contents

B. Business-related Intellectual Property

[SK Telecom]

The Company holds 5,099 Korean-registered patents, 339 U.S.-registered patents, 225 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 925 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 411 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, 2014, SK Planet held 2,502 registered patents, 112 registered design marks, 1,219 registered trademarks and one copyright (including those held jointly with other companies) in Korea. It also holds 103 U.S.-registered patents, 86 Chinese-registered patents, 58 Japanese-registered patents, 24 E.U.-registered patents (all including patents held jointly with other companies) and 272 registered trademarks, along with a number of other intellectual property rights, in other countries.

[SK Communications]

As of December 31, 2014, SK Communications held 75 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.

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

Below is the summary consolidated financial information of the Company as of and for the years ended December 31, 2014, 2013 and 2012. The Company's audited consolidated financial statements as of and for the years ended December 31, 2014 and 2013, which are prepared in accordance with K-IFRS, are attached hereto.

	(Unit: in millions of Won except number of companies)		
	As of	As of	As of
	December 31, 2014	December 31, 2013	December 31, 2012
Assets			
Current Assets	5,083,148	5,123,415	5,294,421
Cash and Cash Equivalents	834,429	1,398,639	920,125
Accounts Receivable Trade, net	2,392,150	2,257,316	1,954,920
Accounts Receivable Other, net	690,527	643,603	582,098
Others	1,166,042	823,857	1,837,278
Non-Current Assets	22,858,085	21,453,100	20,301,138
Long-Term Investment Securities	956,280	968,527	953,712
Investments in Associates and Joint Ventures	6,298,088	5,325,297	4,632,477
Property and Equipment, net	10,567,701	10,196,607	9,712,719
Intangible Assets, net	2,483,994	2,750,782	2,689,658
Goodwill	1,917,595	1,733,261	1,744,483
Others	634,427	478,626	568,089
Total Assets	27,941,233	26,576,515	25,595,559
Liabilities			
Current Liabilities	5,420,310	6,069,220	6,174,895
Non-Current Liabilities	7,272,653	6,340,738	6,565,882
Total Liabilities	12,692,963	12,409,958	12,740,777
Equity			
Equity Attributable to Owners of the Parent Company	14,506,739	13,452,372	11,854,777
Share Capital	44,639	44,639	44,639
Capital Surplus (Deficit) and Other Capital Adjustments	277,998	317,508	(288,883)
Retained Earnings	14,188,591	13,102,495	12,124,657
Reserves	(4,489)	(12,270)	(25,636)
Non-controlling Interests	741,531	714,185	1,000,005
Total Equity	15,248,270	14,166,557	12,854,782
Total Liabilities and Equity	27,941,233	26,576,515	25,595,559
Number of Companies Consolidated	40	28	32

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

	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012*
Operating Revenue	17,163,798	16,602,054	16,141,409
Operating Income	1,852,105	2,011,109	1,730,049
Profit Before Income Tax	2,253,828	1,827,101	1,519,368
Profit for the Period	1,799,320	1,609,549	1,115,663
Profit for the Period Attributable to Owners of the Parent Company	1,801,178	1,638,964	1,151,705
Profit for the Period Attributable to Non-controlling Interests	(1,858)	(29,415)	(36,042)
Basic Earnings Per Share ()	25,154	23,211	16,525
Diluted Earnings Per Share ()	25,154	23,211	16,141

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

Table of Contents**B. Summary Financial Information (Separate)**

Below is the summary separate financial information of the Company as of and for the years ended December 31, 2014, 2013 and 2012. The Company's audited separate financial statements as of and for the years ended December 31, 2014 and 2013, which have been prepared in accordance with K-IFRS, are attached hereto.

	(Unit: in millions of Won)		
	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
Assets			
Current Assets	2,689,913	2,817,782	2,589,699
Cash and Cash Equivalents	248,311	448,459	256,577
Accounts Receivable Trade, net	1,559,281	1,513,138	1,407,206
Accounts Receivable Other, net	305,990	388,475	383,048
Others	576,331	467,710	542,868
Non-Current Assets	20,022,549	20,009,637	19,659,803
Long-Term Investment Securities	608,797	729,703	733,893
Investments in Subsidiaries and Associates	8,181,769	8,010,121	7,915,547
Property and Equipment, net	7,705,906	7,459,986	7,119,090
Intangible Assets, net	1,928,169	2,239,167	2,187,872
Goodwill	1,306,236	1,306,236	1,306,236
Others	291,672	264,424	397,165
Total Assets	22,712,462	22,827,419	22,249,502
Liabilities			
Current Liabilities	3,378,046	4,288,07	4,343,086
Non-Current Liabilities	5,792,195	5,223,938	5,529,368
Total Liabilities	9,170,241	9,512,011	9,872,454
Equity			
Share Capital	44,639	44,639	44,639
Capital Surplus and Other Capital Adjustments	433,894	433,894	(236,160)
Retained Earnings	12,996,790	12,665,699	12,413,981
Reserves	66,898	171,176	154,588
Total Equity	13,542,221	13,315,408	12,377,048
Total Liabilities and Equity	22,712,462	22,827,419	22,249,502

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

	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
Operating Revenue	13,012,644	12,860,379	12,332,719
Operating Income	1,737,160	1,969,684	1,675,388
Profit Before Income Tax	1,321,750	1,220,797	1,546,719
Profit for the Period	1,028,541	910,157	1,242,767
Basic Earnings Per Share ()	14,262	12,837	17,832
Diluted Earnings Per Share ()	14,262	12,837	17,406

Table of Contents**2. Other Matters Related to Financial Information****A. Restatement of the Financial Statements**

During the year ended December 31, 2013, SK Planet sold 13,924,369 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. 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. See note 39 of the notes to our consolidated financial statements for more information relating to the restatement.

B. Allowance for Doubtful Accounts**(1) Allowance for Doubtful Accounts of Trade and Other Receivables**

(Unit: in millions of Won)

For the year ended December 31, 2014

Allowance for Doubtful

	Gross amount	Accounts	Percentage
Accounts receivable trade	2,682,595	221,909	8%
Loans	157,934	27,694	18%
Accounts receivable other	772,711	78,588	10%
Accrued income	10,134		0%
Guarantee deposits	289,009		0%
Total	3,912,383	328,191	8%

(Unit: in millions of Won)

For the year ended December 31, 2013

Allowance for Doubtful

	Gross amount	Accounts	Percentage
Accounts receivable trade	2,495,155	224,685	9%
Loans	164,306	27,469	17%
Accounts receivable other	715,405	71,802	10%
Accrued income	11,970	29	0%
Guarantee deposits	252,148		0%
Total	3,638,984	323,985	9%

(Unit: in millions of Won)

For the year ended December 31, 2012

Allowance for Doubtful

	Gross amount	Accounts	Percentage
Accounts receivable trade	2,181,317	213,020	10%
Loans	184,424	30,218	16%

Accounts receivable other	639,387	57,288	9%
Accrued income	8,857	142	2%
Guarantee deposits	236,674		0%
Total	3,250,659	300,668	9%

(2) Movements in Allowance for Doubtful Accounts of Trade and Other Receivables

	(Unit: in millions of Won)		
	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
Beginning balance	323,985	300,668	318,821
Increase of allowance for doubtful accounts	63,697	79,330	82,500
Reversal of allowance for doubtful accounts		(359)	(5,902)
Write-offs	(89,529)	(76,697)	(111,611)
Other	30,039	21,042	16,861
Ending balance	328,191	323,985	300,668

Table of Contents**(3) Policies for Allowance for Doubtful Accounts**

The Company establishes allowances for doubtful accounts based on the likelihood of recoverability of trade and other receivables based on their aging at the end of the period and past customer default experience for the past two years. With respect to trade receivables relating to wireless telecommunications services, the Company considers the likelihood of recovery based on past customer default experience and the length of default in connection with the type of default (e.g., whether the customer's service has been terminated or is continued). For such trade receivables that have been overdue for more than two years after the customer's service has been terminated, the Company records an allowance of 100% of such receivables and for such trade receivables that have been overdue for less than two years after the customer's service has been terminated or relates to a customer that is continuing his service, the Company records an allowance of a certain percentage of such receivable. Consistent with customary practice, the Company writes off trade and other receivables for which the prescription period has passed or that are determined to be impossible or economically too costly to collect, including receivables that are less than 200,000 and more than six months overdue and receivables that have been determined to be the subject of identity theft.

(4) Aging of Accounts Receivable

		For the year ended December 31, 2014				Total
		Six months or less	From six months to one year	From one year to three years	More than three years	
Accounts receivable	trade	2,130,594	100,031	173,488	278,482	2,682,595
Percentage		79.4%	3.7%	6.5%	10.4%	100.0%

C. Inventories**(1) Detailed Categories of Inventories**

Account Category	(Unit: in millions of Won)		
	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
Merchandise	246,738	161,928	228,856
Goods in transit			
Other inventories	20,929	15,192	13,290
Total	267,667	177,120	242,146
Percentage of inventories to total assets			
[Inventories / Total assets]	0.96%	0.67%	0.95%
Inventory turnover	7.55	6.20	9.85

[Cost of sales / { (Beginning
balance of inventories + Ending
balance of inventories) / 2 }]

(2) Reporting of Inventories

The Company holds handsets, ICT equipment for offline sales, etc. in inventory. The Company conducts physical due diligence of its inventories with its auditors at the end of each year.

D. Fair Value Measurement

See notes from 4(5) to 4(7) and 4(16) of the notes to our consolidated financial statements for more information.

Table of Contents**E. Issuance of Debt Securities****(1) Issuance of Debt Securities
[SK Telecom]**

as of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Face amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
SK Telecom	Commercial Paper (CP)	Private	Feb. 13, 2012	200,000	3.450	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Feb. 22, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	Apr. 27, 2012	300,000	3.460	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 24, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	May. 7, 2012	200,000	3.460	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 13, 2012	Paid	Woori Bank, HI Investment & Securities
SK Telecom	CP	Private	May. 14, 2012	300,000	3.460	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 26, 2012	Paid	Shinhan Bank, Shinhan Investment, HI Investment & Securities, KTB Investment & Securities
SK Telecom	CP	Private	May. 25, 2012	200,000	3.420	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 13, 2012	Paid	Shinhan Investment, HI Investment & Securities
SK Telecom	CP	Private	May. 25, 2012	300,000	3.450	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 26, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	Jun. 26, 2012	100,000	3.430	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jul. 26, 2012	Paid	Shinhan Investment
SK Telecom	CP	Private	Jun. 29, 2012	100,000	3.430	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jul. 26, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	Jul. 2, 2012	400,000	3.450	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors	Aug. 24, 2012	Paid	Samsung Securities, HI Investment & Securities, KTB Investment &

					Service Co., Ltd.)				Securities
Telecom CP	Private	Aug. 6, 2012	100,000	3.120	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 14, 2012	Paid		Hanyang Securities
Telecom CP	Private	Aug. 10, 2012	400,000	3.080	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 14, 2012	Paid		Shinhan Bank, Shinha Investment, HI Investment & Securities KTB Investment & Securities
Telecom CP	Private	Aug. 31, 2012	300,000	3.100	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 26, 2012	Paid		Samsung Securities
Telecom CP	Private	Sep. 3, 2012	100,000	3.080	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 26, 2012	Paid		Hanwha Investment & Securities
Telecom CP	Private	Sep. 10, 2012	70,000	3.630	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 14, 2012	Paid		Shinhan Bank

Table of Contents

As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Face amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
SK Telecom	CP	Private	Sep. 14, 2012	570,000	3.120	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 28, 2012	Paid	Woori Bank, Shinhan Bank, Samsung Securities, Hanyang Securities, HI Investment & Securities, KTB Investment & Securities
SK Telecom	CP	Private	Oct. 2, 2012	300,000	3.150	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Oct. 12, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	Oct. 4, 2012	100,000	3.110	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Oct. 12, 2012	Paid	Hanwha Investment & Securities
SK Telecom	CP	Private	Oct. 31, 2012	100,000	2.890	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 27, 2012	Paid	Samsung Securities
SK Telecom	CP	Private	Nov. 6, 2012	500,000	2.860	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 27, 2012	Paid	Shinhan Bank, Samsung Securities, Hanwha Investment & Securities, Korea Investment & Securities
SK Telecom	CP	Private	Nov. 13, 2012	400,000	2.860	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Nov. 26, 2012	Paid	Shinhan Bank, Samsung Securities, Hanyang Securities, KTB Investment & Securities
SK Telecom	CP	Private	Dec. 6, 2012	200,000	2.860	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 28, 2012	Paid	Shinhan Bank, Hanwha Investment & Securities
SK Telecom	CP	Private	Dec. 21, 2012	60,000	2.980	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 14, 2013	Paid	Samsung Securities
SK Telecom	CP	Private	Dec. 27, 2012	20,000	3.050	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 25, 2013	Paid	Hanwha Investment & Securities
SK Telecom	CP	Private	Dec. 27, 2012	50,000	3.100	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 29, 2013	Paid	Samsung Securities
	CP	Private		500,000	2.880			Paid	

SK Telecom			Jan. 4, 2013			A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Feb. 15, 2013		Hanwha Investment & Securities, Samsung Securities, Shinhan Bank
SK Telecom	CP	Private	Jan. 10, 2013	300,000	2.860	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 24, 2013	Paid	Hanwha Investment & Securities, Samsung Securities, Shinhan Bank, Hanyang Securities
SK Telecom	CP	Private	Feb. 6, 2013	500,000	2.820	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Feb. 26, 2013	Paid	Hanwha Investment & Securities, Samsung Securities, Shinhan Bank
SK Telecom	CP	Private	Feb. 14, 2013	300,000	2.820	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 15, 2013	Paid	Samsung Securities
SK Telecom	CP	Private	Feb. 15, 2013	200,000	2.810	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 15, 2013	Paid	Hanwha Investment & Securities, Hanyang Securities, Shinhan Bank
SK Telecom	CP	Private	Feb. 26, 2013	500,000	2.800	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 27, 2013	Paid	Hanwha Investment & Securities, Samsung Securities, Hanyang Securities

Table of Contents

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Face amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
SK Telecom	CP	Private	Apr. 1, 2013	400,000	2.780	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Apr. 25, 2013	Paid	KTB Investment & Securities
SK Telecom	CP	Private	Apr. 4, 2013	200,000	2.810	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Apr. 23, 2013	Paid	Samsung Securities
SK Telecom	CP	Private	Apr. 15, 2013	500,000	2.820	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 24, 2013	Paid	Hanwha Investment & Securities, Shinhan Bank, Hanyang Securities
SK Telecom	CP	Private	Apr. 25, 2013	500,000	2.940	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 26, 2013	Paid	Samsung Securities, KTB Investment & Securities
SK Telecom	CP	Private	Jul. 1, 2013	200,000	2.700	A1(Korea Investors Service, Inc., Korea Ratings, NICE	Jul. 17, 2013	Paid	Hanwha Investment & Securities, Hanyang Securities, Shinhan Bank

						Investors Service Co., Ltd.)			
SK Telecom	CP	Private	Sep. 5, 2013	200,000	2.640	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 16, 2013	Paid	KTB Investment & Securities, Hanyang Securities
SK Telecom	CP	Private	Oct. 7, 2013	300,000	2.690	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Nov. 26, 2013	Paid	Hanyang Securities
SK Telecom	CP	Private	Nov. 7, 2013	200,000	2.700	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 27, 2013	Paid	KTB Investment & Securities, Shinhan Bank
SK Telecom	CP	Private	Dec. 5, 2013	200,000	2.630	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 27, 2013	Paid	Samsung Securities, Woori Investment Bank
SK Telecom	CP	Private	Dec. 26, 2013	100,000	3.090	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 3, 2014	Paid	Hanyang Securities
SK Telecom	CP	Private	Dec. 27, 2013	100,000	3.090	A1(Korea Investors Service,	Jan. 6, 2014	Paid	Samsung Securities

						Inc., Korea Ratings, NICE Investors Service Co., Ltd.)				
SK Telecom	CP	Private	Jan. 3, 2014	300,000	2.730	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 24, 2014	Paid	Woori Investment Bank, Hanyang Securities	
SK Telecom	CP	Private	Jan. 6, 2014	300,000	2.770	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Feb. 26, 2014	Paid	Samsung Securities, KTB Investment & Securities	
SK Telecom	CP	Private	Jan. 24, 2014	300,000	2.770	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 14, 2014	Paid	Hanyang Securities, Shinhan Bank	
SK Telecom	CP	Private	Feb. 20, 2014	100,000	2.660	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 26, 2014	Paid	KTB Investment & Securities	
SK Telecom	CP	Private	Mar. 6, 2014	100,000	2.670	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Mar. 26, 2014	Paid	Woori Investment Bank	

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SK Telecom	CP	Private	Mar. 6, 2014	100,000	2.730	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Apr. 24, 2014	Paid	Woori Investment Bank
SK Telecom	CP	Private	Mar. 21, 2014	300,000	2.730	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 26, 2014	Paid	Samsung Securities, KTB Investment & Securities

Table of Contents

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Face amount issued	Interest rate	Credit rating	Maturity date	Paid / Outstanding	Underwriter
						(Rating entity)			
SK Telecom	CP	Private	Apr. 4, 2014	200,000	2.660	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Apr. 24, 2014	Paid	Shinhan Bank
SK Telecom	CP	Private	Apr. 4, 2014	100,000	2.690	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 13, 2014	Paid	Hanyang Securities
SK Telecom	CP	Private	Apr. 10, 2014	100,000	2.660	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 15, 2014	Paid	Samsung Securities
SK Telecom	CP	Private	Apr. 15, 2014	100,000	2.680	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 26, 2014	Paid	KTB Investment & Securities
SK Telecom	CP	Private	Apr. 28, 2014	200,000	2.740	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 16, 2014	Paid	Shinhan Bank

						Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)				
SK Telecom	CP	Private	May. 8, 2014	100,000	2.650	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	May. 26, 2014	Paid	Woori Investment Bank	
SK Telecom	CP	Private	Jun. 2, 2014	300,000	2.640	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jun. 26, 2014	Paid	Hanyang Securities, KTB Investment & Securities	
SK Telecom	CP	Private	Jun. 9, 2014	200,000	2.680	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jul. 16, 2014	Paid	Shinhan Bank	
SK Telecom	CP	Private	Jun. 27, 2014	100,000	2.700	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jul. 24, 2014	Paid	Samsung Securities	
SK Telecom	CP	Private	Jun. 27, 2014	100,000	2.700	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jul. 24, 2014	Paid	Woori Investment Bank	

Inc.,
Korea
Ratings,
NICE
Investors
Service
Co., Ltd.)

SK Telecom	CP	Private	Jul. 7, 2014	200,000	2.670	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Aug. 14, 2014	Paid	Shinhan Bank
SK Telecom	CP	Private	Jul. 28, 2014	300,000	2.630	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Aug. 26, 2014	Paid	Hanyang Securities
SK Telecom	CP	Private	Aug. 5, 2014	150,000	2.600	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Aug. 20, 2014	Paid	KTB Investment & Securities
SK Telecom	CP	Private	Aug. 20, 2014	200,000	2.400	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Oct. 24, 2014	Paid	KTB Investment & Securities
SK Telecom	CP	Private	Aug. 25, 2014	200,000	2.370	A1(Korea Investors Service, Inc.,	Sep. 17, 2014	Paid	Hanyang Securities

						Korea Ratings, NICE Investors Service Co., Ltd.)				
SK Telecom	CP	Private	Sep. 1, 2014	300,000	2.370	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Sep. 25, 2014	Paid	Shinhan Bank, BS Securities	
SK Telecom	CP	Private	Sep. 25, 2014	200,000	2.370	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Oct. 24, 2014	Paid	Hanyang Securities	
SK Telecom	CP	Private	Oct. 7, 2014	200,000	2.330	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Oct. 24, 2014	Paid	Shinhan Bank, Samsung Securities	

Table of Contents

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Face amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
SK Telecom	CP	Private	Nov. 6, 2014	200,000	2.010	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Nov. 26, 2014	Paid	Shinyoung Securities
SK Telecom	CP	Private	Dec. 1, 2014	200,000	2.090	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 16, 2014	Paid	Shinhan Bank, Woori Investment Bank
SK Telecom	CP	Private	Dec. 12, 2014	250,000	2.250	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Dec. 26, 2014	Paid	KTB Investment & Securities, Shinyoung Securities, Shinhan Bank
SK Telecom	CP	Private	Dec. 30, 2014	100,000	2.370	A1(Korea Investors Service, Inc., Korea Ratings, NICE Investors Service Co., Ltd.)	Jan. 15, 2015	Outstanding	Shinhan Bank
SK Telecom	Hybrid securities	Private	Jun. 7, 2013	400,000	4.210	U-AA+ (Korea Ratings)	Jun. 7, 2073	Outstanding	Daewoo Securities
SK Telecom	Corporate bonds	Public	Jun. 12, 2012	341,529	1.750	A3/A-/A- (Moody s, S&P, Fitch)	Jun. 12, 2017	Outstanding	CS, BNP, Barclays

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SK Telecom	Corporate bonds	Public	Aug. 28, 2012	170,000	3.240	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Aug. 28, 2019	Outstanding	Shinhan Investment
SK Telecom	Corporate bonds	Public	Aug. 28, 2012	140,000	3.300	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Aug. 28, 2022	Outstanding	Shinhan Investment
SK Telecom	Corporate bonds	Public	Aug. 28, 2012	90,000	3.450	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Aug. 28, 2032	Outstanding	Shinhan Investment
SK Telecom	Corporate bonds	Public	Nov. 1, 2012	710,080	2.130	A3/A-/A- (Moody s, S&P, Fitch)	May. 1, 2018	Outstanding	MS, ML, CS, HSBC, UBS, DB, CITI, RBS, Barclays, Nomura
SK Telecom	Corporate bonds	Public	Jan. 17, 2013	286,578	4.750	A3/A-/A- (Moody s, S&P, Fitch)	Nov. 17, 2017	Outstanding	BNP
SK Telecom	Corporate bonds	Public	Apr. 23, 2013	230,000	3.030	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Apr. 23, 2023	Outstanding	Daewoo Securities
SK Telecom	Corporate bonds	Public	Apr. 23, 2013	130,000	3.220	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Apr. 23, 2033	Outstanding	Daewoo Securities
SK Telecom	Corporate bonds	Public	May. 14, 2014	50,000	3.300	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	May. 14, 2019	Outstanding	Shinhan Investment, Daewoo Securities
SK Telecom	Corporate bonds	Public	May. 14, 2014	150,000	3.640	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	May. 14, 2024	Outstanding	Shinhan Investment, Daewoo Securities

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SK Telecom	Corporate bonds	Public	May. 14, 2014	53,909	4.730	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	May. 14, 2029	Outstanding	Shinhan Investment, Daewoo Securities
SK Telecom	Corporate bonds	Public	May. 14, 2014	53,885	4.720	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	May. 14, 2029	Outstanding	Shinhan Investment, Daewoo Securities
SK Telecom	Corporate bonds	Public	Oct. 28, 2014	160,000	2.526	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Oct. 28, 2019	Outstanding	Shinhan Investment, Korea Investment & Securities
SK Telecom	Corporate bonds	Public	Oct. 28, 2014	150,000	2.658	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Oct. 28, 2021	Outstanding	Shinhan Investment, Korea Investment & Securities
SK Telecom	Corporate bonds	Public	Oct. 28, 2014	190,000	2.818	AAA(Korea Investors Service, Inc., Korea Ratings, Nice)	Oct. 28, 2024	Outstanding	Shinhan Investment, Korea Investment & Securities
SK Telecom	Corporate bonds	Private	Mar. 7, 2013	329,760	Libor+ 0.88%	A3/A-/A- (Moody s, S&P, Fitch)	Mar. 7, 2020	Outstanding	DBS
Total				19,705,741					

Table of Contents**[SK Broadband]**

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Amount issued	Interest rate	Credit rating	Maturity date	Paid / Outstanding	Underwriter
						(Rating entity)			
SK Broadband	CP	Private	Jan. 6, 2012	100,000	3.670	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Mar. 29, 2012	Paid	
SK Broadband	CP	Private	Apr. 16, 2012	50,000	3.500	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Jun. 29, 2012	Paid	
SK Broadband	CP	Private	Feb. 21, 2013	20,000	2.790	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Mar. 8, 2013	Paid	
SK Broadband	CP	Private	Feb. 21, 2013	73,000	2.790	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Mar. 25, 2013	Paid	
SK Broadband	CP	Private	Feb. 21, 2013	120,000	2.790	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	May. 22, 2013	Paid	
SK Broadband	CP	Private	May. 21, 2013	60,000	2.690	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Aug. 20, 2013	Paid	
SK Broadband	CP	Private	Aug. 19, 2013	30,000	2.660	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Dec. 17, 2013	Paid	
SK Broadband	CP	Private	Sep. 12, 2013	50,000	2.700	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Dec. 3, 2013	Paid	
SK Broadband	CP	Private	Jan. 15, 2014	20,000	2.630	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Jan. 24, 2014	Paid	
SK Broadband	CP	Private	Jan. 15, 2014	20,000	2.740	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 16, 2014	Paid	

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SK Broadband	CP	Private	Jan. 16, 2014	20,000	2.740	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 16, 2014	Paid
SK Broadband	CP	Private	Mar. 4, 2014	30,000	2.700	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Mar. 10, 2014	40,000	2.700	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Mar. 11, 2014	40,000	2.700	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Mar. 12, 2014	90,000	2.710	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Mar. 14, 2014	50,000	2.700	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Mar. 20, 2014	40,000	2.670	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 3, 2014	Paid
SK Broadband	CP	Private	Apr. 15, 2014	40,000	2.710	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Jul. 15, 2014	Paid
SK Broadband	CP	Private	Apr. 15, 2014	30,000	2.740	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Sep. 30, 2014	Paid
SK Broadband	CP	Private	Jul. 14, 2014	40,000	2.660	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Oct. 14, 2014	Paid
SK Broadband	CP	Private	Aug. 29, 2014	30,000	2.380	A1(Korea Ratings, Korea Investors Service, Inc., NICE)	Nov. 18, 2014	Paid
SK Broadband	CP	Private	Oct. 13, 2014	40,000	2.290	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Feb. 10, 2015	Outstanding

Table of Contents

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
SK Broadband	CP	Private	Nov. 17, 2014	31,000	2.160	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Apr. 17, 2015	Outstanding	
SK Broadband	Corporate bonds	Public	Jan. 19, 2012	110,000	4.090	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Jan. 19, 2015	Outstanding	Samsung Securities
SK Broadband	Corporate bonds	Public	Jan. 19, 2012	110,000	4.140	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Jul. 19, 2015	Outstanding	Samsung Securities
SK Broadband	Corporate bonds	Public	Jan. 19, 2012	100,000	4.280	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Jan. 19, 2017	Outstanding	Samsung Securities
SK Broadband	Corporate bonds	Public	Oct. 12, 2012	130,000	3.140	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Oct. 12, 2015	Outstanding	KB Investment & Securities
SK Broadband	Corporate bonds	Public	Oct. 12, 2012	120,000	3.270	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Oct. 12, 2017	Outstanding	KB Investment & Securities
SK Broadband	Corporate bonds	Public	Oct. 29, 2013	329,760	2.875	BBB+(S&P, Fitch)	Oct. 29, 2018	Outstanding	Barclays, HSBC, Deutsche Bank
SK Broadband	Corporate bonds	Public	Apr. 2, 2014	80,000	3.054	AA-(Korea Investors Service, Inc., NICE)	Oct. 2, 2016	Outstanding	KB Investment & Securities, Woori Investment & Securities, Daishin Securities
SK Broadband	Corporate bonds	Public	Apr. 2, 2014	210,000	3.488	AA-(Korea Investors Service, Inc., NICE)	Apr. 2, 2019	Outstanding	KB Investment & Securities, Woori Investment & Securities, Daishin Securities
SK Broadband	Corporate bonds	Public	Sep. 29, 2014	130,000	2.762	AA-(Korea Ratings, Korea Investors Service, Inc., NICE)	Sep. 29, 2019	Outstanding	Korea Investment & Securities, Shinhan Investment
Total				2,383,760					

Table of Contents**[SK Telink]**

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Amount issued	Interest rate	Credit rating	Maturity date	Paid / Outstanding	Underwriter
						(Rating entity)			
SK Telink	CP	Private	May. 26, 2014	5,000	2.920	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Aug. 25, 2014	Paid	BS Securities
SK Telink	CP	Private	May. 28, 2014	5,000	2.920	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Aug. 27, 2014	Paid	Dongbu Securities
SK Telink	CP	Private	May. 28, 2014	5,000	2.920	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Aug. 27, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Feb. 27, 2014	10,000	2.920	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	May. 26, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Apr. 29, 2014	10,000	2.880	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Jul. 28, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	May. 26, 2014	10,000	2.920	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Aug. 25, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Jun. 26, 2014	10,000	2.880	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Sep. 25, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Jul. 28, 2014	10,000	2.690	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Oct. 27, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Aug. 22, 2014	10,000	2.550	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Nov. 21, 2014	Paid	Hyundai Securities
SK Telink	Electronic short-term bonds	Private	Aug. 22, 2014	10,000	2.570	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Nov. 21, 2014	Paid	Dongbu Securities
SK Telink	Electronic short-term bonds	Private	Aug. 22, 2014	5,000	2.570	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Nov. 21, 2014	Paid	BS Securities
SK Telink	Electronic short-term bonds	Private	Oct. 29, 2014	20,000	2.350	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Jan. 28, 2015	Outstanding	BS Securities
SK Telink	Electronic short-term bonds	Private	Oct. 29, 2014	5,000	2.350	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	Jan. 28, 2015	Outstanding	Hanyang Securities
SK Telink		Private		10,000	2.360			Outstanding	BS Securities

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	Electronic short-term bonds		Nov. 20, 2014			A2+ (Korea Ratings, Feb. 17, 2015 Korea Investors Service, Inc., NICE)			
SK Telink	Electronic short-term bonds	Private	Nov. 20, 2014	10,000	2.320	A2+ (Korea Ratings, Dec. 29, 2014 Korea Investors Service, Inc., NICE)	Paid	Hanyang Securities	
Total				135,000					

[PS&Marketing]

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Amount issued	Interest rate	Credit rating	Maturity date	Paid / Outstanding	Underwriter
						(Rating entity)			
PS&Marketing	Corporate bonds	Private	May. 29, 2014	10,000	3.120	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	May. 29, 2015	Outstanding	SK Securities
PS&Marketing	Corporate bonds	Private	May. 29, 2014	10,000	3.238	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	May. 29, 2016	Outstanding	SK Securities
PS&Marketing	Corporate bonds	Private	May. 29, 2014	20,000	3.480	A2+ (Korea Ratings, Korea Investors Service, Inc., NICE)	May. 29, 2017	Outstanding	SK Securities
Total				40,000					

Table of Contents**[Iriver]**

(As of December 31, 2014)

(Unit: in millions of Won and percentages)

Issuer	Securities type	Offer type	Date issued	Amount issued	Interest rate	Credit rating (Rating entity)	Maturity date	Paid / Outstanding	Underwriter
Iriver	Corporate bonds*	Private	Dec. 23, 2014	5,000	1.000		Dec. 23, 2019	Outstanding	
Total				5,000					

* Convertible bonds issued to SK Telecom

(2) Outstanding Balance of Commercial Paper
[SK Telecom]

(As of December 31, 2014)

(Unit: in millions of Won)

Remaining maturity		10 days or less	Over 10 days but not more than 30 days	Over 30 days but not more than 90 days	Over 90 days but not more than 180 days	Over 180 days but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years	Total
	Publicly offered									
Outstanding balance	Privately offered		100,000							100,000
Total			100,000							100,000

[SK Broadband]

(As of December 31, 2014)

(Unit: in millions of Won)

Remaining maturity		10 days or less	Over 10 days but not more than 30 days	Over 30 days but not more than 90 days	Over 90 days but not more than 180 days	Over 180 days but not more than 1 year	Over 1 year but not more than 2 years	Over 2 years but not more than 3 years	Over 3 years	Total
	Publicly offered									

Outstanding balance	Privately offered	40,000	31,000	71,000
	Total	40,000	31,000	71,000

[SK Telink, PS&Marketing]

None.

(3) Outstanding Balance of Electronic Short-Term Bonds
[SK Telink]

(As of December 31, 2014)

(Unit: in millions of Won)

		10 days or less	Over 10 days but not more than 30 days	Over 30 days but not more than 90 days	Over 90 days but not more than 180 days	Over 180 days but not more than 1 year	Total	Maximum amount issuable	Remaining amount issuable
Remaining maturity									
	Publicly offered								
Outstanding balance	Privately offered		25,000	10,000			35,000	100,000	65,000
	Total		25,000	10,000			35,000	100,000	65,000

[SK Telecom, SK Broadband, PS&Marketing]

None.

Table of Contents**(4) Outstanding Balance of Corporate Bonds
[SK Telecom]**

(As of December 31, 2014)

(Unit: in millions of Won)

Remaining maturity		1 year or less	Over 1 year but not more than 2 years	Over 2 year but not more than 3 years	Over 3 year but not more than 4 years	Over 4 year but not more than 5 years	Over 5 year but not more than 10 years	Over 10 years	Total
Outstanding balance	Publicly offered	200,000	580,000	603,156	969,440	380,000	1,050,000	770,045	4,552,641
	Privately offered						329,760		329,760
	Total	200,000	580,000	603,156	969,440	380,000	1,379,760	770,045	4,882,401

[SK Broadband]

(As of December 31, 2014)

(Unit: in millions of Won)

Remaining maturity		1 year or less	Over 1 year but not more than 2 years	Over 2 year but not more than 3 years	Over 3 year but not more than 4 years	Over 4 year but not more than 5 years	Over 5 year but not more than 10 years	Over 10 years	Total
Outstanding balance	Publicly offered	350,000	80,000	220,000	329,760	340,000			1,319,760
	Privately offered								
	Total	350,000	80,000	220,000	329,760	340,000			1,319,760

[SK Telink]

(As of December 31, 2014)

(Unit: in millions of Won)

Remaining maturity		1 year or less	Over 1 year but not more than 2 years	Over 2 year but not more than 3 years	Over 3 year but not more than 4 years	Over 4 year but not more than 5 years	Over 5 year but not more than 10 years	Over 10 years	Total
Outstanding balance	Publicly offered		10,000						10,000
	Privately offered								
	Total		10,000						10,000

[PS&Marketing]

(As of December 31, 2014)

(Unit: in millions of Won)

		Over 1 year but not more than 1 year or less	Over 2 year but not more than 2 years	Over 3 years but not more than 3 years	Over 4 years but not more than 4 years	Over 5 years but not more than 5 years	Over 10 years but not more than 10 years	Over 10 years or more	Total
Remaining maturity									
Outstanding balance	Publicly offered								
	Privately offered	10,000	10,000	20,000					40,000
	Total	10,000	10,000	20,000					40,000

[Iriver]

(As of December 31, 2014)

(Unit: in millions of Won)

		Over 1 year but not more than 1 year or less	Over 2 year but not more than 2 years	Over 3 years but not more than 3 years	Over 4 years but not more than 4 years	Over 5 years but not more than 5 years	Over 10 years but not more than 10 years	Over 10 years or more	Total
Remaining maturity									
Outstanding balance	Publicly offered								
	Privately offered					5,000			5,000
	Total					5,000			5,000

Table of Contents(5) Outstanding Balance of Hybrid Securities
[SK Telecom]

(As of December 31, 2014)

(Unit: in millions of Won)

		Over 1 year but not more than 1 year or less	Over 5 year but not more than 5 years	Over 10 year but not more than 10 years	Over 15 year but not more than 15 years	Over 20 year but not more than 20 years	Over 30 year but not more than 30 years	Over 30 years	Total
Remaining maturity	Publicly offered								
Outstanding balance	Privately offered							400,000	400,000
	Total							400,000	400,000

(6) Outstanding Balance of Contingent Convertible Bonds

(As of December 31, 2014)

(Unit: in millions of Won)

		Over 1 year but not more than 1 year or less	Over 2 year but not more than 2 years	Over 3 year but not more than 3 years	Over 4 year but not more than 4 years	Over 5 year but not more than 5 years	Over 10 year but not more than 10 years	Over 20 year but not more than 20 years	Over 30 year but not more than 30 years	Over 30 years	Total
Remaining maturity	Publicly offered										
Outstanding balance	Privately offered										
	Total										

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

Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.

2. Audit Opinion (Consolidated)

Period	Auditor s opinion	Issues noted
Year ended December 31, 2014	Unqualified	N/A
Year ended December 31, 2013	Unqualified	N/A
Year ended December 31, 2012	Unqualified	N/A

3. Auditor (Separate)

Year ended December 31, 2014	Year ended December 31, 2013	Year ended December 31, 2012
KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.	KPMG Samjong Accounting Corp.

4. Audit Opinion (Separate)

Period	Auditor s opinion	Issues noted
Year ended December 31, 2014	Unqualified	N/A
Year ended December 31, 2013	Unqualified	N/A
Year ended December 31, 2012	Unqualified	N/A

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

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

Fiscal Year	Auditors	Contents	Fee	Total number of hours accumulated for the fiscal year
--------------------	-----------------	-----------------	------------	--

Year ended December 31, 2014	KPMG Samjong Accounting Corp.	Semi-annual review	1,280,000	14,019
		Quarterly review		
		Separate financial statements audit		
		Consolidated financial statements audit		
		English financial statements review and other audit task		
Year ended December 31, 2013	KPMG Samjong Accounting Corp.	Semi-annual review	1,250,000	17,796
		Quarterly review		
		Separate financial statements audit		
		Consolidated financial statements audit		
		English financial statements review and other audit task		
Year ended December 31, 2012	KPMG Samjong Accounting Corp.	Semi-annual review	1,220,000	19,583
		Quarterly review		
		Separate financial statements audit		
		Consolidated financial statements audit		
		English financial statements review and other audit task		

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

(Unit: in millions of Won)

Period	Contract date	Service provided	Service duration	Fee
Year ended December 31, 2014	March 18, 2014	Due diligence of assets	March 18-April 2, 2014	50
	March 28, 2014	Tax advice	May 28-September 23, 2014	42
	May 28, 2014	Review revised tax laws	June 12-July 14, 2014	22
Year ended December 31, 2013	N/A			
Year ended December 31, 2012	N/A			

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 and pursued a shift in the competitive paradigm by launching innovative products and services. As part of this effort, the Company has launched new services such as T Phone, Unlimited Membership, and T Kids Phone to meet the sophisticated needs of customers and enhance customer value and solidified its leadership in LTE technology by commercializing its tri-band LTE-A service.

The Company has also achieved visible success in the three growth areas of B2B solutions, IP TV and healthcare. 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 strengthened the foundation of its healthcare business. In 2014, the Company established the SK Telecom Healthcare R&D Center in Shenzhen, China and acquired Neos Networks and Iriver to create further growth opportunities through convergence and overseas expansion.

The Company's operating revenue, on a consolidated basis, was 17,163.8 billion for the year ended December 31, 2014, a 3.4% increase from 2013 due to an increase in the number of LTE subscribers and an increase in the number of LTE subscribers that subscribe to more expensive fixed-rate plans that feature a higher data transmission allowance. The Company's operating income, on a consolidated basis, was 1,825.1 billion for the year ended December 31, 2014, a 9.2% decrease from 2013 due to heightened competition during the first half. For the year ended December 31, 2014, the Company's EBITDA (as further explained below) and profit for the year were 4,716.7 billion and 1,799.3 billion, respectively.

In 2014, the Company's capital expenditures, on a separate basis, were 2.1 trillion, which is in line with 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 2014 were 9,400 per common share, which include interim dividends of 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, 2014	As of December 31, 2013	Change from 2013 to 2014	Percentage Change from 2013 to 2014
Total Assets	27,941	26,577	1,364	5.1%
Current Assets	5,083	5,123	(40)	-0.8%
Cash and Marketable Securities ⁽¹⁾	1,298	1,765	(467)	-26.5%
Non-Current Assets	22,858	21,453	1,405	6.5%
Property and Equipment and Investment Property	10,583	10,212	371	3.6%
Intangible Assets and Goodwill	4,402	4,484	(82)	-1.8%
Long-term Financial Instruments, Long-term Investment Securities and Investment in Associates	7,255	6,302	953	15.1%
Total Liabilities	12,693	12,410	283	2.3%
Current Liabilities	5,420	6,069	(649)	-10.7%
Short-term Borrowings	367	260	107	41.2%
Current Portion of Long-term Debt	784	1,269	(485)	-38.2%
Non-Current Liabilities	7,273	6,341	932	14.7%
Debentures and Long-term Borrowings, Excluding Current Portion	5,799	5,010	789	15.7%
Total Equity	15,248	14,167	1,081	7.6%
Interest-bearing Financial Debt ⁽²⁾	6,792	6,356	436	6.9%
Debt-to-Equity Ratio ⁽³⁾	44.5%	44.9%	-0.4%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, 2014, SK Telecom's assets comprised 81% of the Company's assets, on a consolidated basis.

The Company's current assets as of December 31, 2014 decreased 0.8% from the end of the previous year, primarily due to a decrease in cash flow from SK Telecom and various subsidiaries, which was partially offset by an increase in accounts receivable and inventories due to the acquisition of the retail distribution business of SK Networks by PS&Marketing. Non-current assets as of December 31, 2014 increased 6.5% from the end of the previous year, primarily due to the Company's investments in its LTE network and an increase in the value of SK Hynix shares.

B. Liabilities

As of December 31, 2014, SK Telecom's liabilities comprised 72% of the Company's liabilities, on a consolidated basis.

The Company's current liabilities as of December 31, 2014 decreased 10.7% 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, 2014 increased 14.7% from the end of the previous year mainly due to the debentures issued by SK Telecom and its subsidiaries.

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

(Unit: in billions of Won, except percentages)

	For the year ended December 31, 2014	For the year ended December 31, 2013	Change from 2013 to 2014	Percentage Change from 2013 to 2014
Operating Revenue	17,164	16,602	562	3.4%
Operating Expense	15,339	14,591	748	5.1%
Operating Income	1,825	2,011	(186)	-9.2%
Operating Margin	10.6%	12.1%	-1.5%p	
Net Other Income (Loss)	429	(184)	613	333.0%
Profit Before Income Tax	2,254	1,827	427	23.4%
Profit for the Year	1,799	1,610	189	11.7%
Net Margin	10.5%	9.7%	0.8%p	
Profit for the Year Attributable to Owners of the Parent Company	1,801	1,639	162	9.9%
Profit for the Year Attributable to Non-controlling Interests	(2)	(29)	27	93.1%
EBITDA(1)	4,717	4,831	(114)	-2.4%
EBITDA Margin	27.5%	29.1%	-1.6%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, 2014 increased 3.4% from the previous year, primarily due to an expansion of LTE services, growth in new business areas, the acquisition of SK Network's retail distribution business by PS&Marketing and growth of SK Telecom's subsidiaries.

B. Operating Profit

The Company's operating income for the year ended December 31, 2014 decreased 9.2% from the previous year, primarily due to an increase marketing expenses attributable to heightened competition to acquire LTE subscribers.

C. Operating Expense

(Unit: in billions of Won, except percentages)

	For the year ended December 31,	For the year ended December 31,	Change from 2013 to 2014	Percentage Change from 2013 to 2014
--	--	--	--------------------------------	--

	2014	2013		
Labor Cost	1,660	1,561	99	6.3%
Commissions Paid	5,693	5,499	194	3.5%
Advertising	416	394	22	5.6%
Depreciation and Amortization ⁽¹⁾	2,892	2,820	72	2.6%
Network Interconnection	997	1,044	(46)	-4.5%
Leased Line Fees	211	242	(31)	-12.8%
Frequency License Fees	188	207	(18)	-8.7%
Cost of Products that have been Resold	1,680	1,300	380	29.2%
Others	1,602	1,524	78	5.1%
Total Operating Expense	15,339	14,591	748	5.1%

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

Labor cost for the year ended December 31, 2014 increased 6.3% from the previous year primarily due to an increase in the number of employees resulting from the new business acquisitions. Commissions paid for the year ended December 31, 2014 increased 3.5% from the previous year primarily due to an increase in marketing expenses resulting from LTE market competition. Depreciation and amortization expenses increased 2.6% from the previous year mainly due to an increase in capital expenditures by the Company for its LTE network and an increase in amortization expenses for its frequency licenses.

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

	For the year ended December 31, 2014	For the year ended December 31, 2013	Change from 2013 to 2014	Percentage Change from 2013 to 2014
Subscribers (thousands)	28,613	27,352	1,261	4.6%
Net Increase	2,527	391	2,136	546%
Activations	7,835	7,755	80	1.0%
Deactivations	5,308	7,364	(2,056)	-27.9%
Monthly Churn Rate (%)	1.96%	2.3%	-0.34%p	
Average Subscribers (thousands)	27,981	27,121	860	3.2%
Smartphone Subscribers	19,495	18,286	1,209	6.6%
LTE Subscribers	16,737	13,487	3,250	24.1%

The number of LTE subscribers as of December 31, 2014 was 16.74 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 2015. The number of smartphone subscribers as of December 31, 2014 was 19.50 million and constituted 68.1% 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 ()	36,100	34,551	1,549	4.5%

* 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 2014, the increase in LTE subscribers led to an increase in average revenue per subscriber to 36,100, a 4.5% increase compared to the previous year.

6. Guidance for Fiscal Year 2015

The Company announced the following guidance for fiscal year 2015 during its earnings release conference call on January 29, 2015.

1. Operating revenue (consolidated): 17.9 trillion
2. SK Telecom's capital expenditures (separate): 2.0 trillion
3. Cash dividends: The Company will consider buying back shares or increasing the interim dividend and plans to decide on the level of cash dividends in a flexible manner, taking into consideration various factors such as the Company's investment plans and cash flow.

Table of Contents

7. Liquidity

As of December 31, 2014, the Company's debt-to-equity ratio (as calculated based on the interest-bearing financial debt) was 44.5% compared to 44.8% as of December 31, 2013. The net debt-to-equity ratio (as calculated based on the interest-bearing financial debt minus cash and marketable securities) was 36.0% and 32.4% at the end of 2014 and 2013, respectively. Interest coverage ratio (EBITDA / interest expense) was 14.6 and 15.3 at the end of 2014 and 2013, respectively. The Company continues to have sufficient liquidity.

8. Financing

As of December 31, 2014, the Company's aggregate interest bearing debt amounted to 6,792 billion, comprising long-term and short-term borrowings, debentures and current portion of long-term borrowings, which increased by 6.9% from 6,356 billion as of December 31, 2013. The decrease during the previous fiscal year 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 2014.

Table of Contents**VI. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS****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 six members: four independent directors and two inside directors. Within the Board, there are five committees: Independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

(As of March 20, 2015)

Total number of persons	Inside directors	Independent directors
6	Dong Hyun Jang, Dae Sik Cho	Jae Hyeon Ahn, Dae Shick Oh, Jae Hoon Lee, Jay Young Chung

At the 31th General Meeting of Shareholders held on March 20, 2015, Dong Hyun Jang was elected as an inside director.

B. Significant Activities of the Board of Directors

Meeting	Date	Agenda	Approval
		Financial statements as of and for the year ended December 31, 2013	Approved as proposed
361st (the 1st meeting of 2014)	February 6, 2014	Annual business report as of and for the year ended December 31, 2013	Approved as proposed
		Report of internal accounting management	
		Report for the period after the fourth quarter of 2013	
362nd (the 2nd meeting of 2014)	February 20, 2014	2014 transaction of goods, services and assets with SK Planet Co., Ltd.	Approved as proposed
			Approved as proposed

Rights offering by PS&Marketing Co., Ltd.

Approved as proposed

Convocation of the 30th General Meeting of Shareholders

Evaluation results of internal accounting management system

363rd (the 3rd meeting of 2014)	March 21, 2014	Election of the chief executive officer	Approved as proposed
		Election of the chairman of the Board of Directors	Approved as proposed
		Election of committee members	Approved as proposed
		Financial transactions with affiliated company (SK Securities)	Approved as proposed
		Provision of funds for management of the 2014 SUPEX meetings	Approved as proposed
364th (the 4th meeting of 2014)	April 24, 2014	Transaction of goods relating to B Box with SK Broadband	Approved as proposed
		Bond offering	Approved as proposed
		Financial transactions with affiliated company (SK Securities)	Approved as proposed
365th (the 5th meeting of	June 24, 2014	Report for the period after the first quarter of 2014	
		Financial transactions with affiliated company (SK Securities)	Approved as proposed

2014)

Payment of interim dividends

Approved as proposed

366th

(the 6th
meeting of
2014)

July 24, 2014

Financial results for the first six months of 2014

Report for the period after the second quarter of 2014

Table of Contents

Meeting	Date	Agenda	Approval
367th (the 7th meeting of 2014)	September 24, 2014	Transaction of services with SK (China) Management Co., Ltd.	Approved as proposed
		Bond offering	Approved as proposed
		Transactions of corporate bonds with affiliated company (SK Securities)	Approved as proposed
		Financial transactions with affiliated company (SK Securities)	Approved as proposed
368th (the 8th meeting of 2014)	October 23, 2014	Investment to provide financial support to Tianlong	Approved as proposed
369th (the 9th meeting of 2014)	November 27, 2014	Report for the period after the third quarter of 2014	
		Transaction plan with SK Forest Co., Ltd. for 2015	Approved as proposed
		Lease of SUPEX Center	Approved as proposed
		Customer center management service contract for 2015	Approved as proposed
		Agreement of joint management of business jet	Approved as proposed
370th (the 10th meeting of 2014)	December 19, 2014	Evaluation results of compliance and its effectiveness	
		Management Plan for 2015	Approved as proposed
		Investment to promote growth of Iriver	Approved as proposed

Transaction of goods, services and assets with SK Planet Co., Ltd. in 2015

Approved as proposed

Plan of resale of fixed-line services of SK Broadband in 2015

Approved as proposed

Base station maintenance contract for 2015

Approved as proposed

Contract renewal for use of the SK brand

Approved as proposed

Financial transactions with affiliated company (SK Securities)

Approved as proposed

Transactions of corporate bonds with affiliated company (SK Securities)

Approved as proposed

371st (the 1st meeting of 2015)	February 5, 2015	Financial statements as of and for the year ended December 31, 2014	Approved as proposed
		Annual business report as of and for the year ended December 31, 2014	Approved as proposed
		Bond offering	Approved as proposed
		Lease contract of Namsan office building with SK Broadband	Approved as proposed
		Report of internal accounting management	

Report for the period after the fourth quarter of 2014			
372nd		Convocation of the 31st General Meeting of Shareholders	Approved as proposed
(the 2nd meeting of 2015)	February 24, 2015		
		Report of internal accounting management	
		Election of the representative director	Approved as proposed
		Election of the chairman of the Board of Directors	Approved as proposed
		Election of committee members	Approved as proposed
373rd			Approved as proposed
(the 3rd meeting of 2014)	March 20, 2015	Financial transactions with affiliated company (SK Securities)	Approved as proposed
		Comprehensive exchange of shares with SK Broadband	Approved as proposed
		Disposal of treasury shares	Approved as proposed

- * The line items that do not show approval are for reporting purposes only.
- * The terms of Rak Young Uhm and Jae Ho Cho ended on March 21, 2014.

C. Committees within Board of Directors

(1) Committee structure (as of March 20, 2015)

(a) Compensation Review Committee

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

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

Table of Contents

(b) Capex Review Committee

Total number of persons	Inside Directors	Members		Task
		Independent Directors		
4		Jae Hoon Lee, Jay Young Chung, Dae Shick Oh, Jae Hyeon Ahn	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		Jae Hyeon Ahn, Jay Young Chung, Dae Shick Oh		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		Members		Task
of persons	Inside Directors	Independent Directors		
3	Dong Hyun Jang	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	Inside Directors	Members		Task
		Independent Directors		
3		Dae Shick Oh, Jae Hoon Lee, 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 three independent directors, Dae Shick Oh, Hyun Chin Lim, Jae Hyeon Ahn.

Major activities of the Audit Committee as of March 20, 2015 are set forth below.

Meeting	Date	Agenda	Approval
The 1st meeting of 2014	February 5, 2014	Evaluation of internal monitoring controls based on the opinion of the members of the Audit Committee	Approved as proposed
		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	
The 2nd meeting of 2014	February 19, 2014	Report on the IFRS audit of fiscal year 2013	Approved as proposed
		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

Approved as proposed

Service contract with SK Wyverns for 2014

Approved as proposed

Service contract with SKTCH

Approved as proposed

Construction of fixed-line and wireless networks in 2014

Table of Contents

Meeting	Date	Agenda	Approval
The 3rd meeting of 2014	March 20, 2014	Transactions with SK C&C Co., Ltd. in the second quarter of 2014	Approved as proposed
		Election of chairman Dae Shick Oh	Approved as proposed
		Purchase of maintenance, repair and operations items from Happynarae Co., Ltd.	Approved as proposed
The 4th meeting of 2014	April 23, 2014	Construction of fixed-line and wireless network facilities for 2014	Approved as proposed
			Approved as proposed
		Remuneration for outside auditor for fiscal year 2014	
			Approved as proposed
The 5th meeting of 2014	June 25, 2014	Outside auditor service plan for fiscal year 2014	
		Audit plan for fiscal year 2014	
		Transactions with SK C&C Co., Ltd. in the third quarter of 2014	Approved as proposed
The 6th meeting of 2014	July 23, 2014	Energy reduction business contract with SK Broadband Co., Ltd.	Approved as proposed
		Construction of fixed-line and wireless network facilities for 2014	Approved as proposed
		Review of business and audit results for the first half of 2014 and business and audit plans for the second half of 2014	

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The 7th meeting of 2014	September 23, 2014	Transactions with SK C&C Co., Ltd. in the fourth quarter of 2014	Approved as proposed
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Construction of fixed-line and wireless networks in 2014 Approved as proposed

The 8th meeting of 2014	November 11, 2014	Contract for maintenance of optical fiber cables in 2015	Approved as proposed
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Leases of electricity and transmission facilities in 2015 Approved as proposed

Service contract for fixed-line network services in 2015 Approved as proposed

The 9th meeting of 2014	December 18, 2014	Transactions with SK C&C Co., Ltd. in the first quarter of 2015	Approved as proposed
		Service contract with SK Wyverns for 2015	Approved as proposed
		Agency contract for collection of accounts receivable in 2015	Approved as proposed

The 1st meeting of 2014	February 4, 2015	Report of internal accounting management system
----------------------------	---------------------	---

Review of business and audit results for the second half
of 2014 and business and audit plans for 2015

Evaluation of internal monitoring controls based on the
opinion of the members of the Audit Committee

Approved as proposed

Approved as proposed

Service contract with SKTCH

Approved as proposed

Transactions with INFOSEC Co., Ltd. in the first quarter of 2015

Approved as proposed

Engagement of Independent Auditing Firm for 2015 to 2017

Report on the IFRS audit of fiscal year 2014

Report on review of 2014 internal accounting management system

Evaluation of internal accounting management system operation

Approved as proposed

The 2nd
meeting of 2014

February 23,
2015

Agenda and document review for the 31st General Meeting of Shareholders

Approved as proposed

Approved as proposed

Auditor's report for fiscal year 2014

Approved as proposed

Construction of fixed-line and wireless networks in 2015

Approved as proposed

Contract for payment of customer appreciation gifts in 2015

The 3rd
meeting of 2014

March 19,
2015

Transactions with SK C&C Co., Ltd. in the second quarter of 2015

Approved as proposed

Transactions with INFOSEC Co., Ltd. in the second quarter of 2015

Approved as proposed

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.	

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, 2014)

(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	4,000	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	20,368,290	25.23

B. Overview of the Largest Shareholder

SK Holdings Co., Ltd. (SK Holdings) is a holding company in accordance with the Fair Trade Act and as of December 31, 2014, has nine subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK E&C Co., Ltd., SK Shipping 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 and Energy	Publicly Listed
SKC Co., Ltd.	42.3%	254,632	PET Film Manufacturing and Chemical Products	Publicly Listed
SK E&C Co., Ltd.			Infrastructure, Architectural Housing and Plant	
	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%	328,702	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, 2014.

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.

Table of Contents

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, 2014. 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, 2014)

(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 Holdings				Man Won Jung, SK Telecom's CEO, resigned
	March 11, 2011	18,750,490	23.22	Shin Bae Kim, SK C&C's CEO, resigned
	April. 5, 2011	18,749,990	23.22	Dal Sup Shim, an Independent Director, disposed 500 shares
	July 8, 2011	18,750,490	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
	August 5, 2011	18,750,990	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
	January 2, 2014	20,367,290	25.22	Shin Won Chey, SKC's Chairman, purchased 1,000 shares
	March 24, 2014	20,368,290	25.23	Shin Won Chey, SKC's Chairman, purchased 1,000 shares

* 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 June 30, 2014)

(Unit: in shares and percentages)

Rank	Name (title)	Number of shares	Common share ownership ratio	Remarks
-------------	---------------------	-------------------------	-------------------------------------	----------------

1	Citibank ADR	11,237,667	13.92%	
2	SK Holdings	20,363,452	25.22	
3	SK Telecom	9,809,375	12.15	Treasury shares
4	National Pension Service	5,722,692	7.09	
Shareholdings under the Employee Stock Ownership Program		90,597	0.11	

B. Shareholder Distribution

(As of December 31, 2014)

(Unit: in shares and percentages)

Classification	Number of shareholder	Ratio (%)	Number of shares	Ratio (%)	Remarks
Total minority shareholders*	24,713	99.73%	32,509,480	40.26%	

* 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 2014	November 2014	October 2014	September 2014	August 2014	July 2014
Common stock	Highest	286,500	289,500	298,500	298,500	280,500	264,000
	Lowest	268,000	273,500	259,000	279,500	256,500	236,000
Monthly transaction volume		2,928,557	2,473,022	4,872,410	3,359,174	2,711,496	3,399,217

B. Foreign Securities Market

New York Stock Exchange		(Unit: in U.S. dollars and number of American Depositary Receipts)					
Types		December 2014	November 2014	October 2014	September 2014	August 2014	July 2014
Depository Receipt	Highest	28.59	28.91	30.62	31.75	30.31	28.31
	Lowest	27.01	27.64	27.26	30.34	27.76	25.54
Monthly transaction volume		16,388,729	14,654,305	20,408,599	18,808,998	22,036,244	20,283,267

Table of Contents**VIII. EMPLOYEES AND DIRECTORS****1. Employees**

(As of December 31, 2014)

(Unit: in persons and millions of Won)

Classification	Number of employees			Average service year	Aggregate wage for the year 2014	Average wage per person	Remarks
	Regular employees	Contract employees	Others				
Male	3,606	56		13.1	388,001	106	
Female	541	50		11.2	44,351	75	
Total	4,147	106		12.8	432,352	102	

* Based on Section 9-1-2 (Employee Status) of the Corporate Disclosure Guidelines (amended as of February 2015).

2. Compensation of Directors**A. Amount Approved at the Shareholders Meeting**

(As of December 31, 2014)

(Unit: in millions of Won)

Classification	Number of Directors	Aggregate Amount Approved
Directors	8	12,000

B. Amount Paid

(As of December 31, 2014)

(Unit: in millions of Won)

Classification	Number of Directors	Aggregate Amount Paid	Aggregate Amount Paid Per Director
Insider Directors	3	3,102	1,034
Independent Directors*	2	160	80
Audit Committee Members	3	240	80
Total	8	3,502	

3. Individual Compensation of Directors

(As of December 31, 2014)

(Unit: in millions of Won)

Name	Title
------	-------

		Aggregate Amount Paid
Sung Min Ha	Chief Executive Officer and President	1,458
Dong Seob Jee	Head of Strategy & Planning Office	737

Table of Contents**IX. AFFILIATED COMPANIES****1. Capital Investments between Affiliated Companies**

(As of December 31, 2014)

Investing company	Invested companies									
	SK Corporation	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%	42.3%	44.5%	83.1%	
SK Innovation			100.0%	100.0%						
SK Energy										
SK Global Chemical										
SK Networks										
SK Telecom										
SK Chemicals						0.02%		28.3%		
SKC										
SK E&C										
SK Gas										
SK C&C	31.8%									10.0%
SK E&S										
SK Communications										
SK Broadband										
SK D&D										
SK Lubricants										
SK Shipping										
SK Planet										
SK Hynix										
Ko-one Energy										
SK Seentec										
Iriver										
Total affiliated companies	31.8%	33.4%	100.0%	100.0%	25.2%	39.2%	42.3%	72.7%	83.1%	10.0%

Table of Contents**Invested companies**

Investing company	Invested companies							Jeonnam	
	SK E&S	SK Gas	DOPCO	CCE	YN Energy	Ko-one Energy Service	Entis	SK Telink	Busan 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%	100.0%		67.3%	100.0%
SK Communications									
SK Broadband									
SK D&D									
SK Lubricants									
SK Shipping									
SK Planet									
SK Hynix									
Ko-one Energy Service									
SK Seentec		10.0%							
Iriver									
Total affiliated companies	100.0%	55.5%	41.0%	100.0%	100.0%	100.0%	50.0%	83.5%	67.3%

Table of Contents

Investing company	Invested companies										
	Gangwon City Gas	JBES	Jeonbuk Integrated Energy	M & Service	SK Wyverns	Infosed	Happynara	Telesys	Gimcheon Energy Services	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											
SKC								50.6%			
SK E&C											
SK Gas							5.0%				
SK C&C						100.0%	5.0%				
SK E&S	100.0%	100.0%	100.0%						80.0%		
SK Communications											
SK Broadband											
SK D&D											
SK Lubricants											
SK Shipping											
SK Planet				100.0%							
SK Hynix											
Ko-one Energy Service											100.0%
SK Seentec											
Iriver											
Total affiliated companies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	50.6%	80.0%	50.0%	100.0%

Table of Contents

Investing company	Invested companies									
	SK D&D	Natruck	SK Hynix	Speed Motor	Energy	Petrochemical	SK Chemical	SK Planet	SKC Air Gas	SKN service
SK Holdings										
SK Innovation					100.0%					
SK Energy		100.0%								
SK Global Chemical										
SK Networks				100.0%						86.5%
SK Telecom			20.1%					100.0%		
SK Chemicals										
SKC									80.0%	
SK E&C										
SK Gas	43.5%									
SK C&C										
SK E&S										
SK Communications										
SK Broadband										
SK D&D										
SK Lubricants										
SK Shipping										
SK Planet							64.5%			
SK Hynix										
Ko-one Energy Service										
SK Seentec						100.0%				
Iriver										
Total affiliated companies	43.5%	100.0%	20.1%	100.0%	100.0%	100.0%	64.5%	100.0%	80.0%	86.5%

Table of Contents

Investing company	Invested companies									
	Commerce Planet	SKC Solmics Co., SK Initz Ltd.	Broadband	Bioland	PMPS	Marketing	Healthcare	PyongTaek Wirye Energy Service	Wirye Energy Service	
SK Holdings										
SK Innovation										
SK Energy										
SK Global Chemical										
SK Networks										
SK Telecom				50.6%			100.0%			
SK Chemicals		66.0%						44.0%		
SKC			40.9%		23.6%					
SK E&C										
SK Gas										
SK C&C										
SK E&S						100.0%		100.0%	89.5%	
SK Communications										
SK Broadband										
SK D&D										
SK Lubricants										
SK Shipping										
SK Planet	100.0%									
SK Hynix										
Ko-one Energy Service										
SK Seentec										
Iriver										
Total affiliated companies	100.0%	66.0%	40.9%	50.6%	23.6%	100.0%	100.0%	44.0%	100.0%	89.5%

Table of Contents

Investing company	Invested companies									
	Jeju FC	United Guarantee	MKS Forest	SK Lubricants	SK Lighting	SKC Bizen	SK HY ENG	CHYSTECH	Silicon Fibre	SK Biopharmaceuticals
SK Holdings			100.0%							100.0%
SK Innovation				100.0%						
SK Energy	100.0%									
SK Global Chemical										
SK Networks										
SK Telecom										
SK Chemicals										
SKC					100.0%					
SK E&C										
SK Gas										
SK C&C						99.0%				
SK E&S										
SK Communications										
SK Broadband										
SK D&D		100.0%								
SK Lubricants										
SK Shipping										
SK Planet										
SK Hynix							100.0%	100.0%	100.0%	
Ko-one Energy Service										
SK Seentec										
Iriver										
Total affiliated companies	100.0%	100.0%	100.0%	100.0%	100.0%	99.0%	100.0%	100.0%	100.0%	100.0%

Table of Contents

Investing company	Invested companies									
	SK Seentec	Daejeon Pure Water	Gwangju Pure Water	SKW	Television Media Korea	Network O&S	Service Ace	Service Top	SK Pinx	U base Manufacturing Asia
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 Lubricants										100.0%
SK Shipping										
SK Planet						51.0%				
SK Hynix										
Ko-one Energy Service										
SK Seentec Iriver										
Total affiliated companies	100.0%	32.0%	42.0%	90.0%	51.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table of Contents

Investing company	Invested companies										
	Ulsan Aromatics	SK Continental E-Motion Korea	G.Hub Petrochem	SK Incheon Petrochem	SK Trading International	Boryeong LNG Terminal	Neos Networks	SK Encar	Iriver	Iriver CS	SK Advanced
SK Holdings											
SK Innovation		100.0%		100.0%	100.0%						
SK Energy											
SK Global Chemical	50.0%										
SK Networks											
SK Telecom								66.7%	49.0%		
SK Chemicals											
SKC											
SK E&C											
SK Gas			100.0%								65.0%
SK C&C								50.0%			
SK E&S						50.0%					
SK Communications											
SK Broadband											
SK D&D											
SK Lubricants											
SK Shipping											
SK Planet											
SK Hynix											
Ko-one Energy Service											
SK Seentec										100.0%	
Total affiliated companies	50.0%	100.0%	100.0%	100.0%	100.0%	50.0%	66.7%	50.0%	49.0%	100.0%	65.0%

* 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**X. RELATED PARTY TRANSACTIONS****1. Line of Credit Extended to the Largest Shareholder**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details		Accrued	Remarks
			Beginning	Increase/Decrease	Ending interest	
SK Wyverns	Affiliate	Long-term and short-term loans	1,425	204	1,221	

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

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction date	Base date	Transaction	
					items	amount
PS&Marketing	Affiliate	Equity investment	April 2, 2014	As of the date of acquisition	Common shares	100,000
Iriver	Affiliate	Equity investment	December 22, 2014	As of the date of acquisition	Common shares	25,000

B. Acquisition and Sale of Securities

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction date	Base date	Transaction	
					items	amount
Iriver	Affiliate	Securities acquisition	December 22, 2014	As of the date of acquisition	Convertible bonds	5,000

C. Transfer of Assets

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Transferred Assets	Details		Purchase Price	Remarks
			Purpose of Transfer	Date of Transfer		
SK Telesys	Affiliate	Machinery and equipment	Disposition of assets	December 11, 2014	109	

SK Encar		Vehicles and	Disposition	November	
	Affiliate	transportation	of assets	17, 2014	12
Total		equipment			121

D. Transfer of Business

None.

Table of Contents**3. Transactions with the Largest Shareholder**

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Investment	Transaction period	Transaction items	Transaction amount
SK Broadband	Affiliate	Sales/Purchases	January 1, 2014 to December 31, 2014	Interconnection revenue, etc.	703,058
PS&Marketing	Affiliate	Sales/Purchases	January 1, 2014 to December 31, 2014	Marketing commissions, etc.	846,696

4. Related Party Transactions

See note 37 of the notes to our consolidated financial statements for more information regarding related party transactions.

5. 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	Beginning	Change details Increase	Decrease	Accrued Ending interest	Remarks
Seoul E&T and others	Agency	Long-term and short-term loans	84,760	196,738	198,759	82,739	
Daehan Kanggun BCN Inc.	Investee	Long-term loans	22,102	45		22,147	
Wave City Development, Inc.	Investee	Short-term loans	1200			1,200	

Table of Contents**XI. 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, 8,400 per share)
	2. Approval of Remuneration Limit for Directors	Approved
	3. Amendment to Company Regulation on Executive Compensation	Approved (12 billion)
		Approved (Sung Min Ha, Jin Woo So)
	4. Election of directors	Approved (Rak Young Uhm, Jay Young Chung, Jae Ho Cho)
	Election of inside directors	Approved (Jay Young Chung, Jae Ho Cho)
	Election of independent directors	
1st Extraordinary Meeting of	Election of independent directors as Audit Committee members	
	1. Approval of the Spin-off Plan	Approved (Spin-off of SK Planet)

Shareholders of 2011 2. Election of director Approved (Jun Ho Kim)

(August 31, 2011)

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, 8,400 per share)
	2. Amendment to Articles of Incorporation	Approved
	3. Election of directors	Approved (Young Tae Kim)
	Election of an inside director	Approved (Dong Seob Jee)
	Election of an inside director	Approved (Hyun Chin Lim)
	Election of an independent director	Approved (Hyun Chin Lim)
	4. Election of an independent director as Audit Committee member	Approved (12 billion)
	5. Approval of remuneration limit for directors	

29th Fiscal Year Meeting of Shareholders (March 22, 2013)	1. Approval of the financial statements for the year ended December 31, 2012	Approved (Cash dividend, 8,400 per share)
	2. Amendments to Articles of Incorporation	Approved
	3. Election of directors	Approved (Dae Sik Cho)
	Election of an inside director	Approved (Dae Shick Oh)

Approved (Dae Shick Oh)

Election of an independent director

Approved (12 billion)

4. Election of an independent director as
Audit Committee member

5. Approval of remuneration limit for
directors

1. Approval of the financial statements for
the year ended December 31, 2013

Approved (Cash dividend, 8,400 per share)

2. Amendments to Articles of Incorporation

Approved

3. Election of directors

Approved (Sung Min Ha)

Election of an inside director

Approved (Jay Young Chung)

30th Fiscal Year

Meeting of

Shareholders

(March 21, 2014)

Election of an independent director

Approved (Jae Hoon Lee)

Election of an independent director

Approved (Jae Hyeon Ahn)

Election of an independent director

Approved (Jae Hyeon Ahn)

4. Election of an independent director as
Audit Committee member

Approved (12 billion)

5. Approval of remuneration limit for
directors

31st Fiscal Year

Approved (Cash dividend, 8,400 per share)

Meeting of Shareholders (March 20, 2015)	1. Approval of the financial statements for the year ended December 31, 2014	Approved
	2. Amendments to Articles of Incorporation	Approved (Dong Hyun Jang)
	3. Election of directors	Approved (Jae Hoon Lee)
	Election of an inside director	Approved (12 billion)
	4. Election of an independent director as Audit Committee member	
	5. Approval of remuneration limit for directors	

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 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 which ruled in favor of the Company on September 4, 2014. KOMCA filed an appeal at the Supreme Court of Korea, and on January 15, 2015, the Supreme Court of Korea affirmed the Seoul High Court's decision. There is no impact on the Company's business or results of operation as the final outcome of this litigation has been rendered in favor of the Company.

B. Other Matters

None.

[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 Claim	Status
Damages claim against Welcome Savings Bank	March 2014	353,403	Pending before district court
Dispute to dismiss an order to compensate for damages	October 2014	715,121	Pending before district court
Damages claim against Golden Young and others	April 2011	908,166	Pending before appellate court
Total		1,976,690	

(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 Haein Networks Co., Ltd.	March 2013	101,000	Pending before district court
Damages claim by Mag Telecom Co., Ltd. and others	January 2012	606,000	Pending before district court
Damages claim by GT Com Co., Ltd.	March 2014	101,000	Pending before district court
Others		207,861	
Total		1,015,861	

Table of Contents

The Company does not believe that the outcome of any of the proceedings in which SK Broadband is named as a defendant will have a material effect on the Company's financial statements.

B. Other Contingent Liabilities

(1) Pledged assets and covenants

SK Broadband, upon approval by its board of directors, has provided guarantees for financial instruments amounting to 2,071 million to support employees' funding for the Employee Stock Ownership Program.

Additionally, SK Broadband has provided geun mortgage amounting to 14.2 billion to others, including Ilsan Guksa, on a part of its buildings in connection with the leasing of the buildings.

[SK Planet]

A. Material Legal Proceedings

As of December 31, 2014, there was one pending proceeding with SK Planet as the defendant and the aggregate amount of the claim was 78 million. The management cannot reasonably forecast the outcome of this case and no amount in connection with this proceeding was recognized on the Company's financial statements.

B. Other Contingent Liabilities

None.

[SK Communications]

A. Material Legal Proceedings

As of December 31, 2014, the aggregate amount of claims was 2.1 billion. The Company successfully defended some but not all suits relating to a leak of personal information of subscribers of NATE. Relevant proceedings remain pending at various courts in Korea. The management cannot reasonably forecast the outcome of the pending proceedings, and as a result, adjustments were not made in the financial statements of the Company. The Company does not believe that the outcome of any of the proceedings in which SK Communications is named as a defendant will have a material effect on the Company's financial statements.

B. Other Contingent Liabilities

The material payment guarantees provided by third parties to SK Communications as of December 31, 2014 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	863,000
Seoul Guarantee Insurance Company	Support for production and publication of cartoon series	160,000

Table of Contents

[PS&Marketing]

A. Other Contingent Liabilities

Shinhan Bank has provided a payment guarantee of 3 billion for PS&Marketing's purchase of mobile devices from Apple Korea Ltd.

3. Status of sanctions, etc.

[SK Telecom]

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 21,928 million. The Company filed an administrative proceeding to appeal the order and the Seoul High Court ruled against it on October 29, 2014. The Company appealed the decision, and the case is currently pending before the Supreme Court of Korea.

On February 6, 2012, the Company received three penalty points and was imposed a fine of 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 Fair Trade Commission issued correctional orders and imposed fines on the Company and seven affiliated companies for alleged unfair advantage provided to SK C&C, an affiliated company, in services fees for information technology system management and operation. The Company and SK Planet were imposed fines of 25,042 million and 1,349 million, respectively. The Company and the seven affiliated companies appealed the orders and on May 14, 2014, won the suit at the Seoul High Court. The Fair Trade Commission appealed the decision, and the case is currently pending before the Supreme Court of Korea.

On December 24, 2012, the Korea Communications Commission imposed on the Company a fine of 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 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 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 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.

Table of Contents

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 November 15, 2013, the Korea Communications Commission imposed a fine of 676 million and issued a correctional order for limiting termination of telecommunication services. 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 December 2013.

On December 27, 2013, the Korea Communications Commission imposed on the Company a fine of 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 suspended its operations during the period between April 5, 2014 and May 19, 2014, and reported 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 16.65 billion, imposed a suspension on acquiring new customers for 7 days, and issued a correctional order for providing discriminatory subsidies to subscribers. In April 2014, 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 April 2014. The Company suspended acquisition of new customers during the period beginning September 11, 2014 and ending September 17, 2014, and reported to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by September 2014.

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.

On August 21, 2014, the Korea Communications Commission imposed on the Company a fine of 37.1 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 September 2014.

On December 4, 2014, the Korea Communications Commission imposed on the Company a fine of 800 million and issued a correctional order for violating the Mobile Device Distribution Improvement Act. 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 2015.

On March 12, 2015, the Korea Communications Commission imposed on the Company a fine of 934 million and issued a correctional order for violating the Mobile Device Distribution Improvement Act with respect to the

Company's compensation programs for used handsets. The Company plans to pay the fine and implement the improvement of the procedures and report to the Korea Communications Commission on the implementation of actions pursuant to the correctional order by April 2015.

Table of Contents

[SK Broadband]

(1) Violation of the Act on Consumer Protection in Electronic Commerce

Date: July 11, 2014

Subject: SK Broadband

Sanction: SK Broadband received a correctional order (relating to the failure to notify consumers of information relating to cancellations of purchases) and a fine of 1 billion.

Reason and the Relevant Law: Violated Article 13 of the Act on Consumer Protection in Electronic Commerce by not having notified consumers of the procedures for cancellation of purchases for paid IPTV contents.

Status of Implementation: Implemented voluntary improvements to notify consumers of cancellation procedures for such purchase prior to a decision by the Fair Trade Commission.

Company's Plan: Implement the correctional order and pay the fine.

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

Date: June 16, 2014

Subject: SK Broadband

Sanction: SK Broadband was imposed a fine of 3 million.

Reason and the Relevant Law: Violated Articles 59 and 76 of the Act on Facilitation of the Use of Information Network and Protection of Information and Article 76 of the Enforcement Decree of the Act by not having designated proper contacts for the users of telecommunications billing services to raise objections and protect rights and interests of the users and by not having provided the contact information on the Internet or other means of communication.

Status of Implementation: Paid the fine, designated contact persons for user protection of telecommunications billing services, provided contact information on the Company's website, and paid the fine.

Company's Plan: Designate contact persons for user protection of telecommunications billing services and provide contact information to users.

(3) 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. Has distributed information sheets on current terms and conditions to new subscribers since November 25, 2013.

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

Table of Contents

(4) 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.

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.

(5) Violation of accounting rules

Date: December 13, 2012

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of 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.

(6) 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 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.

(7) Violation of accounting rules

Date: January 20, 2012

Subject Company: SK Broadband

Table of Contents

Sanction: SK Broadband was imposed a fine of 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.

Company's Plan: Will improve accounting management system.

(8) Violation of the Telecommunication Business Act

Date: November 23, 2011

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of 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.

(9) 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 15 million and the former officer was imposed a fine of 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.

(10) 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 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.

Table of Contents

Company's Plan: Continue to monitor marketing networks, improve marketing procedures, distribute incentive items directly and reduce incentive items.

4. Important Matters That Occurred After December 31, 2014
[SK Telecom]

On March 20, 2015, the Company's board of directors resolved to enter into a share exchange agreement in connection with the comprehensive exchange of the Company's treasury shares for the issued and outstanding shares of SK Broadband (such transaction, the Share Exchange), excluding the shares of SK Broadband held by the Company as of the date of the Share Exchange, in order to acquire all of the shares of SK Broadband.

Share exchange ratio: 0.0168936 treasury shares of SK Telecom in exchange for one registered common share of SK Broadband

Shares to be exchanged: 2,471,883 registered common shares of SK Telecom

Date of the Share Exchange agreement: March 23, 2015

Record date for the small-scale share swap: April 6, 2015

Date of Board of Directors' meeting for approval of the Share Exchange: May 6, 2015

Date of Share Exchange: June 9, 2015

* The aforementioned schedule is subject to change due to consents or approvals required under applicable laws or based on discussions with relevant institutions. For more information, please refer to the Form 6-K furnished to the U.S. Securities and Exchange Commission (the SEC) on March 20, 2015 and the Form 6-K/A furnished to the SEC on April 8, 2015 as well as our future filings with the SEC to be filed on Form CB.

5. Use of Proceeds

A. Use of Proceeds from Public Offerings

Not applicable.

B. Use of Proceeds from Private Offerings

(As of December 31, 2014)

(Unit: in millions of Won)

Classification	Closing Date	Proceeds	Planned Use of Proceeds	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	

- * 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 135.1 billion in financial expenses 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 converted by noteholders.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SK Telecom Co., Ltd.

(Registrant)

By: /s/ Yong Hwan Lee
(Signature)

Name: Yong Hwan Lee
Title: Senior Vice President

Date: April 20, 2015

Table of Contents

Exhibit 99.1

SK TELECOM CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

Table of Contents

Contents

<u>Independent Auditors Report</u>	Page 1
<u>Consolidated Statements of Financial Position</u>	3
<u>Consolidated Statements of Income</u>	5
<u>Consolidated Statements of Comprehensive Income</u>	6
<u>Consolidated Statements of Changes in Equity</u>	7
<u>Consolidated Statements of Cash Flows</u>	8
<u>Notes to the Consolidated Financial Statements</u>	10

Table of Contents

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 financial statements of SK Telecom Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2014 and 2013 and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Table of Contents

Other Matter

The accompanying consolidated statement of financial position of the Group as of December 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, were audited by us in accordance with the previous auditing standards generally accepted in the Republic of Korea. We did not audit the financial statements of SK Broadband Co.,Ltd., a domestic subsidiary, and an associate whose financial statements represent 21.2% of the Group's consolidated total assets as of December 31, 2013 and 11.7% of the Group's consolidated operating revenue and 33.6% of the Group's profit before income tax for the year then ended. Other auditors audited those financial statements and our report, insofar as it relates to the amounts included for these entities, was based solely on the report of other auditors.

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.

KPMG Samjong Accounting Corp.

Seoul, Korea

February 23, 2015

This report is effective as of February 23, 2015, 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.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2014 and 2013

<i>(In millions of won)</i>	<i>Note</i>	December 31, 2014	December 31, 2013
Assets			
Current Assets:			
Cash and cash equivalents	31,35,36	834,429	1,398,639
Short-term financial instruments	6,31,35,36,37,38	313,068	311,474
Short-term investment securities	9,35,36	280,161	106,068
Accounts receivable trade, net	7,31,35,36,37	2,392,150	2,257,316
Short-term loans, net	7, 35,36,37	74,512	79,395
Accounts receivable other, net	7, 35,36,37	690,527	643,603
Prepaid expenses		134,404	108,909
Derivative financial assets	23, 35,36		10
Inventories, net	8,38	267,667	177,120
Assets classified as held for sale	10	10,510	3,667
Advanced payments and other	7,9, 35,36,37	85,720	37,214
Total Current Assets		5,083,148	5,123,415
Non-Current Assets:			
Long-term financial instruments	6, 35,36,38	631	8,142
Long-term investment securities	9, 35,36	956,280	968,527
Investments in associates and joint ventures	13	6,298,088	5,325,297
Property and equipment, net	14,37,38	10,567,701	10,196,607
Investment property, net	15	14,997	15,811
Goodwill	16	1,917,595	1,733,261
Intangible assets, net	17	2,483,994	2,750,782
Long-term loans, net	7, 35,36,37	55,728	57,442
Long-term accounts receivable other	7,35,36	3,596	
Long-term prepaid expenses	38	51,961	32,008
Guarantee deposits	6,7, 35,36,37	285,144	249,600
Long-term derivative financial assets	23,35,36	70,035	41,712
Deferred tax assets	2,32	25,083	26,322
Other non-current assets	7, 35,36	127,252	47,589
Total Non-Current Assets		22,858,085	21,453,100
Total Assets		27,941,233	26,576,515

See accompanying notes to the consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Financial Position, Continued

As of December 31, 2014 and 2013

<i>(In millions of won)</i>	<i>Note</i>	December 31, 2014	December 31, 2013
Liabilities and Equity			
Current Liabilities:			
Short-term borrowings	18,31,35,36	366,600	260,000
Current installments of long-term debt, net	18,31,35,36	590,714	1,042,276
Current installments of finance lease liabilities	21,31,35,36	3,804	19,351
Current installments of long-term payables other	19,35,36	189,389	206,800
Accounts payable trade	35,36,37	275,495	214,716
Accounts payable other	35,36,37	1,381,850	1,864,024
Withholdings	35,36,37	1,053,063	728,936
Accrued expenses	35,36	952,418	988,193
Income tax payable	32	99,236	112,316
Unearned revenue		327,003	441,731
Derivative financial liabilities	23, 35,36		21,171
Provisions	20	51,075	66,775
Advance receipts	34,35	129,255	102,931
Liabilities classified as held for sale	10	408	
Total Current Liabilities		5,420,310	6,069,220
Non-Current Liabilities:			
Debentures, excluding current installments, net	18,31, 35,36	5,649,158	4,905,579
Long-term borrowings, excluding current installments	18,31, 35,36	149,720	104,808
Long-term payables other	19, 35,36	684,567	838,585
Long-term unearned revenue		19,659	50,894
Finance lease liabilities	21,31, 35,36	26	3,867
Defined benefit liabilities	22	91,587	74,201
Long-term derivative financial liabilities	23, 35,36	130,889	103,168
Long-term provisions	20	36,013	28,106
Deferred tax liabilities	32	444,211	168,825
Other non-current liabilities	35,36	66,823	62,705
Total Non-Current Liabilities		7,272,653	6,340,738
Total Liabilities		12,692,963	12,409,958
Equity			
Share capital	1,24	44,639	44,639
Capital surplus and other capital adjustments	24,25,26	277,998	317,508

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Retained earnings	27	14,188,591	13,102,495
Reserves	28	(4,489)	(12,270)
Equity attributable to owners of the Parent Company		14,506,739	13,452,372
Non-controlling interests		741,531	714,185
Total Equity		15,248,270	14,166,557
Total Liabilities and Equity		27,941,233	26,576,515

See accompanying notes to the consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2014 and 2013

<i>(In millions of won except for per share data)</i>	<i>Note</i>	2014	2013
Continuing operations			
Operating revenue:	<i>5,37</i>		
Revenue		17,163,798	16,602,054
Operating expense:	<i>37</i>		
Labor cost	<i>22</i>	1,659,777	1,561,358
Commissions paid		5,692,680	5,498,695
Depreciation and amortization	<i>5</i>	2,714,730	2,661,623
Network interconnection		997,319	1,043,733
Leased line		399,014	448,833
Advertising		415,857	394,066
Rent		460,309	443,639
Cost of products that have been resold		1,680,110	1,300,375
Other operating expenses	<i>29</i>	1,318,897	1,238,623
		15,338,693	14,590,945
Operating income	<i>5</i>	1,825,105	2,011,109
Finance income	<i>5,31</i>	126,337	113,392
Finance costs	<i>5,31</i>	(386,673)	(571,203)
Gain related to investments in subsidiaries, associates and joint ventures, net	<i>1,5,13</i>	906,338	706,509
Other non-operating income	<i>30</i>	56,279	74,467
Other non-operating expenses	<i>30</i>	(273,558)	(507,173)
Profit before income tax	<i>5</i>	2,253,828	1,827,101
Income tax expense from continuing operations	<i>32</i>	454,508	400,797
Profit from continuing operations		1,799,320	1,426,304
Discontinued operations			
Profit from discontinued operations, net of income taxes	<i>39</i>		183,245
Profit for the year	<i>5</i>	1,799,320	1,609,549
Attributable to:			
Owners of the Parent Company		1,801,178	1,638,964
Non-controlling interests		(1,858)	(29,415)
Earnings per share	<i>33</i>		
Basic earnings per share (in won)		25,154	23,211

Diluted earnings per share (in won)	25,154	23,211
Earnings per share Continuing operations	33	
Basic earnings per share (in won)	25,154	20,708
Diluted earnings per share (in won)	25,154	20,708

See accompanying notes to the consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<i>Note</i>	2014	2013
Profit for the year		1,799,320	1,609,549
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss:			
Remeasurement of defined benefit liabilities	22	(32,942)	5,946
Items that are or may be reclassified subsequently to profit or loss:			
Net change in unrealized fair value of available-for-sale financial assets	28,31	27,267	2,009
Net change in other comprehensive income of investments in associates and joint ventures	13,28	8,187	3,034
Net change in unrealized fair value of derivatives	23,28,31	(45,942)	11,222
Foreign currency translation differences for foreign operations	28	14,944	(3,714)
Other comprehensive income (loss) for the year		(28,486)	18,497
Total comprehensive income		1,770,834	1,628,046
Total comprehensive income attributable to:			
Owners of the Parent Company		1,777,519	1,655,570
Non-controlling interests		(6,685)	(27,524)
<i>See accompanying notes to the consolidated financial statements.</i>			

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(In millions of won)	Controlling interest					Non-controlling interests	Total equity
	Share capital	Capital surplus (deficit) and other capital adjustments	Retained earnings	Reserves	Sub-total		
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) for the year			1,638,964		1,638,964	(29,415)	1,609,549
Other comprehensive income			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 common control		(61,854)			(61,854)		(61,854)
Changes in ownership in subsidiaries		(1,809)			(1,809)	(256,054)	(257,863)
Balance, December 31, 2013	44,639	317,508	13,102,495	(12,270)	13,452,372	714,185	14,166,557
Balance, January 1, 2014	44,639	317,508	13,102,495	(12,270)	13,452,372	714,185	14,166,557
Cash dividends			(666,802)		(666,802)	(170)	(666,972)
Total comprehensive income							
Profit (loss) for the year			1,801,178		1,801,178	(1,858)	1,799,320
Other comprehensive income (loss)			(31,440)	7,781	(23,659)	(4,827)	(28,486)
			1,769,738	7,781	1,777,519	(6,685)	1,770,834
Interest on hybrid bond			(16,840)		(16,840)		(16,840)
						23,667	23,667

Changes in

consolidation scope

Business combination

under common control

(28,641)

(28,641)

(28,641)

Changes in ownership

in subsidiaries

(10,869)

(10,869)

10,534

(335)

Balance, December 31,**2014****44,639****277,998****14,188,591****(4,489)****14,506,739****741,531****15,248,270***See accompanying notes to the consolidated financial statements.*

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<i>Note</i>	2014	2013
Cash flows from operating activities:			
Cash generated from operating activities			
Profit for the year		1,799,320	1,609,549
Adjustments for income and expenses	40	2,978,995	3,275,376
Changes in assets and liabilities related to operating activities	40	(707,333)	(969,870)
Sub-total		4,070,982	3,915,055
Interest received		56,706	64,078
Dividends received		13,048	10,197
Interest paid		(280,847)	(300,104)
Income tax paid		(182,504)	(130,656)
Net cash provided by operating activities		3,677,385	3,558,570
Cash flows from investing activities:			
Cash inflows from investing activities:			
Decrease in short-term financial instruments, net		5,627	186,425
Collection of short-term loans		207,439	290,856
Decrease in long-term financial instruments		2,535	16
Proceeds from disposal of long-term investment securities		65,287	287,777
Proceeds from disposal of investments in associates and joint ventures		7,333	43,249
Proceeds from disposal of property and equipment		25,143	12,579
Proceeds from disposal of intangible assets		10,917	2,256
Proceeds from disposal of assets held for sale		3,667	190,393
Collection of long-term loans		4,454	13,104
Decrease in deposits		8,891	8,509
Proceeds from disposal of other non-current assets		94	683
Proceeds from disposal of subsidiaries			215,939
Sub-total		341,387	1,251,786
Cash outflows for investing activities:			
Increase in short-term investment securities, net		(174,209)	(45,032)
Increase in short-term loans		(202,501)	(279,926)
Increase in long-term loans		(4,341)	(4,050)
Increase in long-term financial instruments		(2,522)	(7,510)
Acquisition of long-term investment securities		(41,305)	(22,141)
Acquisition of investments in associates and joint ventures		(60,020)	(97,366)
Acquisition of property and equipment		(3,008,026)	(2,879,126)
Acquisition of intangible assets		(130,667)	(243,163)

Cash held by disposal group classified as held for sale	(552)	
Increase in deposits	(6,903)	(83,314)
Increase in other non-current assets	(18,233)	(1,830)
Acquisition of business, net of cash acquired	(375,273)	(94,805)
Sub-total	(4,024,552)	(3,758,263)
Net cash used in investing activities	(3,683,165)	(2,506,477)

See accompanying notes to the consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Consolidated Statements of Cash Flows, Continued

For the years ended December 31, 2014 and 2013

<i>(In millions of won)</i>	<i>Note</i>	2014	2013
Cash flows from financing activities:			
Cash inflows from financing activities:			
Increase in short-term borrowings, net		102,868	
Issuance of debentures		1,255,468	1,328,694
Proceeds from long-term borrowings		62,552	105,055
Issuance of hybrid bond			398,518
Cash inflows from settlement of derivatives		200	19,970
Sub-total		1,421,088	1,852,237
Cash outflows for financing activities:			
Decrease in short-term borrowings, net			(340,245)
Repayment of long-term account payables-other		(207,791)	(161,575)
Repayment of debentures		(1,039,938)	(771,976)
Repayment of long-term borrowings		(23,284)	(467,217)
Cash outflows from settlement of derivatives		(6,444)	
Payment of finance lease liabilities		(19,388)	(20,342)
Payment of dividends		(666,802)	(655,946)
Payment of interest on hybrid bond		(16,840)	
Decrease in cash from consolidated capital transaction			(8,093)
Sub-total		(1,980,487)	(2,425,394)
Net cash used in financing activities		(559,399)	(573,157)
Net increase (decrease) in cash and cash equivalents		(565,179)	478,936
Cash and cash equivalents at beginning of the year		1,398,639	920,125
Effects of exchange rate changes on cash and cash equivalents		969	(422)
Cash and cash equivalents at end of the year		834,429	1,398,639

See accompanying notes to the consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

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, 2014, 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	5,722,692	7.09
Institutional investors and other minority stockholders	44,850,192	55.54
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, 2014 and 2013 is as follows:

Subsidiary	Location	Primary business	Ownership (%)	
			Dec. 31, 2014	Dec. 31, 2013
SK Telink Co., Ltd.	Korea	Telecommunication and MVNO service	83.5	83.5
M&Service Co., Ltd.	Korea	Data base and internet website service	100.0	100.0
SK Communications Co., Ltd.	Korea	Internet website services	64.6	64.6
Stonebridge Cinema Fund	Korea	Investment association	56.0	56.0

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Commerce Planet Co., Ltd.	Korea	Online shopping mall operation agency	100.0	100.0
SK Broadband Co., Ltd.	Korea	Telecommunication services	50.6	50.6
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	Korea	Communications device retail business	100.0	100.0
Service Ace Co., Ltd.	Korea	Customer center management service	100.0	100.0
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
Iconcube Holdings, Inc.(*1)	Korea	Investment association	100.0	
Iconcube, Inc.(*1)	Korea	Internet website services	100.0	
SK Planet Co., Ltd.	Korea	Telecommunication service	100.0	100.0
Neosnetworks Co.,Ltd.(*1,2)	Korea	Guarding of facilities	66.7	
IRIVER LIMITED(*1,3)	Korea	Manufacturing digital audio players and other portable media devices.	49.0	
Iriver CS Co., Ltd.(*1)	Korea	After-sales service and logistics agency	100.0	
iriver Enterprise Ltd.(*1)	Hong Kong	Management of Chinese subsidiary	100.0	

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued

(2) List of subsidiaries, Continued

Subsidiary	Location	Primary business	Ownership (%)	
			Dec. 31, 2014	Dec. 31, 2013
iriver America Inc.(*1)	USA	Marketing and sales in North America	100.0	
iriver Inc.(*1)	USA	Marketing and sales in North America	100.0	
iriver China Co., Ltd.(*1)	China	Sales and manufacturing MP3,4 in China	100.0	
Dongguan iriver Electronics Co., Ltd.(*1)	China	Sales and manufacturing e-book in China	100.0	
SK Telecom China Holdings Co., Ltd.	China	Investment association	100.0	100.0
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 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	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
shopkick Management Company, Inc.(*1)	USA	Investment association	95.2	
shopkick, Inc.(*1)	USA	Mileage-based online transaction app development	100.0	

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

(*2) Due to the shareholders' agreement which grants put option to the non-controlling shareholders, this entity is consolidated as a wholly owned subsidiary in the consolidated financial statements (See Note 11).

(*3) Although the Group has less than 50% of the voting rights of IRIVER LIMITED, it is considered to have de facto control since the Group holds significantly more voting rights than any other vote holder or organized group of

vote holders, and the other shareholdings are widely dispersed (See Note 11).

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.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued

(3) Condensed financial information of subsidiaries

Condensed financial information of subsidiaries as of and for the year ended December 31, 2014 is as follows:

(In millions of won)

Subsidiary	Total assets	Total liabilities	Total equity	Revenue	Profit (loss)
SK Telink Co., Ltd.	324,028	184,074	139,954	465,463	13,073
M&Service Co., Ltd.	79,476	37,505	41,971	133,789	7,458
SK Communications Co., Ltd.	176,168	41,987	134,181	93,910	(18,386)
Stonebridge Cinema Fund	11,137	320	10,817		383
Commerce Planet Co., Ltd.	26,078	27,259	(1,193)	64,509	933
SK Broadband Co., Ltd.	3,109,991	1,988,379	1,121,612	2,654,381	4,307
K-net Culture and Contents Venture Fund	21,094	4	21,090		4,920
Fitech Focus Limited Partnership II	19,301		19,301		(2,055)
Open Innovation Fund	21,765		21,765		(6,266)
PS&Marketing Corporation	544,292	336,221	208,071	1,627,217	2,817
Service Ace Co., Ltd.	66,336	37,770	28,566	207,427	3,570
Service Top Co., Ltd.	57,032	36,723	20,309	188,835	3,503
Network O&S Co., Ltd.	71,348	45,770	25,578	211,916	3,823
BNCP Co., Ltd.	6,785	5,887	898	12,869	(1,505)
Iconcube Holdings, Inc.(*1)	1,415	515	900	630	(2,284)
SK Planet Co., Ltd.	2,579,286	746,832	1,832,454	1,512,492	1,593
Neosnetworks Co.,Ltd.	31,633	13,251	18,382	33,302	(1,989)
IRIVER LIMITED(*2)	61,945	14,392	47,553	53,192	2,345
SK Telecom China Holdings Co., Ltd.	37,877	2,335	35,542	12,420	1,058
Shenzhen E-eye High Tech Co., Ltd.	15,566	408	15,158	3,637	(1,143)
SK Global Healthcare Business Group., Ltd.	25,874		25,874		(689)
SK Planet Japan	5,222	1,638	3,584	93	(4,561)
SKT Vietnam PTE. Ltd.	4,242	1,286	2,956		(73)
SK Planet Global PTE. Ltd.	4,215	64	4,151	87	(2,543)
SKP GLOBAL HOLDINGS PTE. LTD.	29,529	11	29,518		(9,716)
SKT Americas, Inc.	42,159	554	41,605	9,100	(5)
SKP America LLC.	297,981	67	297,914		(2,370)
YTK Investment Ltd.	27,944		27,944		(15,259)
Atlas Investment(*3)	66,825	94	66,731		(6,626)

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shopkick Management Company, Inc.	230,925		230,925
shopkick, Inc.	28,216	13,698	14,518

- (*1) The condensed financial information of Iconcube Holdings, Inc. includes financial information of Icon-Cube Co., Ltd., a subsidiary of Iconcube Holdings, Inc.
- (*2) The condensed financial information of IRIVER LIMITED includes financial information of iriver CS Co. Ltd., iriver Enterprise Ltd., iriver America Inc., iriver Inc., iriver China Co., Ltd., and Dongguan iriver Electronics Co., Ltd., subsidiaries of IRIVER LIMITED.
- (*3) 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.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

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, 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.	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.	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(*)	40,218	101	40,117		(8,248)

(*) 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.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued

(4) Changes in subsidiaries

The list of subsidiaries that were newly included in consolidation during the year ended December 31, 2014 is as follows:

Subsidiary	Reason
Neosnetworks Co., Ltd. IRIVER LIMITED Iriver CS Co., Ltd.	The Parent Company acquired ownership interests during the year ended December 31, 2014. (See Note 11)
iriver Enterprise Ltd.	
iriver America Inc.	
iriver Inc.	
iriver China Co., Ltd. Dongguan iriver Electronics Co., Ltd.	Established by spinoff from BNCP Co., Ltd. during the year ended December 31, 2014.
Iconcube Holdings, Inc.	
Iconcube, Inc.	Established by SKP America LLC. during the year ended December 31, 2014.
shopkick Management Company, Inc.	Shopkick Management Company, Inc. acquired ownership interests during the year ended December 31, 2014. (See Note 11)
shopkick, Inc.	

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued

- (5) The information of significant non-controlling interests of the Group as of and for the years ended December 31, 2014 and 2013 are as follows. There were no dividends paid during the years ended December 31, 2014 and 2013 by subsidiaries of which non-controlling interests are significant.

	December 31, 2014	
	SK Communications	
	Co., Ltd.	SK Broadband Co., Ltd.
<i>(In millions of won)</i>		
Ownership of non-controlling interests (%)	35.4	49.4
Current assets	89,135	463,764
Non-current assets	87,033	2,646,227
Current liabilities	(41,252)	(881,886)
Non-current liabilities	(735)	(1,106,493)
Net assets	134,181	1,121,612
Adjustment for fair value		111,561
Net assets of consolidated entities	134,181	1,233,173
Carrying amount of non-controlling interests	47,577	609,638
Revenue	93,910	2,654,381
Profit (loss) for the period	(18,386)	4,307
Amortization of fair value adjustment		(1,916)
Profit (loss) of the consolidated entities	(18,386)	2,391
Total comprehensive income (loss)	530	(10,324)
Profit (loss) attributable to non-controlling interests	(6,519)	1,182
Net cash provided by (used in) operating activities	(5,962)	431,760
Net cash used in investing activities	(17,927)	(599,016)
Net cash provided by financing activities		119,484
Net decrease in cash and cash equivalents	(23,889)	(47,772)

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

1. Reporting Entity, Continued

- (5) The information of significant non-controlling interests of the Group as of and for the years ended December 31, 2014 and 2013 are as follows. There were no dividends paid during the years ended December 31, 2014 and 2013 by subsidiaries of which non-controlling interests are significant., Continued

	December 31, 2013	
	SK Communications	
	Co.,	SK Broadband
<i>(In millions of won)</i>	Ltd.	Co., Ltd.
Ownership of non-controlling interests (%)	35.4	49.4
Current assets	108,100	533,597
Non-current assets	97,692	2,510,752
Current liabilities	(51,868)	(938,385)
Non-current liabilities	(1,887)	(978,336)
Net assets	152,037	1,127,628
Adjustment for fair value		113,478
Net assets of consolidated entities	152,037	1,241,106
Carrying amount of non-controlling interests	53,856	613,560
Revenue	128,272	2,539,366
Profit (loss) for the period	(41,893)	12,306
Amortization of fair value adjustment		(30,977)
Loss of the consolidated entities	(41,893)	(18,671)
Total comprehensive loss	(43,318)	(13,059)
Loss attributable to non-controlling interests	(14,853)	(9,231)
Net cash provided by (used in) operating activities	(22,867)	440,036
Net cash provided by (used in) investing activities	41,788	(329,346)
Net cash provided by (used in) financing activities	19	(129,181)
Net increase (decrease) in cash and cash equivalents	18,940	(18,491)

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

2. Basis of Presentation

(1) Statement of compliance

These consolidated financial statements were prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), as prescribed in the Act on External Audits of Corporations in the Republic of Korea.

The consolidated financial statements were authorized for issuance by the Board of Directors on February 5, 2015, which will be submitted for approval at the shareholders' meeting to be held on March 20, 2015.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the consolidated statements of financial position:

derivative financial instruments are measured at fair value

financial instruments at fair value through profit or loss are measured at fair value

available-for-sale financial assets are measured at fair value

liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

(3) Functional and presentation currency

Financial statements of Group entities within the Group are presented in functional currency and the currency of the primary economic environment in which each entity operates. Consolidated financial statements of the Group are presented in Korean won, which is the Parent Company's functional and presentation currency.

(4) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

1) Critical judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

revenue : Note 4.(22))

consolidation : Note 4.(2))

classification of lease : Note 4.(14))

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

2. Basis of Presentation, Continued

(4) Use of estimates and judgments, Continued

2) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes: allowance for doubtful accounts, estimated useful lives of property and equipment and intangible assets, impairment of goodwill, recognition of provision, measurement of defined benefit obligations, recognition of deferred tax assets (liabilities), and commitments and contingencies.

3) Fair value measurement

Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the finance executive.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Information about assumptions used for fair value measurements are included in Note 36.

(5) Common control transactions

SK Holdings Co., Ltd. (the Ultimate Controlling Entity) is the Ultimate Controlling Entity of the Parent Company because it controls the Parent Company. Accordingly, gains and losses from business acquisitions and dispositions involving entities that are under the control of the Ultimate Controlling Entity are accounted for as common control transactions within equity.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

3. Changes in Accounting Policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 4 to all periods presented in these consolidated financial statements.

The Group has adopted the following amendments to standards with a date of initial application of January 1, 2014.

(1) Offsetting Financial Assets and Financial Liabilities

The Group has adopted amendments to K-IFRS 1032, Offsetting Financial Assets and Financial Liabilities since January 1, 2014. The amendments clarify the meaning of currently has a legally enforceable right of set-off. According to the amendments, the right to set off should not be contingent on a future event, and legally enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments also state that some gross settlement systems would be considered equivalent to net settlement if they eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

There is no material impact of the application of this amendment on the consolidated financial statements.

4. Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements in accordance with K-IFRSs are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for those as described in Note 3.

(1) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group's operating segments have been determined to be each business unit, for which the Group generates separately identifiable financial information that is regularly reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. The Group has three reportable segments which consist of cellular services, fixed-line telecommunication services and others, as described in Note 5. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker does not receive any information about segment assets and liabilities

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(2) Basis of consolidation

(i) Business combination

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control.

Consideration transferred is generally measured at fair value, identical to the measurement of identifiable net assets acquired at fair value. If goodwill incurs as a result of business combination, the Group performs impairment test on an annual basis and recognizes gain from bargain purchases through profit or loss. Acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received excluding costs to issue debt or equity securities recognized based on K-IFRS No. 1032 and 1039.

Consideration transferred does not include the amount settled in relation to the pre-existing relationship and the amount settled in relation to the pre-existing relationship is generally recognized through profit or loss.

Contingent consideration is measured at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. If contingent consideration is not classified as equity, the Group subsequently recognizes changes in fair value of contingent consideration and recognizes through profit or loss.

Entire or certain portion of market-based measure of replacement award for share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer is included in measurement of contingent considerations. Portion of a replacement award that is part of the consideration transferred for the acquiree and the portion that is remuneration for post-combination service is determined by comparing market-based measure of the awards of acquire and replacement awards that is attributable to pre-combination service.

(ii) Non-controlling interests

The Group measure at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets.

Changes in a Controlling Company's ownership interest in a subsidiary that do not result in the Controlling Company losing control of the subsidiary are accounted for as equity transactions.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of an investee begins from the date the Group obtains control of the investee and cease when the Group loses control of the investee.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(2) Basis of consolidation, Continued

(iv) Loss of control

If the Group loses control of a subsidiary, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position and recognizes gain or loss associated with the loss of control attributable to the former controlling interest. Any investment retained in the former subsidiary is recognized at its fair value when control is lost.

(v) Interest in investees accounted for using the equity method

Interest in investees accounted for using the equity method composed of interest in associates and joint ventures. An associate is an entity in which the Group has significant influence, but not control, over the entity's financial and operating policies. A joint venture is a joint arrangement whereby the Group that has joint control of the arrangement have rights to the net assets of the arrangement.

The investment in an associate and a joint venture is initially recognized at cost including transaction costs and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss and changes in equity of the associate or the joint venture after the date of acquisition.

(vi) Intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The Group's share of unrealized gain incurred from transactions with investees accounted for using the equity method are eliminated and unrealized loss are eliminated using the same basis if there are no evidence of asset impairments.

(vii) Business combinations under common control

The assets and liabilities acquired from the combination of entities or business under common control are recognized at the carrying amounts in the ultimate controlling shareholder's consolidated financial statements. The difference between consideration and carrying amount of net assets acquired is added to or subtracted from other capital adjustments.

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(4) Inventories

Inventories are stated at the acquisition cost using the average method. During the period, a perpetual inventory system is used to value inventories, which is adjusted to the physical inventory counts performed at the period end. When the net realizable value of inventories is less than the acquisition cost, the carrying amount is reduced to the net realizable value and any difference is charged to current operations as operating expenses. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(5) Non-derivative financial assets

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

(i) Financial assets at fair value through profit or loss

A financial asset is classified as financial assets are classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

(ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest rate method.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method except for loans and receivables of which the effect of discounting is immaterial.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and

receivables. Subsequent to initial recognition, they are measured at fair value, which changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

(v) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(5) Non-derivative financial assets, Continued

(vi) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group currently has a legally enforceable right to offset the recognized amounts, and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(6) Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(i) Hedge accounting

The Group holds forward exchange contracts, interest rate swaps, currency swaps and other derivative contracts to manage interest rate risk and foreign exchange risk. The Group designated derivatives as hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of income. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued.

Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, net of tax, and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, then the balance in other comprehensive income is recognized immediately in profit or loss.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(6) Derivative financial instruments, including hedge accounting, Continued

(ii) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(iii) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(7) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

Objective evidence that a financial asset is impaired includes following loss events:

significant financial difficulty of the issuer or obligor;

a breach of contract, such as default or delinquency in interest or principal payments;

the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

it becoming probable that the borrower will enter bankruptcy or other financial reorganization;

the disappearance of an active market for that financial asset because of financial difficulties; or

observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(7) Impairment of financial assets, Continued

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

(i) Financial assets measured at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If it is not practicable to obtain the instrument's estimated future cash flows, impairment losses would be measured by using prices from any observable current market transactions. The Group can recognize impairment losses directly or establish a provision to cover impairment losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(iii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related

to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued**(8) Property, plant and equipment, Continued**

Subsequent to initial recognition, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Property, plant and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property, plant and equipment is depreciated over its separate useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized as other non-operating income (loss).

The estimated useful lives of the Group's property, plant and equipment are as follows:

	Useful lives (years)
Buildings and structures	15 ~ 40
Machinery	3 ~ 15
Other property, plant and equipment (Other PP&E)	4 ~ 10

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

(9) Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial

assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued**(10) Intangible assets**

Intangible assets are measured initially at cost and, subsequently, are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets except for goodwill is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having indefinite useful lives and not amortized.

The estimated useful lives of the Group's intangible assets are as follows:

	Useful lives (years)
Frequency use rights	6.3 ~ 13.1
Land use rights	5
Industrial rights	5, 10
Development costs	5
Facility usage rights	10, 20
Customer relations	3 ~ 7
Other	3 ~ 20

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(11) Government grants

Government grants are not recognized unless there is reasonable assurance that the Group will comply with the grant's conditions and that the grant will be received.

(i) Grants related to assets

Government grants whose primary condition is that the Group purchase, construct or otherwise acquire long-term assets are deducted in calculating the carrying amount of the asset. The grant is recognized in profit or loss over the life of a depreciable asset as a reduction to depreciation expense.

(ii) Grants related to income

Government grants which are intended to compensate the Group for expenses incurred are deducted from the related expenses.

(12) Investment property

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is initially measured at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Investment property except for land, are depreciated on a straight-line basis over 15~40 years as estimated useful lives.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

(13) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(13) Impairment of non-financial assets, Continued

The Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit (CGU). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying value of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Leases

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

(i) Finance leases

At the commencement of the lease term, the Group recognizes as finance assets and finance liabilities in its consolidated statements of financial position, the lower amount of the fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs are added to the amount recognized as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. The Group reviews to determine whether the leased asset may be impaired.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(14) Leases, Continued

(ii) Operating leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the period of the lease.

(iii) Determining whether an arrangement contains a lease

Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset) and the arrangement conveys a right to use the asset.

At inception or reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a financial lease that it is impracticable to separate the payments reliably, the Group recognizes an asset and a liability at an amount equal to the fair value of the underlying asset that was identified as the subject of the lease. Subsequently, the liability shall be reduced as payments are made and an imputed finance charge on the liability recognized using the purchaser's incremental borrowing rate of interest.

(15) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. In order to be classified as held for sale, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. The assets or disposal group that are classified as non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell. The Group recognizes an impairment loss for any initial or subsequent write-down of an asset (or disposal group) to fair value less costs to sell, and a gain for any subsequent increase in fair value less costs to sell, up to the cumulative impairment loss previously recognized in accordance with K-IFRS No. 1036, Impairment of Assets .

A non-current asset that is classified as held for sale or part of a disposal group classified as held for sale is not depreciated (or amortized).

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(16) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(ii) Other financial liabilities

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as other financial liabilities. At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

(17) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods. Any changes from remeasurements are recognized through profit or loss in the period in which they arise.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(17) Employee benefits, Continued

(iii) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(iv) Retirement benefits: defined benefit plans

As of the end of reporting period, defined benefits liabilities relating to defined benefit plans are recognized as present value of defined benefit obligations net of fair value of plan assets.

The calculation is performed annually by an independent actuary using the projected unit credit method. When the fair value of plan assets exceeds the present value of the defined benefit obligations, the Group recognizes an asset, to the extent of the present value of any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Remeasurements of the net defined benefit liability comprise of actuarial gains and losses, the return on plan assets excluding amounts included in net interest on the net defined benefit liability, and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and recognized in other comprehensive income. The Group determines net interests on net defined benefit liability (asset) by multiplying discount rate determined at the beginning of the annual reporting period and considers changes in net defined benefit liability (asset) from contributions and benefit payments. Net interest costs and other costs relating to the defined benefit plan are recognized through profit or loss.

When the plan amendment or curtailment occurs, gains or losses on amendment or curtailment in benefits for the past service provided are recognized through profit or loss. The Group recognizes gain or loss on a settlement when the settlement of defined benefit plan occurs.

(v) Termination benefits

The Group recognizes a liability and expense for termination benefits at the earlier of the period when the Group can no longer withdraw the offer of those benefits and the period when the Group recognizes costs for a restructuring. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(18) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision shall be used only for expenditures for which the provision was originally recognized.

(19) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(19) Foreign currencies, Continued

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation is treated as assets and liabilities of the foreign operation. Thus they are expressed in the functional currency of the foreign operation and translated at the closing rate.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

(20) Equity capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

When the Group repurchases its share capital, the amount of the consideration paid is recognized as a deduction from equity and classified as treasury shares. The profits or losses from the purchase, disposal, reissue, or retirement of treasury shares are not recognized as current profit or loss. If the Group acquires and retains treasury shares, the consideration paid or received is directly recognized in equity.

(21) Hybrid bond

The Group recognizes a financial instrument issued by the Group as an equity instrument if it does not include contractual obligation to deliver financial assets including cash to the counter party.

(22) Revenue

Revenue from the sale of goods, rendering of services or use of the Group assets is measured at the fair value of the consideration received or receivable. Returns, trade discounts and volume rebates are recognized as a reduction of revenue.

(i) Services

Revenue from cellular services consists of revenue from basic charges, voice charges, data charges, data-roaming services and interconnection charges. Such revenues are recognized as services are performed. Revenues received for the activation of service are deferred and recognized over the average customer retention period.

Revenue from fixed-line services includes domestic short and long distance charges, international phone connection charges, and broadband internet services. Such revenues are recognized as the related services are performed.

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(22) Revenue, Continued

(ii) Goods sold

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(iii) Customer loyalty programmes

For customer loyalty programmes, the fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The amount allocated to the award credits is estimated by reference to the fair value of the services to be provided with respect to the redeemable award credits. The fair value of the services to be provided with respect to the redeemable portion of the award credits granted to the customers in accordance with customer loyalty programmes is estimated taking into account the expected redemption rate and timing of the expected redemption. Considerations allocated to the award credits are deferred and revenue is recognized when the award credits are recovered and the Group performs its obligation to provide the service. The amount of revenue recognized is based on the relative size of the total award credits that are expected to be redeemed and the redeemed award credits in exchange for services.

(iv) Bundled arrangements

When the Group sells both handsets and wireless services to subscribers, the Group recognizes these transactions separately as sales for handset sales and wireless telecommunication services.

(23) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest rate method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognized in profit or loss. Interest expense on borrowings and debentures are recognized in profit or loss using the effective interest rate method.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(24) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

(ii) Deferred tax

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if (a) there is a legally enforceable right to offset the related current tax liabilities and assets, (b) they relate to income taxes levied by the same tax authority and (c) they intend to settle current tax liabilities and assets on a net basis. Income tax expense in relation to dividend payments is recognized when liabilities relating to the dividend payments are recognized.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

4. Significant Accounting Policies, Continued

(25) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(26) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. When an operation is classified as a discontinued operation, the comparative consolidated statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(27) New standards and interpretations not yet adopted

The following amendment to existing standards has been published and are mandatory for the Group for annual periods beginning on or after July 1, 2014. The Group has not early adopted it.

As of December 31, 2014, management is not able to evaluate the impact, if any, of applying this standard on its financial position and results of operations.

1) K-IFRS 1019 Employee Benefits Employee contributions

Amendments to K-IFRS 1019 introduced a practical expedient to accounting for defined benefit plan, when employees or third parties pay contributions if certain criteria are met. According to the amendments, the entity is permitted to recognize those contributions as a reduction of the service cost in the period in which the related service is rendered, instead of forecast future contributions from employees or third parties and attribute them to periods or service as negative benefits.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

5. Operating Segments

The Group's operating segments have been determined to be each business unit, for which the Group provides independent services and merchandise. The Group's reportable segments are: 1) cellular services, which include cellular voice service, wireless data service and wireless internet services, and 2) fixed-line telecommunication services, which include telephone services, internet services, and leased line services. All other operating segments, which include the Group's Internet portal services and other immaterial operations, do not meet the quantitative thresholds to be considered reportable segments and are presented as Others.

(1) Segment information as of and for the years ended December 31, 2014 and 2013 is as follows:

<i>(In millions of won)</i>	2014					
	Cellular Services	Fixed-line telecommu- nication services	Others	Total segments	Consolidation adjustments	Consolidated amount
Total revenue	15,248,039	3,119,845	1,884,784	20,252,668	(3,088,870)	17,163,798
Inter-segment revenue	1,720,158	669,925	698,787	3,088,870	(3,088,870)	
External revenue	13,527,881	2,449,920	1,185,997	17,163,798		17,163,798
Depreciation and amortization	2,113,510	501,623	99,597	2,714,730		2,714,730
Operating income (loss)	1,754,433	80,423	(9,751)	1,825,105		1,825,105
Finance income and costs, net						(260,336)
Gain related to investments in subsidiaries, associates and joint ventures, net						906,338
Other non-operating income and expense, net						(217,279)
Profit from continuing operations before income tax						2,253,828
Total assets	23,451,471	3,434,020	3,202,833	30,088,324	(2,147,091)	27,941,233
Total liabilities	9,626,724	2,172,454	924,683	12,723,861	(30,898)	12,692,963

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

5. Operating Segments, Continued

	2013					
<i>(In millions of won)</i>	Cellular Services	Fixed-line telecommu- nication services	Others	Total segments	Consolidation adjustments	Consolidated Amount
Total revenue	14,501,829	2,972,642	1,741,599	19,216,070	(2,614,016)	16,602,054
Inter-segment revenue	1,186,297	648,253	779,466	2,614,016	(2,614,016)	
External revenue	13,315,532	2,324,389	962,133	16,602,054		16,602,054
Depreciation and amortization	2,019,531	522,155	119,937	2,661,623		2,661,623
Operating income (loss)	1,986,106	55,625	(30,622)	2,011,109		2,011,109
Finance income and costs, net						(457,811)
Gain related to investments in subsidiaries, associates and joint ventures, net						706,509
Other non-operating income and expense, net						(432,706)
Profit from continuing operations before income tax						1,827,101
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

Intersegment sales and purchases are conducted on an arms-length basis and eliminated on consolidation. Since there are no intersegment sales of inventory, there is no unrealized intersegment profit to be eliminated on consolidation. The Group principally operates its business in its domestic market in Korea and the amounts outside of Korea are immaterial, therefore no entity-wide geographical information is presented.

No single customer contributed 10% or more to the Group's total revenue for the years ended December 31, 2014 and 2013.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

6. Restricted Deposits

Deposits which are restricted in use as of December 31, 2014 and 2013 are summarized as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Short-term financial instruments		
Charitable fund(*)	86,000	76,500
Other	4,321	5,134
Long-term financial instruments		
Charitable fund(*)		7,500
Other	612	89
Guarantee deposits	280	40
	91,213	89,263

(*) The Group established a trust fund for charitable purposes. Profits from the fund are donated to charitable institutions. As of December 31, 2014, the funds cannot be withdrawn.

7. Trade and Other Receivables

(1) Details of trade and other receivables as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>		December 31, 2014	
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
Accounts receivable trade	2,614,059	(221,909)	2,392,150
Short-term loans	75,199	(687)	74,512
Accounts receivable other	769,115	(78,588)	690,527
Accrued income	10,134		10,134
Others	3,865		3,865
	3,472,372	(301,184)	3,171,188

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Non-current assets:

Long-term loans	82,735	(27,007)	55,728
Long-term accounts receivable other	3,596		3,596
Guarantee deposits	285,144		285,144
Long-term accounts receivable trade	68,536		68,536
	440,011	(27,007)	413,004
	3,912,383	(328,191)	3,584,192

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

7. Trade and Other Receivables, Continued

(1) Details of trade and other receivables as of December 31, 2014 and 2013 are as follows, Continued:

		December 31, 2013		
<i>(In millions of won)</i>		Gross amount	Allowances for impairment	Carrying Amount
Current assets:				
Accounts receivable	trade	2,482,001	(224,685)	2,257,316
Short-term loans		80,129	(734)	79,395
Accounts receivable	other	715,405	(71,802)	643,603
Accrued income		11,970	(29)	11,941
Others		2,548		2,548
		3,292,053	(297,250)	2,994,803
Non-current assets:				
Long-term loans		84,176	(26,734)	57,442
Guarantee deposits		249,600		249,600
Long-term accounts receivable	trade	13,154		13,154
		346,930	(26,734)	320,196
		3,638,983	(323,984)	3,314,999

(2) The movements in allowances for doubtful accounts of trade and other receivables during the years ended December 31, 2014 and 2013 were as follows:

<i>(In millions of won)</i>	2014	2013
Balance at January 1	323,984	300,668
Increase of bad debt allowances	63,697	79,330
Reversal of allowances for doubtful accounts		(359)
Write-offs	(89,529)	(76,697)
Other	30,039	21,042
Balance at December 31	328,191	323,984

- (3) Details of overdue but not impaired, and impaired trade and other receivable as of December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	Accounts receivable		Accounts receivable	
	-	Other	-	Other
<i>(In millions of won)</i>	trade	receivables	trade	receivables
Neither overdue nor impaired	1,831,243	1,089,001	1,882,607	938,131
Overdue but not impaired	76,671	3,481	46,773	2,030
Impaired	774,681	137,306	565,775	203,667
	2,682,595	1,229,788	2,495,155	1,143,828
Allowances for doubtful accounts	(221,909)	(106,282)	(224,685)	(99,299)
	2,460,686	1,123,506	2,270,470	1,044,529

The Group establishes allowances for doubtful accounts based on the likelihood of recoverability of trade and other receivables based on their aging at the end of the period, past customer default experience, customer credit status, and economic and industrial factors.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

7. Trade and Other Receivables, Continued

- (4) The aging of overdue but not impaired accounts receivable as of December 31, 2014 and 2013 are as follows:

	December 31, 2014		December 31, 2013	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
<i>(In millions of won)</i>				
Less than 1 month	25,254	1,795	12,036	20
1 ~ 3 months	26,469	213	15,686	1,220
3 ~ 6 months	11,641	608	3,610	516
More than 6 months	13,307	865	15,441	274
	76,671	3,481	46,773	2,030

8. Inventories

Details of inventories as of December 31, 2014 and 2013 are as follows:

	December 31, 2014			December 31, 2013		
	Acquisition cost	Write-down of inventory	Carrying amount	Acquisition cost	Write-down of inventory	Carrying amount
<i>(In millions of won)</i>						
Merchandise	252,063	(5,325)	246,738	165,080	(3,152)	161,928
Finished goods	1,930	(216)	1,714	1,711	(34)	1,677
Work in process	1,144	(131)	1,013			
Raw materials and supplies	19,242	(1,040)	18,202	13,515		13,515
	274,379	(6,712)	267,667	180,306	(3,186)	177,120

There are no significant reversals of inventory write-downs for the periods presented.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

9. Investment Securities

(1) Details of short-term investment securities as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Beneficiary certificates(*)	277,003	102,828
Current portion of long-term investment securities	3,158	3,240
	280,161	106,068

(*) The distributions arising from beneficiary certificates as of December 31, 2014 were accounted for as accrued income.

(2) Details of long-term investment securities as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Equity securities:		
Marketable equity securities	657,286	638,445
Unlisted equity securities(*1)	56,236	47,145
Equity investments(*2)	209,120	239,354
	922,642	924,944
Debt securities:		
Public bonds(*3)	158	356
Investment bonds(*4)	36,638	46,467
	36,796	46,823
Total	959,438	971,767
Less current portion of long-term investment securities	(3,158)	(3,240)

Long-term investment securities	956,280	968,527
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(*1) Unlisted equity securities whose fair value cannot be measured reliably are recorded at cost.

(*2) Equity investments are recorded at cost.

(*3) Details of maturity for the public bonds as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Less than 1 year	158	356

(*4) During the year ended December 31, 2014, the Parent Company exercised the conversion right for the convertible bonds of NanoEnTek, Inc., which were the Parent Company is able to exercise significant influence on NanoEnTek, Inc. classified as financial assets at fair value through profit or loss. As a result of this transaction, investments in associates have increased by 19,180 million and the difference between carrying amount of the financial assets at fair value and fair value of 1,352 million is accounted for as finance costs.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

10. Assets and Liabilities Classified as Held for Sale**(1) Subsidiary**

During the year ended December 31, 2014, the Group entered into a disposal contract regarding the Group's ownership interests in Shenzhen E-eye High Tech Co., Ltd., the Parent Company's subsidiary. Assets and liabilities of the subsidiary amounting to 10,510 million and 408 million, were reclassified to assets and liabilities held for sale, respectively, and the carrying amount in excess of the fair value less cost to sell was recognized as impairment loss.

(2) Investments in associates

Non-current assets held for sale relating to investments in associates as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
TR Entertainment(*1)		2,611
SK Fans Co., Ltd.(*2)		1,056
		3,667

(*1) A disposal contract for the Group's entire ownership interests in TR Entertainment was entered into during the year ended December 31, 2013 and the investment in the associate was reclassified to assets classified held for sale and an impairment loss of 4,019 million was recognized. During the year ended December 31, 2014, the Group disposed of its investments in TR Entertainment.

(*2) During the year ended December 31, 2013, contract changes for SK Fans Co., Ltd. was made and the Group recognized the difference between the changes and the existing contractual amount as impairment loss. During the year ended December 31, 2014, the Group disposed of its investments in SK Fans Co., Ltd.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

11. Acquisition of Subsidiary

(1) General information

The Parent Company acquired the ownership interests of Neosnetworks Co., Ltd., IRIVER LIMITED and shopkick, Inc. and they were newly included in the list of subsidiaries during the year ended December 31, 2014.

1) Neosnetworks Co., Ltd.

On April 2, 2014, the Parent Company acquired the ownership interest of 66.7% of Neosnetworks Co., Ltd., which manages facility guarding services, in order to secure new growth engine in physical security market and obtained the control over Neosnetworks Co., Ltd.

Neosnetworks Co., Ltd. recognized revenue of 25,743 million and loss of 2,277 million, respectively, from the acquisition date to December 31, 2014.

2) IRIVER LIMITED

On August 13, 2014, the Parent Company obtained ownership interests of 39.3% by acquiring 10,241,722 shares of IRIVER LIMITED from investment companies in order to develop smart phone applications and media devices such as Bluetooth speakers and ear phones for future growth and additionally acquired 4,960,317 shares by participating in the capital increase. As of the end of December 31, 2014, the Parent Company has the ownership interest of 49% of IRIVER LIMITED. After the Group acquired control over IRIVER LIMITED, IRIVER LIMITED has recognized revenue of 16,311 million and a net profit of 4,066 million.

3) shopkick, Inc.

On October 10, 2014, shopkick Management Company, Inc., of which SKP America LLC., a subsidiary of the Parent Company, has the ownership interest of 95.2%, obtained control over shopkick, Inc. by purchasing the ownership interest of 100% of shopkick, Inc. for the purpose of acquiring the platform of its mobile commerce business in the United States and expansion of the Group's global market position.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

11. Acquisition of Subsidiary, Continued

(2) Consideration paid and identifiable assets and liabilities transferred

Consideration paid and identifiable assets acquired and liabilities assumed recognized at the acquisition date are as follows:

<i>(In millions of won)</i>	Neosnetworks Co., Ltd.	IRIVER LIMITED	shopkick, Inc.
Consideration paid			
Cash and cash equivalents	23,968	29,503	230,925
Other current liabilities			18,686
Long-term payables other (*)	14,500		
	38,468	29,503	249,611
Assets and liabilities in succession			
Cash and cash equivalents	16,631	3,098	13,881
Accounts receivable trade, net	111	11,687	6,541
Inventories, net		11,780	727
Property, equipment and intangible assets	11,489	3,153	81,972
Other assets	1,289	6,824	6,236
Accounts payable trade	(3,411)	(7,113)	(796)
Borrowings and debentures	(2,150)	(2,293)	
Other liabilities	(3,305)	(6,268)	(13,008)
	20,654	20,868	95,553
Controlling interests	20,654	8,193	91,006
Non-controlling interests		12,675	4,547

(*) During the year ended December 31, 2014, the Parent Company acquired 31,310 shares of Neosnetworks Co., Ltd. (the ownership interest of 66.7%) by purchasing old shares from the pre-existing shareholders and participating in the capital increase. The Parent Company entered into a shareholders' agreement which granted put options to the pre-existing shareholders for the remaining equity interest of Neosnetworks Co., Ltd. and call options to the Parent Company for those shares if certain conditions are met. In accordance with this shareholders' agreement, the Group deemed that it assumed the residual equity of the pre-existing shareholders on the

acquisition date, and the amount to be paid to the pre-existing shareholders for this acquisition in the future was recorded as long-term payables-other.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

12. Business Combinations**(1) General information**

PS&Marketing Corporation, a subsidiary of the Parent Company, acquired the retail distribution business of IT service department of SK Networks Co., Ltd. on April 30, 2014 in order to strengthen the mid/long-term distribution competitiveness by expanding the retail infrastructure and enlarging the direct management network.

Revenues and profit or loss recognized after the acquisition date by the acquired businesses of PS&Marketing Corporation are not disclosed as the estimate is practically impossible.

In January, 2013, the Parent Company acquired 50% ownership interest in SK Marketing & Company Co., Ltd., advertising and e-commerce agency, from SK Innovation Co., Ltd., a related party under common control, through the additional purchase of shares and obtained control over SK Marketing & Company Co., Ltd., and its subsidiary, M&Service Co., Ltd.

After obtaining control over SK Marketing & Company Co., Ltd, the Parent Company acquired the shares of SK Planet Co., Ltd. by investing its ownership interest of 100% of SK Marketing & Company Co., Ltd. as a form of investment in kind. On February 1, 2013, SK Planet Co., Ltd. merged with SK Marketing & Company Co., Ltd.

As the business combination which occurred during the years ended December 31, 2014 and 2013 was a business combination between entities under common control, the difference between the consideration and book value of net assets was recognized as a capital deficit and other capital adjustments.

(2) Consideration paid and assets and liabilities transferred as of the acquisition date are as follows:

<i>(In millions of won)</i>	2014	2013
Consideration paid		
Cash and cash equivalents	111,330	190,605
Investments in associates (carrying value)		141,534
Accounts payables other	13,156	
	124,486	332,139
Assets and liabilities transferred		
Cash and cash equivalents		95,800
Accounts receivable trade	57,760	132,514
Inventories	94,441	3,472

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Property and equipment, and intangible assets	13,010	68,699
Other assets	23,281	457,431
Accounts payable trade and other	(78,821)	(150,014)
Other liabilities	(13,826)	(337,617)
	95,845	270,285

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures

- (1) Investments in associates and joint ventures accounted for using the equity method as of December 31, 2014 and 2013 are as follows:

		December 31, 2014		December 31, 2013	
(In millions of won)	Country	Ownership percentage	Carrying amount	Ownership percentage	Carrying amount
Investments in associates					
SK China Company Ltd.(*1)	China	9.6	35,817	9.6	37,434
Korea IT Fund(*2)	Korea	63.3	240,676	63.3	231,402
Etoos Co., Ltd. (*3)	Korea			15.6	12,029
KEB HanaCard Co., Ltd.(*4)	Korea	25.4	425,140	49.0	378,616
Candle Media Co., Ltd.(*5)	Korea	35.1	19,486	40.9	21,241
NanoEnTek, Inc.(*6)	Korea	26.0	36,527	9.2	9,312
SK Industrial Development China Co., Ltd.	Hong Kong	21.0	79,394	21.0	77,517
Packet One Network(*1, 5)	Malaysia	13.6	53,670	27.0	60,706
SK Technology Innovation Company	Cayman	49.0	44,052	49.0	53,874
HappyNarae Co., Ltd.	Korea	42.5	15,551	42.5	13,935
SK hynix Inc.(*7)	Korea	20.1	4,849,159	20.6	3,943,232
SK MENA Investment B.V.	Netherlands	32.1	14,015	32.1	13,477
SKY Property Mgmt. Ltd.	Virgin Island	33.0	248,534	33.0	238,278
Xinan Tianlong Science and Technology Co., Ltd.	China	49.0	25,874	49.0	26,562
Daehan Kanggun BcN Co., Ltd. and others			158,725		164,976
Sub-total			6,246,620		5,282,591
Investments in joint ventures					
Dogus Planet, Inc.(*8)	Turkey	50.0	11,441	50.0	10,105
PT. Melon Indonesia	Indonesia	49.0	3,564	49.0	3,230
Television Media Korea Ltd.	Korea	51.0	6,944	51.0	8,659
Celcom Planet(*9)	Malaysia	51.0	16,605		
PT XL Planet Digital	Indonesia	50.0	12,914	50.0	20,712

Sub-total	51,468	42,706
Total	6,298,088	5,325,297

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (1) Investments in associates and joint ventures accounted for using the equity method as of December 31, 2014 and 2013 are as follows, Continued:

- (*1) Classified as investments in associates as the Group can exercise significant influence through its participation on the board of directors even though the Group has less than 20% of equity interests.
- (*2) Investment in Korea IT Fund was classified as investment in associates as the Group has less than 50% of voting rights, and therefore does not have control over Korea IT Fund under the agreement.
- (*3) Reclassified as available-for-sale financial assets in 2014 as the Group lost the right to appoint directors of this investee and lost significant influence on the investee.
- (*4) During the year ended December 31, 2014, due to merger between Hana SK Card Co., Ltd., the Parent Company's associate, and KEB Card Co., Ltd., the Group exchanged 57,647,058 shares of Hana SK Card Co., Ltd., with 67,627,587 shares of the surviving company, KEB HanaCard Co., Ltd.
- (*5) The ownership percentage has been decreased due to disproportionate paid-in capital increase during the year ended December 31, 2014.
- (*6) The carrying amount has increased due to the additional investment and the conversion of convertible bonds during the year ended December 31, 2014.
- (*7) The ownership percentage has been decreased due to the conversion of convertible bonds issued by SK hynix Inc.
- (*8) The carrying amount has increased due to the additional investment during the year ended December 31, 2014.
- (*9) During the year ended December 31, 2014, it was established for online commerce business in Malaysia.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

(2) The market price of investments in listed associates as of December 31, 2014 and 2013 are as follows:

	December 31, 2014			December 31, 2013		
	Market value per share			Market value per share		
<i>(In millions of won, except for share and per share data)</i>	(In won)	Number of shares	Market price	(In won)	Number of shares	Market price
Candle Media Co., Ltd.	734	21,620,360	15,869	810	21,620,360	17,512
NanoEnTek, Inc.	5,710	5,870,290	33,519	5,170	1,807,130	9,343
SK hynix Inc.	47,750	146,100,000	6,976,275	36,800	146,100,000	5,376,480

(3) The financial information of the significant investees as of and for the years ended December 31, 2014 and 2013 is as follows:

	As of and for the year ended December 31, 2014			
		KEB		
	SK hynix	HanaCard	SKY	Korea
<i>(In millions of won)</i>	Inc.	Co., Ltd.(*)	Property Mgmt. Ltd.	IT Fund
Current assets	10,363,514	6,716,612	172,775	122,026
Non-current assets	16,519,764	568,065	667,560	258,144
Current liabilities	5,765,304	848,140	62,868	
Non-current liabilities	3,081,671	5,109,888	242,116	
Revenue	17,125,566	305,756	81,502	18,883
Profit (loss) from continuing operations	4,195,169	(11,196)	15,006	5,470
Other comprehensive income (loss)	(52,360)	(734)	(6,090)	4,837
Total comprehensive income (loss)	4,142,809	(11,930)	8,916	10,307

(*) Revenue and net profit of Hana SK Card Co., Ltd. for pre-merger period, amounting to 853,506 million and 3,521 million, respectively, were not included.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (3) The financial information of the significant investees as of and for the years ended December 31, 2014 and 2013 is as follows, Continued:

	As of and for the year ended December 31, 2013			
	SK hynix Inc.	HanaSK Card Co., Ltd.	SKY Property Mgmt. Ltd.	Korea IT Fund
<i>(In millions of won)</i>				
Current assets	6,653,123	4,687,020	106,122	132,968
Non-current assets	14,144,175	211,376	695,653	232,566
Current liabilities	3,078,240	2,053,942	137,544	6
Non-current liabilities	4,652,200	2,155,165	163,540	
Revenue	14,165,102	853,506	76,834	8,161
Profit from continuing operations	2,872,857	3,521	14,408	2,128
Other comprehensive income	6,594	1,906	55,403	
Total comprehensive income	2,879,451	5,427	69,811	2,128

- (4) The condensed financial information of joint ventures as of and for the years ended December 31, 2014 and 2013 are as follows:

	As of and for the year ended December 31, 2014				
	Television Media Korea Ltd.	Dogus Planet, Inc.	PT. Melon Indonesia	PT XL Planet Digital	Celcom Planet
<i>(In millions of won)</i>					
Current assets	16,252	38,641	10,022	9,241	30,407
Cash and cash equivalents	5,104	6	4,763	6,710	30,400
Non-current assets	4,543	13,011	3,094	14,589	3,343
Current liabilities	7,188	28,406	5,689	4,198	1,182
Account payable, other payables and provisions	265	3,648			
Non-current liabilities	464	377	102	124	
Account payable, other payables and provisions	464	377		124	
Revenue	16,403	23,897	11,826	1,019	
Depreciation and amortization	(3,732)	(2,402)	(928)	(1,452)	(1)
Interest income	254	1,154	268		
Interest expense		(6)			

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Income tax expense				(5,334)	
Profit (loss) from continuing operations	(3,361)	(37,146)	523	(15,596)	(1,479)
Total comprehensive income (loss)	(3,361)	(37,146)	523	(15,596)	(1,479)

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (4) The condensed financial information of joint ventures as of and for the years ended December 31, 2014 and 2013 are as follows, Continued:

	As of and for the year ended December 31, 2013			
	Television Media Korea Ltd.	Dogus Planet, Inc.	PT. Melon Indonesia	PT XL Planet Digital
<i>(In millions of won)</i>				
Current assets	18,106	25,508	7,423	31,241
Cash and cash equivalents	14,532	10,723	4,428	30,288
Non-current assets	5,143	9,935	1,658	5,801
Current liabilities	6,385	15,471	2,338	2,133
Account payable, other payables and provisions	6,385	15,386	2,338	2,133
Non-current liabilities	359	142	100	14
Account payable, other payables and provisions	359	1		14
Revenue	14,139	7,509	7,475	
Depreciation and amortization	(4,004)	(1,315)	(397)	(84)
Interest income	410	1,598	289	357
Interest expense		(29)		(3)
Income tax expense				(513)
Profit (loss) from continuing operations	(6,021)	(29,278)	(575)	3,606
Total comprehensive income (loss)	(6,021)	(29,278)	(575)	3,606

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (5) Reconciliations of financial information of significant associates to carrying amounts of investments in associates in the consolidated financial statements as of December 31, 2014 and 2013 are as follows:

		December 31, 2014			
		Net assets attributable to the ownership interests			
		Ownership interests (%)	to the ownership interests	Cost-book value differentials	Carrying amount
<i>(In millions of won)</i>		Net assets			
Associates:					
SK hynix Inc.(*)	18,036,453	20.1	3,619,666	1,229,493	4,849,159
KEB HanaCard Co., Ltd.	1,326,649	25.4	337,266	87,874	425,140
SKY Property Mgmt. Ltd.(*)	527,479	33	174,068	74,466	248,534
Korea IT Fund	380,170	63.3	240,676		240,676

		December 31, 2013			
		Net assets attributable to the ownership interests			
		Ownership interests (%)	to the ownership interests	Cost-book value differentials	Carrying amount
<i>(In millions of won)</i>		Net assets			
Associates:					
SK hynix Inc.(*)	13,066,474	20.6	2,687,806	1,255,426	3,943,232
Hana SK Card Co., Ltd.	689,290	49.0	337,752	40,864	378,616
SKY Property Mgmt. Ltd.(*)	494,004	33.0	163,021	75,257	238,278
Korea IT Fund	365,528	63.3	231,402		231,402

- (*) These entities prepare consolidated financial statements and net assets of these entities represent net assets attributable to owners of the parent company.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	Beginning balance	Acquisition and disposition	Share of profits (losses)	2014 Other compre- hensive income (loss)	Impair- ment loss	Other increase (decrease)	Ending balance
Investments in associates							
SK China Company Ltd.	37,434		(365)	(1,252)			35,817
Korea IT Fund	231,402		3,243	6,031			240,676
Etoos Co., Ltd.	12,029		346			(12,375)	
KEB HanaCard Co., Ltd.	378,616		(739)	(2,031)		49,294	425,140
Candle Media Co., Ltd.	21,241		(1,701)	(54)			19,486
NanoEnTek, Inc.	9,312	7,778	284	(27)		19,180	36,527
SK Industrial Development China Co., Ltd.	77,517		(791)	2,668			79,394
Packet One Network	60,706		(11,845)	4,809			53,670
SK Technology Innovation Company	53,874		(9,822)				44,052
HappyNarae Co., Ltd.	13,935		1,688	(72)			15,551
SK hynix Inc.	3,943,232		916,486	(10,559)			4,849,159
SK MENA Investment B.V.	13,477		(4)	542			14,015
SKY Property Mgmt. Ltd.	238,278		3,438	6,818			248,534
Xinan Tianlong Science and Technology Co., Ltd.	26,562		(688)				25,874
Daehan Kanggun BeN Co., Ltd. and others	164,976	14,172	(18,126)	1,324	(2,363)	(1,258)	158,725
Sub-total	5,282,591	21,950	881,404	8,197	(2,363)	54,841	6,246,620
Investments in joint ventures							
Dogus Planet, Inc.	10,105	19,677	(18,573)	232			11,441
PT. Melon Indonesia	3,230		256	78			3,564
Television Media Korea Ltd.	8,659		(1,715)				6,944

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Celcom Planet		17,433	(656)			(172)	16,605
PT XL Planet Digital	20,712		(7,798)				12,914
Sub-total	42,706	37,110	(28,486)	310		(172)	51,468
Total	5,325,297	59,060	852,918	8,507	(2,363)	54,669	6,298,088

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

- (6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the year ended December 31, 2014 and 2013 are as follows, Continued:

<i>(In millions of won)</i>	Beginning balance	Acquisition and disposition	Share of profits (losses)	2013 Other compre- hensive income (loss)	Impair- ment loss	Other increase (decrease)	Ending balance
Investments in associates							
SK Marketing & Company Co., Ltd.(*1)	145,333		(3,954)	155		(141,534)	
SK China Company Ltd.	37,628		(7,643)	7,449			37,434
Korea IT Fund	230,016		1,348	38			231,402
JYP Entertainment Corporation (*2)	4,232		1,000	58		(5,290)	
Etoos Co., Ltd.	12,037		56	(64)			12,029
HanaSK Card Co., Ltd.	378,457		(612)	771			378,616
Candle Media Co., Ltd.	21,935		(782)	88			21,241
NanoEnTek, Inc.	9,276		25	11			9,312
SK Industrial Development China Co., Ltd.	77,967		(1,037)	587			77,517
Packet One Network	88,389	25	(2,367)	(1,843)	(23,498)		60,706
SK Technology Innovation Company	63,559		(9,108)	(577)			53,874
ViKi, Inc. (*3)	15,667	(14,636)	(995)	(36)			
HappyNarae Co., Ltd.	13,113		822				13,935
SK hynix Inc.	3,328,245		610,201	4,786			3,943,232
SK MENA Investment B.V.	13,666			(189)			13,477
SKY Property Mgmt. Ltd. (*4)			5,532	43		232,703	238,278
Xinan Tianlong Science and Technology Co., Ltd.		25,731	831				26,562
Daehan Kanggun BeN Co., Ltd. and others	170,747	26,257	(17,899)	(4,291)	(5,547)	(4,291)	164,976

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Sub-total	4,610,267	37,377	575,418	6,986	(29,045)	81,588	5,282,591
Investments in joint ventures							
Dogus Planet, Inc.	6,006	21,428	(13,027)	(4,302)			10,105
PT. Melon Indonesia	4,447		(282)	(935)			3,230
Television Media Korea Ltd.	11,757		(3,098)				8,659
PT XL Planet Digital		19,713	1,549			(550)	20,712
Sub-total	22,210	41,141	(14,858)	(5,237)		(550)	42,706
Total	4,632,477	78,518	560,560	1,749	(29,045)	81,039	5,325,297

(*1) The entity was merged into SK Planet Co., Ltd., a subsidiary of the Parent Company during the year ended December 31, 2013.

(*2) JYP Entertainment Corporation was excluded from list of investments in associates as Loen Entertainment, Inc., which has ownership interests in JYP Entertainment Corporation, was excluded from consolidation scope.

(*3) Viki Inc. was sold during the year ended December 31, 2013.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

13. Investments in Associates and Joint Ventures, Continued

(6) Details of changes in investments in associates and joint ventures accounted for using the equity method for the year ended December 31, 2014 and 2013 are as follows, Continued:

(*4) Investments in SKY Property Mgmt. Ltd. was reclassified from subsidiaries to investments to associates as portion of ownership interests were disposed during the year ended December 31, 2013.

(7) As the Group discontinued the application of the equity method due to the carrying amount of the Group's share being reduced to zero, the unrecognized accumulated equity losses as of December 31, 2014 are as follows:

	Unrealized loss		Unrealized change in equity	
	Year ended December 31, 2014	Accumulated	Year ended December 31, 2014	Accumulated
<i>(In millions of won)</i>				
ULand Company Limited	178	1,731	34	31
Wave City Development Co., Ltd. and others	1,508	5,229		334
	1,686	6,960	34	365

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

14. Property and Equipment

(1) Property and equipment as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014			Carrying amount
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	
Land	766,780			766,780
Buildings	1,537,042	(603,175)		933,867
Structures	737,494	(384,705)		352,789
Machinery	27,088,067	(19,775,784)	(1,468)	7,310,815
Other	1,461,201	(960,450)	(1,701)	499,050
Construction in progress	704,400			704,400
	32,294,984	(21,724,114)	(3,169)	10,567,701

<i>(In millions of won)</i>	December 31, 2013			Carrying amount
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	
Land	732,206			732,206
Buildings	1,510,846	(554,155)		956,691
Structures	716,724	(351,773)		364,951
Machinery	24,994,337	(18,145,580)	(1,698)	6,847,059
Other	1,428,159	(894,217)	(761)	533,181
Construction in progress	762,519			762,519
	30,144,791	(19,945,725)	(2,459)	10,196,607

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

14. Property and Equipment, Continued

(2) Changes in property and equipment for the years ended December 31, 2014 and 2013 are as follows:

2014									
<i>(In millions of won)</i>	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	Impairment	Classified as held for sale Business combination		Ending balance
Land	732,206	8,306	(12)	24,178				2,102	766,780
Buildings	956,691	5,862	(451)	16,885	(48,745)			3,625	933,867
Structures	364,951	8,909	(39)	11,919	(32,951)				352,789
Machinery	6,847,059	572,764	(28,101)	1,979,590	(2,065,368)	(2,879)	(6)	7,756	7,310,815
Other	533,181	1,124,067	(6,188)	(1,022,999)	(135,213)	(49)	(245)	6,496	499,050
Construction in progress	762,519	1,101,691	(11,277)	(1,147,666)		(691)	(176)		704,400
	10,196,607	2,821,599	(46,068)	(138,093)	(2,282,277)	(3,619)	(427)	19,979	10,567,701

2013								
(In millions of won)	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	Impairment	Change of consolidation scope	Ending balance
Land	704,908	6,865	(200)	15,545			5,088	732,206
Buildings	886,371	1,128	(177)	112,827	(47,429)		3,971	956,691
Structures	363,484	17,850	(18)	17,001	(33,366)			364,951
Machinery	6,316,192	582,593	(13,183)	1,951,267	(1,990,850)		1,040	6,847,059
Other	637,212	1,190,739	(7,032)	(1,157,150)	(133,682)		3,094	533,181
Construction in progress	804,552	1,113,576	(31,146)	(1,131,703)		(1,275)	8,515	762,519
	9,712,719	2,912,751	(51,756)	(192,213)	(2,205,327)	(1,275)	21,708	10,196,607

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

15. Investment Property

(1) Investment property as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	10,418		10,418
Buildings	7,379	(2,800)	4,579
	17,797	(2,800)	14,997

<i>(In millions of won)</i>	December 31, 2013		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	10,822		10,822
Buildings	7,657	(2,668)	4,989
	18,479	(2,668)	15,811

(2) Changes in investment property for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	2014			
	Beginning balance	Transfer	Depreciation	Ending balance
Land	10,822	(404)		10,418
Buildings	4,989	(172)	(238)	4,579
	15,811	(576)	(238)	14,997

<i>(In millions of won)</i>	2013			
	Beginning balance	Transfer	Depreciation	Ending balance
Land	12,638	(1,816)		10,822

Buildings	14,841	(8,737)	(1,115)	4,989
	27,479	(10,553)	(1,115)	15,811

(3) Fair value of investment property as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Land	10,418	6,056	10,822	6,595
Buildings	4,579	4,288	4,989	4,737
	14,997	10,344	15,811	11,332

The fair value of investment property was appraised on the basis of market price by an independent appraisal company.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

15. Investment Property, Continued

(4) Income (expense) from investment property for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	2014	2013
Rent revenue	896	1,373
Operating expense	(239)	(476)

16. Goodwill

(1) Goodwill as of December 31, 2014 and 2013 is as follows:

<i>(In millions of won)</i>	December 31, 2014	December 31, 2013
Goodwill related to acquisition of Shinsegi Telecom, Inc.	1,306,236	1,306,236
Goodwill related to acquisition of SK Broadband Co., Ltd.	358,443	358,443
Other goodwill	252,916	68,582
	1,917,595	1,733,261

Goodwill is allocated to the following CGUs for the purpose of impairment testing.

Shinsegi Telecom, Inc.(*1): cellular services

SK Broadband Co., Ltd.(*2): fixed-line telecommunication services

Other: other

(*1) Shinsegi Telecom, Inc.

The recoverable amount of the CGU is based on its value in use calculated by applying the annual discount rate of 6.2% to the estimated future cash flows based on financial budgets for the next five years. An annual growth rate of 1.8% was applied for the cash flows expected to be incurred after five years and is not expected to exceed the Group's long-term wireless telecommunication business growth rate. Management of the Group does not expect the total carrying amount of the CGU will exceed the total recoverable amount due to reasonably possible changes from the major assumptions used to estimate the recoverable amount.

(*2) Goodwill related to acquisition of SK Broadband Co., Ltd.

The recoverable amount of the CGU is based on its value in use calculated by applying the annual discount rate of 5.2% to the estimated future cash flows based on financial budgets for the next five years. An annual growth rate of 2.2%, the Group's long-term fixed-line telecommunication business growth rate, was applied for the cash flows expected to be incurred after five years. Management of the Group does not expect the total carrying amount of the CGU will exceed the total recoverable amount due to reasonably possible changes from the major assumptions used to estimate the recoverable amount.

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

16. Goodwill, Continued

(2) Details of changes in goodwill for the years ended December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	2014	2013
Beginning balance	1,733,261	1,744,483
Increase due to business acquisition	193,202	1,252
Impairment loss	(8,868)	(9,981)
Other(*)		(2,493)
	1,917,595	1,733,261

(*) Other decrease represents effects of exchange rate changes in relation to the foreign subsidiaries and reclassification of assets held for sale.

Accumulated impairment losses for the years ended December 31, 2014 and 2013 are 18,849 million and 9,881 million, respectively.

17. Intangible Assets

(1) Intangible assets as of December 31, 2014 and 2013 are as follows:

<i>(In millions of won)</i>	2014			Carrying amount
	Acquisition cost	Accumulated depreciation	Accumulated impairment	
Frequency use rights	3,033,879	(1,649,835)		1,384,044
Land use rights	64,136	(38,783)		25,353
Industrial rights	144,497	(36,737)		107,760
Development costs	162,493	(144,215)	(9,947)	8,331
Facility usage rights	146,112	(93,476)		52,636
Customer relations	17,147	(10,743)		6,404
Memberships(*1)	128,274		(34,155)	94,119
Other(*2)	3,029,590	(2,223,627)	(616)	805,347

6,726,128	(4,197,416)	(44,718)	2,483,994
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<i>(In millions of won)</i>	2013			Carrying amount
	Acquisition cost	Accumulated depreciation	Accumulated impairment	
Frequency use rights	3,033,879	(1,369,308)		1,664,571
Land use rights	48,031	(31,441)		16,590
Industrial rights	91,027	(32,264)		58,763
Development costs	148,714	(126,912)	(11,675)	10,127
Facility usage rights	143,937	(85,109)		58,828
Customer relations	14,222	(7,889)		6,333
Memberships(*1)	128,452			128,452
Other(*2)	2,747,121	(1,938,936)	(1,067)	807,118
	6,355,383	(3,591,859)	(12,742)	2,750,782

Table of Contents

SK TELECOM CO., LTD. and Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

17. Intangible Assets, Continued

(1) Intangible assets as of December 31, 2014 and 2013 are as follows, Continued:

(*1) Memberships are classified as intangible assets with indefinite useful life and are not amortized.

(*2) Other intangible assets consist of computer software and usage rights to a research facility which the Group built and donated to a university and the Group is given rights-to-use for a definite number of years.

(2) Details of changes in intangible assets for the years ended December 31, 2014 and 2013 are as follows:

2014							Change of consolidation scope	Ending balance
(In millions of won)	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Impairment		
Frequency use rights	1,664,571				(280,527)			1,384,044
Land use rights	16,590	15,560	(573)		(8,483)		2,259	25,353
Industrial rights	58,763	5,048	(180)		(4,584)		48,713	107,760
Development costs	10,127	1,253	(25)	63	(4,048)	(398)	1,359	8,331
Facility usage rights	58,828	1,890	(30)	382	(8,434)			52,636
Customer relations	6,333	779		(39)	(3,063)		2,394	6,404
Memberships(*)	128,452	5,629	(5,810)	(264)		(34,155)	267	94,119
Other	807,118	102,322	(9,919)	171,858	(300,216)	(449)	34,633	805,347
	2,750,782	132,481	(16,537)	172,000	(609,355)	(35,002)	89,625	2,483,994

(*) The Group recognized the difference between recoverable amount and the carrying amount of memberships, amounting to 34,155 million as impairment loss for the year ended December 31, 2014.

