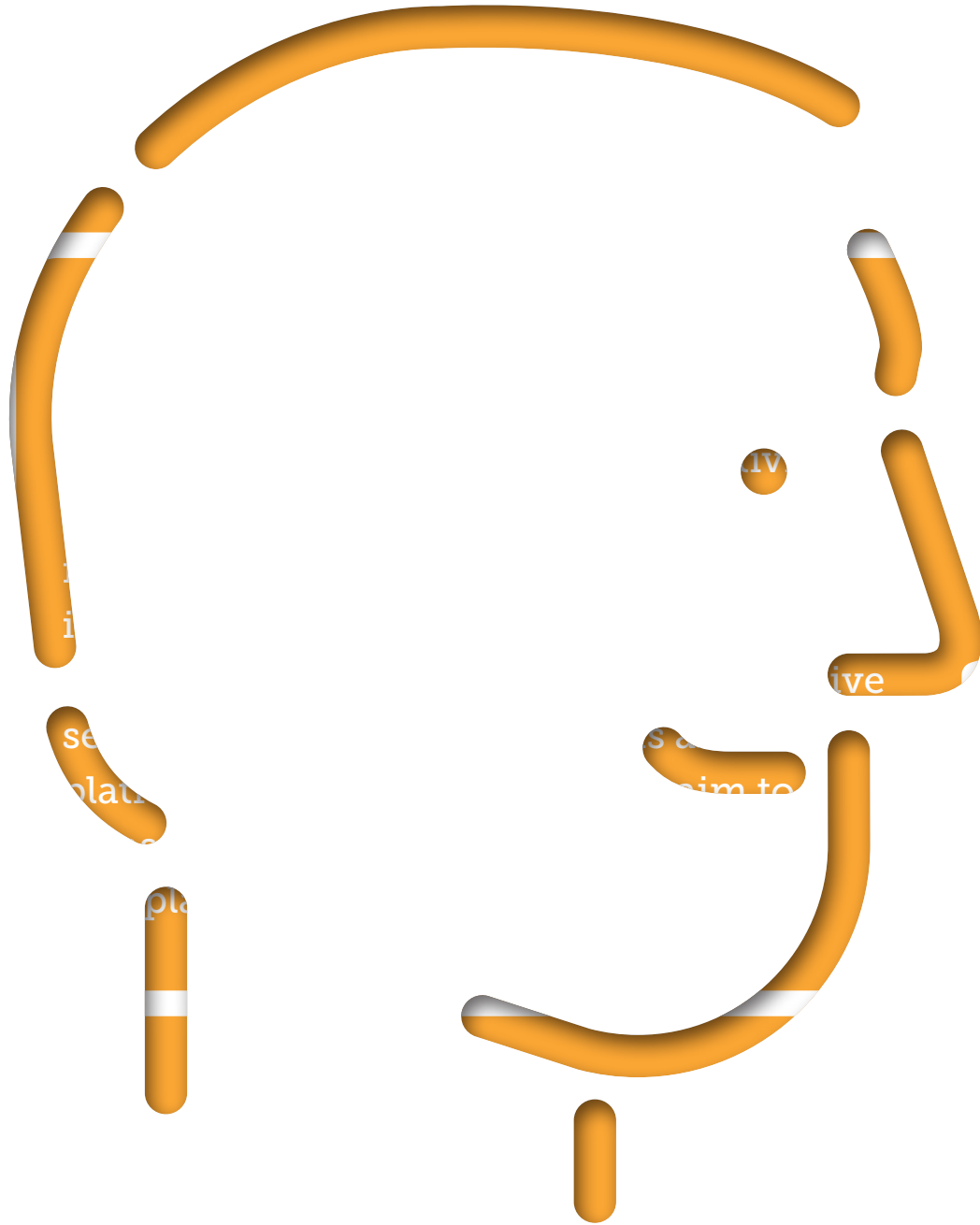
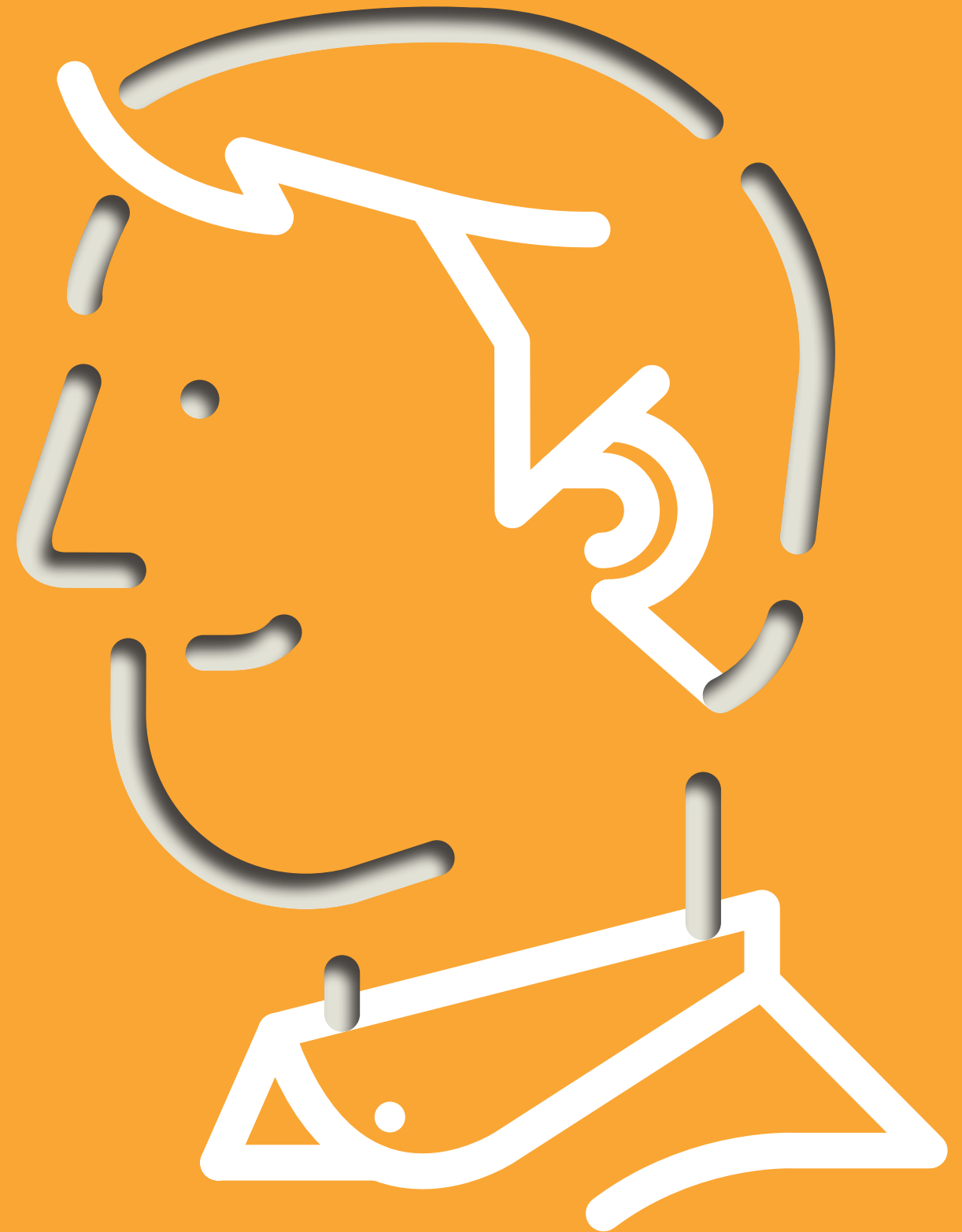


# Expanding **Boundaries**



## Expanding **Boundaries**

At SK Telecom, we are in the business of enabling consumers and businesses to experience life and enhance productivity in creative new ways. Backed by our Partner for New Possibilities vision and leadership in information and communication technology, we are now creating innovative services and the smart networks and platforms to support them as we aim to transform the way the world lives, works, and plays in the years ahead.



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# Expanding *Boundaries*

How can I get the most out of my smart mobile devices?



## Mobile Services

The phones we carry are getting smarter every day. But they are only as useful as the networks and services they can connect to. At SK Telecom, we have long been a leader in adopting and evolving the latest network technologies to offer the most comprehensive range of mobile communications, entertainment, and financial services in the industry. Today, we are working on the next generation of smart network-enabled content and services that will transform every aspect of life by making new experiences and convenience just a touch away.



How can I get the most out of my smart mobile devices?

**WE DELIVER MOBILE EXPERIENCES THAT MAKE LIFE BETTER IN EVERY WAY.**



### Mobile Services

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How can I make  
my business  
more productive  
and profitable?

### B2B Solutions

Information technology has transformed the way business is done. But it has also created a pressing need for simple, integrated solutions that are both powerful and affordable. At SK Telecom, we are building on our leadership in fixed and wireless networks and ICT solutions, as well as real-world expertise in essential areas such as customer management and billing infrastructure, to deliver a wide and growing range of connectivity solutions that make small and big businesses more productive and profitable.



How can I make my business more productive and profitable?

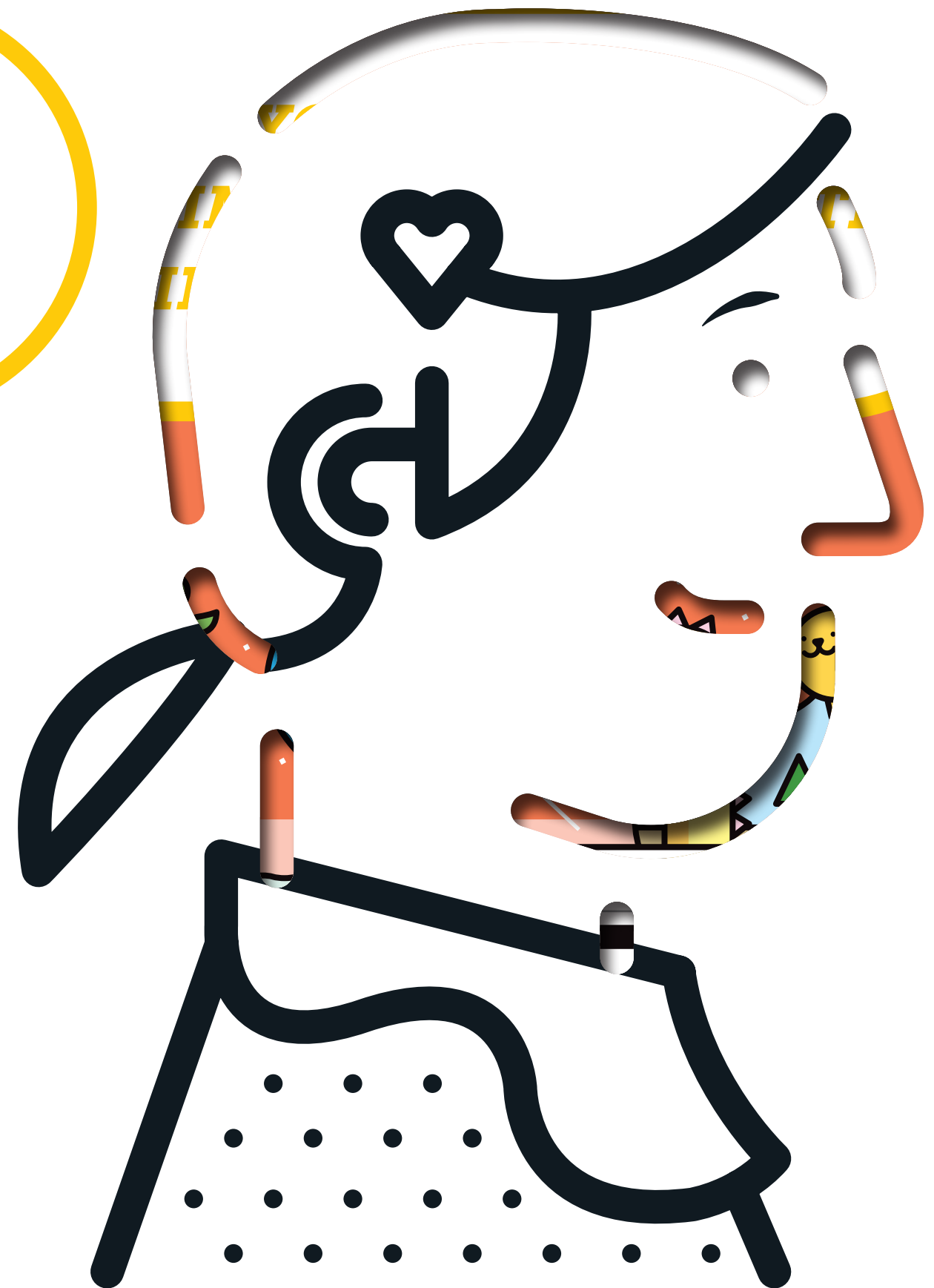
**WE CREATE TAILORED SOLUTIONS THAT TRANSFORM EVERY ASPECT OF BUSINESS.**



### B2B Solutions

Information technology has transformed the way business is done. But it has also created a pressing need for simple, integrated solutions that are both powerful and affordable. At SK Telecom, we are building on our leadership in fixed and wireless networks and ICT solutions, as well as real-world expertise in essential areas such as customer management and billing infrastructure, to deliver a wide and growing range of connectivity solutions that make small and big businesses more productive and profitable.

How can I watch  
what I want,  
when I want?



## IPTV Services

Television has changed the way we inform and entertain ourselves. At SK Telecom, we are combining convergent services with our state-of-the-art 4G LTE network to drive the growth of our mobile IPTV business with personalized, multi-screen viewing experiences. Today, we are partnering with Korea's best educational and entertainment content providers to deliver a rapidly expanding library of live, time-shifted, and video-on-demand content to both fixed and mobile devices anytime, anywhere. Whether it is language learning, test preparation, or a favorite cartoon or TV show, we let our customers watch what they want, when they want.



How can I watch  
what I want,  
when I want?

**WE LET YOU TUNE IN  
ANYTIME, ANYWHERE WITH  
MOBILE IPTV.**



### **IPTV Services**

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How can I get  
quality care without  
visiting the doctor?



### Healthcare Services

Modern healthcare has made life longer and healthier. But its specialized nature and limited delivery channels have made highly personalized care a luxury. At SK Telecom, we are building on our ICT capabilities, partnerships with leading medical institutions and diagnostic device makers to create a new paradigm in preventive healthcare that transcends place and time. Through close collaboration with the core stakeholders of the healthcare ecosystem, we aim to improve the quality of care while reducing costs by delivering it more efficiently. From our Health-On integrated wellness service to our comprehensive smart hospital solutions and diagnostic equipment innovations, we are enhancing the quality and efficiency of healthcare, as well as its accessibility and affordability.



How can I get quality care without visiting the doctor?

**WE BRING QUALITY HEALTHCARE HOME TO YOU.**



### Healthcare Services

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# Financial Highlights

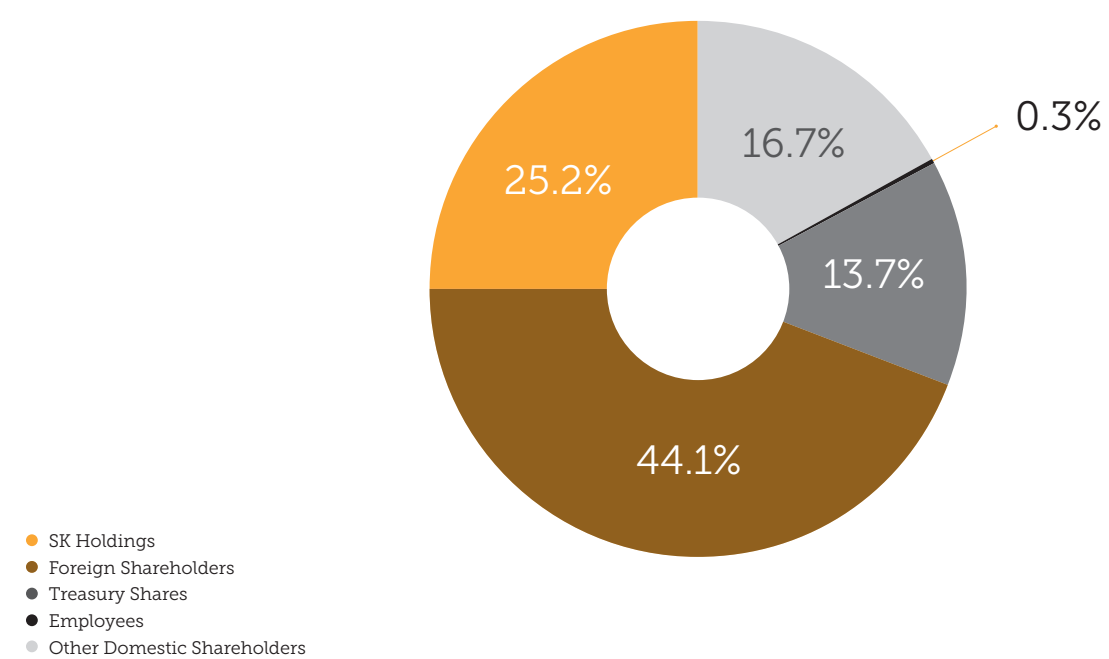
## 18 FINANCIAL HIGHLIGHTS [IFRS, CONSOLIDATED BASIS]

	In billions of KRW	
	2012	2011
Statement of Income Data		
Operating revenue and other income	16,501.9	15,976.2
EBITDA <sup>(1)</sup>	4,344.9	4,600.8
Profit for the year	1,115.7	1,582.1
Statement of Financial Position Data		
Total Assets	25,595.6	24,366.0
Cash and marketable securities	1,494.7	2,725.2
Total Liabilities	12,740.8	11,633.3
Interest-bearing financial debt	6,683.5	5,827.3
Total Equity	12,854.8	12,732.7
Financial Ratios		
EBITDA margin	26.3%	28.8%
Net margin	6.8%	9.9%
Debt-to-Equity ratio <sup>(2)</sup>	52.0%	45.8%

(1) EBITDA = Operating Income from continuing operations + Depreciation and amortization + R&D related depreciation within R&D expense

(2) Debt-to-Equity Ratio = Interest-bearing financial debt / Total equity

## 2012 SK TELECOM SHAREHOLDERS





# Letter to Shareholders



**Sung Min Ha**  
President & CEO  
SK Telecom

The year 2012 saw SK Telecom take its competitiveness in the mobile communications marketplace to the next level. We solidified our LTE market leadership as the market experienced unprecedented growth and data usage soared. We also focused on sustainable growth as our business direction crystallized around the fields of solutions, healthcare, fixed and mobile IPTV, semiconductors, and global operations. Internally, we collaborated to finalize our long-term vision as we laid the groundwork for growth in the coming decade.

Taking a closer look at our accomplishments, we completed the build-out of our nationwide LTE network in Korea and took the lead in commercializing multi-carrier LTE technology. We also launched our "lifestyle upgrade" initiative, offering consumers unique service "Life Packs" tailored by age group. Together, these initiatives enabled us to surpass 7.5 million LTE subscribers as we closed on the 27 million subscriber milestone. Financially, we recorded non-consolidated revenue of KRW 12.3 trillion, operating income of KRW 1.7 trillion, and net income of KRW 1.2 trillion. Our consolidated results included revenue of KRW 16.5 trillion, operating income of KRW 1.8 trillion, and net income of KRW 1.1 trillion.

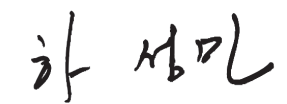
Beyond this solid financial performance, we also continued to dominate Korea's consumer satisfaction surveys. We earned the No. 1 ranking for the 15th consecutive year on both the National Customer Satisfaction Index (NCSI) and Korean Customer Satisfaction Index (KCSI), as well as the 13th consecutive year on the Korean Standard Service Quality Index (KS-SQI).

The year 2012 was the year we made our projections about future business trends and put in place a roadmap for long-term growth to increase corporate value. In 2013, we will move decisively forward with the business plans we have prepared to fulfill our commitment to delivering superior customer value. In the mobile communications business, we aim to transition to a customer value-oriented paradigm by delivering products and services that provide unique customer experiences, improving our customer-oriented policies, and making smart networks a reality. Our goal is to move beyond the current counter-productive competitive landscape, pursuing growth through positive competition that enriches customer lifestyles.

In growth businesses, we are establishing new businesses to create success stories in our primary fields of focus such as solutions, healthcare, and fixed and mobile IPTV. We will also enhance the market position of SK Planet's service platforms, as well as explore synergies with SK Hynix in the fields of information and communications technology (ICT), thereby increasing the enterprise value of both SK Telecom and our subsidiaries.

As we look ahead, the business environment is becoming increasingly complicated and difficult to forecast. The boundaries between industries are blurring as the pace of convergence accelerates. Driven by concerns of slowing growth, the mobile communications market is now evolving into a data-centric market to meet growing demand for mobile connectivity. In this environment of uncertainty, we have embraced a vision that will guide us over the coming decade. Under our new "Partner for New Possibilities" vision, we aim to achieve an enterprise value of KRW 100 trillion by 2020 as we set our sights on joining the ranks of the world's top 100 global companies.

The year 2013 will mark our first step toward our new vision. Building on our new framework for growth encompassing telecommunications, platforms, and semiconductors, we will strive to fulfill our full growth potential as a global ICT leader and maximize enterprise value.



**Sung Min Ha**  
President & CEO  
SK Telecom

# Board of Directors

- Current Position
- Other Principal Directorship & Position
- Business Experience

24



1



2



3



4



5



6



7



8

25

## 1 Hyun Chin Lim

- Chairman of the Board, SK Telecom
- Professor, College of Social Sciences, Seoul National University
- President, Korean Association of Political Sociology
- Director, Asia Center, Seoul National University
- Adjunct Professor, Asian Pacific Studies Institute, Duke University
- Representative, Korean Association of NGO Studies
- President, Korean Sociological Association
- Adjunct Professor, Central Officials Training Institute

## 2 Sung Min Ha

- President & CEO, SK Telecom
- President, Mobile Network Operator Business, SK Telecom
- CFO, Head of Corporate Center, SK Telecom
- CFO, Head of Management Supporting Division, SK Telecom
- CFO, Head of Strategic Planning Office, SK Telecom

## 3 Jay Young Chung

- Honorary Professor, Sungkyunkwan University
- Chairman, Asia-Pacific Economics Association
- Professor, Graduate School of Business Administration, Sungkyunkwan University
- Chairman, The Korean-Japanese Economics & Management Association
- Chairman, The Korean Association of Trade and Industry Studies
- Vice President, Sungkyunkwan University

## 4 Rak Yong Uhm

- Visiting Professor, Chung-Ang University
- Advisory Management Professor, Korea Banking Institute
- Visiting Professor, Graduate School of Public Administration, Seoul National University
- Non-Standing Director, KOTRA
- President, Korea Development Bank
- Vice Minister, Ministry of Finance and Economy
- Commissioner, Korea Customs Service

## 5 Jae Ho Cho

- Professor of Finance, College of Business Administration, Seoul National University
- Chair, Sub-committee for Capital Market Development, Financial Services Commission
- Director, Kyung Hee Foundation
- Deputy Director, SNU Institute of Research in Finance and Economics
- Visiting Professor, Graduate School of Economics, University of Tokyo
- Managing Director, Seoul National University Foundation
- Assistant Professor of Finance, Baruch College, The City University of New York

## 6 Dae Shick Oh

- Advisor, BKL, LLC.
- Head of Seoul Regional Tax Office
- Head of Investigation Department, Korea National Tax Service
- Head of Policy Promotion Department, Korea National Tax Service
- Head of Investigation Department, Seoul Regional Tax Office

## 7 Dae Sik Cho

- President & CEO, SK Holdings
- CFO, Head of Finance Division and Risk Management & Corporate Auditing Office, SK Holdings
- Head of Business Management Office, SK Holdings
- Head of Corporate Business Management Office, SK Holdings
- Senior Vice President, Finance Management & Strategy Office, SK Holdings

## 8 Dong Seob Jee

- Executive Vice President, Corp. Strategy & Planning Office, SK Telecom
- Executive Vice President, Business Support Team, SK Holdings
- Executive Vice President, IPE Business Division, SK Telecom
- Executive Vice President, Mobile Network Operations Planning Office, SK Telecom
- Senior Vice President, Marketing Strategy Office, SK Telecom



# Corporate Governance

THE BOARD HAS EIGHT DIRECTORS, FIVE OF WHOM ARE INDEPENDENT AND FROM OUTSIDE THE COMPANY. BOARD MEMBERS EVALUATE OVERALL MANAGEMENT ACTIVITIES AND PROVIDE STRATEGIC GUIDANCE FOR FUTURE BUSINESS DEVELOPMENT. TO ENHANCE A TRANSPARENT AND EFFICIENT DECISION-MAKING SYSTEM, SK TELECOM HAS ESTABLISHED FIVE COMMITTEES WITHIN THE BOARD—THE AUDIT COMMITTEE, THE INDEPENDENT DIRECTOR RECOMMENDATION COMMITTEE, THE CAPEX REVIEW COMMITTEE, THE COMPENSATION COMMITTEE AND THE CORPORATE CITIZENSHIP COMMITTEE.

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## AUDIT COMMITTEE

This committee is responsible for appointing independent auditors, defining the scope of their services, and evaluating the independent auditors' reports. It also supports management in maximizing corporate value through checks and balances.

## INDEPENDENT DIRECTOR RECOMMENDATION COMMITTEE

This committee is mandated to provide a list of candidates for independent directors for consideration by the Board. It also helps to promote fairness and transparency in the nomination of the candidates.

## CAPEX REVIEW COMMITTEE

This committee is responsible for reviewing the capital expenditure budget and any major revisions. It is also required to periodically examine and monitor the execution of capital expenditure (Capex) decisions that have already been made.

## COMPENSATION COMMITTEE

This committee oversees the overall compensation plan for top-level executives and directors. It is responsible for reviewing both the criteria and levels of their compensation packages.

## CORPORATE CITIZENSHIP COMMITTEE

This committee supports the company's various corporate social responsibility (CSR) activities, including social welfare activities, ethics management, win-win partnerships with business partners, and environment-friendly management. It also helps to improve corporate capabilities for sustainable management.

At SK Telecom, we have enthusiastically established a global standard of corporate governance, operating within a structure whose focal point is the Board of Directors. This enhances the transparent and sound management practices that maximize our shareholder and overall corporate value.

The Board of Directors plays a pivotal role in corporate governance. As of March 2013, the Board has eight directors, five of whom are independent and from outside the company. The Board operates five committees, which are the Audit Committee, the Independent Director Recommendation Committee, the Capex Review Committee, the Compensation Committee, and the Corporate Citizenship Committee.

In 2012, these committees met 26 times to discuss major corporate agendas. In terms of independence, our Board has 63% ratio of independent directors, far above the average of comparable companies in Korea. We believe our efforts to increase transparency in management will enhance the objectivity and expertise of the Board, resulting in further improvements in corporate governance.

The Korea Corporate Governance Service (KCGS), a non-profit organization established under the joint sponsorship of Korea Exchange and four other prominent securities-related organizations, recognized us for excellence in corporate governance for six consecutive years between 2005 and 2010. The KCGS also gave us A+ and A ratings in 2011 and 2012, respectively, in its annual ESG (Environment, Social, and Governance) Evaluation of the 668 domestic listed companies. The comprehensive corporate governance evaluation criteria used by KCGS rates companies based on shareholder-oriented management, board of directors, fair disclosure, audit committee, and allocation of profits. The KCGS continues to recognize our efforts to enhance corporate governance such as the strengthening of the board's role in management, increasing transparency in accounting and credibility in financial information, and introduction of an audit process to monitor insider trading.

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# Materiality Analysis

AT SK TELECOM, WE HAVE CONDUCTED A MATERIALITY ANALYSIS EVERY YEAR SINCE PUBLISHING OUR FIRST SUSTAINABILITY REPORT IN 2006. THROUGH THIS ANALYSIS, WE AIM TO FULFILL OUR CORPORATE RESPONSIBILITY TO OUR CUSTOMERS AND COMMUNITIES AS WELL AS BECOME A PARTNER FOR SUSTAINABLE GROWTH AND A COMPANY THAT IS INTEGRAL AND INDISPENSIBLE TO SOCIETY.

## 28 MATERIALITY ANALYSIS PROCESS

We have conducted direct/indirect CSR research on internal/external stakeholders to identify issues related to sustainable management of SK Telecom. The identified issues then went through impact analysis to be incorporated into the corporate vision and strategy, from which high priority domains have been derived. Materiality of SK Telecom refers to such high priority domains. The entire process has been reported to Corporate Citizenship Committee, the highest decision-making body for CSR of SK telecom, and the results are fully communicated externally through the integrated sustainability report and the annual report.



## 2012 KEY PERFORMANCE REVIEW

### LTE LEADERSHIP (NETWORK QUALITY)

SK Telecom has completed its nationwide network for LTE service and commercialized Multi Carrier(a technology that also uses 1.8GHz frequency band in addition to 800MHz depending on the traffic to enhance call quality). As a consequence, the number of LTE subscribers reached seven million with the increase in ARPU (Average Revenue per User) of cell phone users.

### ICT CONVERGENCE & NEW BUSINESS

After entering the healthcare industry, which is the ICT convergence area, SK Telecom launched "Smart Health", the mobile e-prescription service, enabling patients to manage prescribed and administered medicines, and allowing hospitals and pharmacies to closely monitor patient conditions. Through 'Smart Health' service, SK Telecom also creates revenue in new business area.

### CUSTOMER EXPERIENCE MANAGEMENT (PRIVACY PROTECTION)

Since the rapid increased of smishing(the fraudulent use of SMS to implant malicious codes into cell phone and abuse the captured user information to be used in the micropayment system for illegal profit) in the 2nd half of 2012, SK Telecom has communicated anti-smishing tips to the public through mass media on an ongoing basis while cancelling payment wrongfully charged to customers through smishing in order to minimize the damage to the customers.

SK Telecom has introduced a ceiling for LTE data fee for excess data usage to prevent bill shock and lessen the fee burden on customers.

### DIGITAL INCLUSION

A series of education has been offered to senior users on how to utilize cell phone services in an effort to lessen the information divide and facilitate intergenerational communication through ICT. The education has contributed greatly to the increase in smartphone usage by customers in their 60s or older with their data usage going up 1.9 times in 4Q(212MB) vs. 1Q(114MB) of 2012.

### R&C SOCIAL INNOVATION

SK Telecom has launched a project to grow traditional markets leveraging ICT in 2012 and planned to job creation by supporting ICT-based venture companies and small enterprises in 2013.

SK Telecom has established the "Happy ICT Foundation", a social enterprise to create jobs for the disadvantaged and help them become self-supporting

### WIN-WIN GROWTH

SK Telecom leads many technology projects jointly with partners in a wide array of areas. In 2012, the company entered the Turkish market with the successful results from its smart learning project jointly led by Nable Communications and Incross, one of SK Telecom's partner companies. It also supported innovative ideas and service development by disclosing APIs such as M2M platform(intelligent information infra), cloud API(cloud storage), and etc that are needed by partner companies to develop new services.

### CLIMATE CHANGE (ECO-FRIENDLY MANAGEMENT)

The Cloud BEMS(Building Energy Management System), developed and commercialized by SK Telecom, has been deployed at Hyundai Department Store to optimize the HVAC system and the operation time of refrigerators, saving KRW 120 million of energy expense per year.

SK Telecom also reduced its own energy expense KRW 13 million by replacing LED lightings in the corporate building, cutting standby power of offices during late night, separating the lighting circuit to control the lights. Cloud BEMS deployment at the network management center, the headquarters building, and corporate office buildings in local provinces also reduced the company's energy expense further by KRW 116 million.

### TALENT ATTRACTION & RETENTION

SK Telecom has accomplished Performance evaluation focused more on how to develop employee capability and potential in a more horizontal and creative organization culture and implement talent development through self-initiating, smart learning programs (For one employee, KRW 2.93 million is invested on average for talent development with 100 hours of education per year)

# 2012 At a Glance

## JANUARY

### FIRST TEST DEPLOYMENT OF ADVANCED-SCAN

Launched the global industry's first test deployment of a next-generation Smart Cloud Access Network (SCAN) technology to improve quality of service in cell-edge areas. Advanced-SCAN improves coordinated multi-point (CoMP) transmission and reception to reduce signal interferences between base stations to substantially improve call quality. This technology is expected to be adopted in LTE-Advanced, the next step in the evolution of LTE technology.

### HEALTH CONNECT JOINT VENTURE LAUNCHED

Joined forces with Seoul National University Hospital (SNUH) to establish Health Connect, a joint venture with the mission of developing connected healthcare technologies that will improve the efficiency and quality of care to deliver greater patient satisfaction. Health Connect's major areas of focus include the development of a mobile-based self-health management service model, export of "smart hospital" solutions to overseas markets, and the establishment of an integrated R&D system focused on the development of the healthcare industry.

### LAUNCHED "LIFESTYLE UPGRADE" INITIATIVE

Announced our "Lifestyle Upgrade" initiative to deliver greater value and satisfaction as LTE service goes mainstream. As part of this initiative, introduced LTE "Life Pack" rate plans tailored to the usage patterns of different user demographics. Initial offerings included the "Smart Education" plan for students with lower data rates for educational content and unlimited SMS, the "Fun Special" plan with discounts on both data and use fees for multimedia content, the "LTE Golden Age" plan with expanded free voice and video call minutes, for subscribers over 65 years of age and the "Perfect Security Service" plan that detects and blocks 99.9% of malicious mobile content.

### LTE SUBSCRIBERS SURPASSED 1 MILLION

Although we were the world's 22nd mobile operator to launch an LTE network, we became the world's third to surpass 1 million in LTE subscribers on January 31, just 99 days after the launch of our commercial service on September 28, 2011.

## FEBRUARY

### SK HYNIX ACQUISITION COMPLETED

Completed the acquisition of a 21.05% equity stake in SK Hynix (formerly Hynix Semiconductor Inc.), the world's No. 2 maker of semiconductor memory chips. The investment solidifies SK Telecom's growth prospects in the rapidly growing ICT industry.

## MARCH

### DEMONSTRATED 100 Mbps HYBRID NETWORK TECHNOLOGY

Demonstrated the world's first hybrid network technology by combining the 4G mobile and Wi-Fi networks to achieve data download speeds of 100 Mbps at the Mobile World Congress 2012 in Barcelona.

### LEADER IN KOREAN TELECOM INDUSTRY

Achieved our goal set in 2009 to become Korea's telecom leader in terms of revenue, customer satisfaction, and brand value. The financial results for fiscal 2011 showed that SK Telecom's combined revenues from mobile telecom, fixed-line telecom, and broadband Internet services was the highest in Korea.

### LAUNCHED T FREEMIUM PREMIUM CONTENT PACKAGE

Launched T Freemium program offering subscribers to our LTE 62 and higher rate plans KRW 20,000 each month for purchase of video-on-demand content, HD games, applications, e-books, and other content. In addition to creating subscriber value, the program helped spur the growth of Korea's content industry.

### ANNOUNCED "PARTNER FOR NEW POSSIBILITIES" VISION

Marked our 28th anniversary with the announcement of the "Partner for New Possibilities" vision. The vision focuses on partnering with all our stakeholders—employees, customers, and business partners—to build an ecosystem that transcends the boundaries between industries to create new value, and greater satisfaction as we set our sights on being a global ICT leader.

## APRIL

### LAUNCHED B2B CLOUD INITIATIVES

Announced three strategic B2B cloud initiatives at our "Cloud Inspire 2012" conference focusing on delivering optimized mobile solutions, world-class safety and security, and big data solutions. The first of its kind conference in Korea attracted over 1,200 attendees, including leading experts in the field.

### NAMED ASIA'S BEST MOBILE CARRIER

Named Asia's best mobile carrier at the 2012 Telecom Asia Awards in recognition of our rapid transition to LTE, innovative rate plans, and strengthened market leadership across Asia. The award also cited SK Telecom for building a stable data service environment through innovations in data offload such as hybrid networks and LTE femtocells.

## MAY

### SHOWCASED LATEST LTE/ICT TECHNOLOGIES AT THE "WORLD IT SHOW 2012"

Showcased our latest LTE and ICT technologies at the "World IT Show 2012", Korea's largest IT show. In addition to domestic-first demonstrations of multi-carrier LTE and hybrid network technologies, we also displayed big data and cloud-based B2B solutions, as well as smart robot and Wi-Fi broadcast technologies. The show demonstrated our ability to generate synergy with SK Planet's open platforms and SK Hynix's mobile technologies.

### OPENED "WE\_CLOUD" AT THE YEOSU EXPO PAVILION

Opened our "We\_Cloud" pavilion at the Yeosu Expo 2012 in Korea showcasing our vision for the future of ICT. The high-tech interactive exhibits at the pavilion made it one of the expo's most popular attractions, welcoming over 1 million visitors during its three-month run from May 12 through August 12.

### LAUNCHED PILOT MULTI-CARRIER LTE SERVICE

Launched a pilot multi-carrier LTE service in Seoul serving the heavily crowded area between Gangnam Station and the Kyobo Tower intersection. The service combined our 800 MHz and 1.8 GHz frequency bands to double network bandwidth to 40 MHz, enabling us to maintain the best in service integrity.

## JUNE

### RECEIVED GBT INNOVATION AWARD

Named the wireless network innovation category winner at the 2012 Global Telecoms Business Innovation Awards for our development of the world's first hybrid network technology, which combines mobile and Wi-Fi networks to deliver faster network speeds. SK Telecom previously won a GBT Innovation Award in the consumer service innovation category at the 2009 awards.

### SELECTED AS THE NEXT-GENERATION LTE DEVELOPMENT PARTNER

The SK Telecom consortium, which included Korea's Electronics and Telecommunications Research Institute (ETRI), was selected by Korea's Ministry of Knowledge Economy to work on a number of evolutionary LTE-Advanced technologies such as carrier aggregation and other next-generation network technologies.

### ANNOUNCED LTE 2.0 SERVICES

Announced a number of advanced LTE services to deliver more value to customers as we passed the 3.4 million subscriber mark on the first anniversary of our LTE service launch. The new service announcements included the planned launch of "HD Voice" over LTE (VoLTE) and "joyn.T" rich communications suite (RCS) services, affordable network gaming rate plans, "T Baseball" app with high-quality video streaming, Mobile B TV with high-quality streaming of over 40 popular channels, and a number of LTE-based B2B solutions.

## JULY

### DOUBLED LTE NETWORK BANDWIDTH

Became the world's first MNO to launch commercial multi-carrier (MC) LTE service, using our 800 MHz and 1.8 GHz frequency bands for a combined uplink/downlink bandwidth of 40 MHz. Launched initially in Seoul, SK Telecom expanded the MC LTE service to 23 major metro areas across Korea.

### DEMONSTRATED INDUSTRY'S FIRST EICIC TECHNOLOGY

World's first to demonstrate the enhanced inter-cell interference coordination (eICIC) technology, a core LTE-Advanced technology. SK Telecom was also the first to demonstrate two other core LTE-Advanced technologies, including coordinated multi-point (CoMP) and carrier aggregation (CA).

### DEMONSTRATED INDUSTRY'S FIRST 3D BROADCAST

First in the world to demonstrate the broadcasting of 3D video over a LTE network at the grand opening of Korea's 3D Media Lab.

## AUGUST

### EXPANDED UNLIMITED DATA ROAMING SERVICE

Increased unlimited data roaming by another 19 countries. SK Telecom subscribers can now enjoy unlimited data in 79 countries worldwide for KRW 9,000 a day.

### LAUNCHED INDUSTRY'S FIRST VOLTE SERVICE

Launched HD Voice, the World's first voice over LTE (VoLTE) service. HD Voice uses a high-quality voice codec with 2.2 times the bandwidth of 3G voice calls to deliver "in-person" voice quality. It also dramatically reduces the call connection time from an average of 5 seconds in 3G to as low as 0.25 seconds.

### T CLOUD SERVICE WINS ISO 27001 CERTIFICATION

SK Telecom's T Cloud Biz service became Korea's first cloud service to win the ISO 27001 information security management system certification.

## SEPTEMBER

### LAUNCHED TB FAMILY FREE SERVICE BUNDLED SERVICE

Launched a new bundled service combining up to four LTE numbers and broadband Internet. The bundle includes unlimited voice calls and text messages between family members, as well as one other designated person.

### LTE SUBSCRIBERS SURPASSED 5 MILLION

Became Korea's first and the world's third mobile operator to surpass the 5 million LTE subscriber mark on September 6, just a year after we launched Korea's first LTE smartphone service.

### ENTERED THE CHINESE HEALTHCARE MARKET

Entered the Chinese healthcare market with the purchase of a 49% equity stake in Xi'an Tianlong Science and Technology. Founded in 1997 by a team of professors and researchers from Xi'an Jiaotong University, Tianlong currently produces advanced diagnostic biomedical equipment and reagents.

## OCTOBER

### T FREEMIUM SERVICE SURPASSES 2 MILLION SUBSCRIBERS

T Freemium service surpassed the 2 million subscriber milestone, six months after its launch. T Freemium provides subscribers of LTE 62 or higher rate plans with KRW 20,000 of free premium content each month, including movies, games, and e-books.

### TOPPED SATISFACTION SURVEYS

Reaffirmed SK Telecom's leadership as Korea's leading mobile operator by topping the nation's top-3 customer satisfaction surveys. The 2012 surveys marked our 15th consecutive year at the top of the National Customer Satisfaction Index (NCSI) and Korean Customer Satisfaction Index (KCSI), as well as our 13th year at the top of the Korean Standard Service Quality Index (KS-SQI).

## NOVEMBER

### HELD GLOBAL TECH LEADER SUMMIT

Joined SK Hynix in hosting the Global Tech Leader Summit in Silicon Valley with over 40 Korean professionals working in various industries in the US and academia to share insights and explore future growth opportunities in telecommunications, semiconductors, and a wide range of other fields.

## DECEMBER

### LTE SUBSCRIBERS SURPASSED 7 MILLION

Became Korea's first mobile operator to surpass the 7 million LTE subscribers mark on December 12, closing the year with over 7.5 million subscribers. LTE subscribers now accounted for over 27% of SK Telecom's total mobile subscriber base.

### SIGNED MOU FOR "MY SHOP" SOLUTION

Signed an MOU with Shama, a walnut cookie shop franchiser called Cocohodo, to provide a customized "My Shop" store management solution. "My Shop" will integrate with the company's distribution, accounting, and other systems to provide a complete point-of-sale, marketing, and business management solution.

### LAUNCHED ASIA'S FIRST JOYN SERVICE

Launched joyn.T, Asia's first joyn integrated messaging and content sharing service. Joyn.T leverages the power of our all-IP LTE network to make it easier for users to seamlessly talk, message, and share media with one or more people, via an app available on all major phone platforms.

# Business *Overview*

Our Partner for New Possibilities vision is accelerating the transformation of our business portfolio. Building on our mobile network operator leadership and cutting-edge 4G LTE network, we are now taking our collaboration with our subsidiaries, business partners, and customers to the next level to deliver innovative services and solutions that will bring more value to every aspect of life.



AT SK TELECOM, OUR LEADERSHIP IN 4G LTE SERVICE IS ENABLING US TO CREATE AND DELIVER A NEW GENERATION OF INNOVATIVE AND COMPELLING SERVICES THAT WILL KEEP US FIRMLY AT THE INDUSTRY FOREFRONT. AS OF THE END OF 2012, WE HAD 27 MILLION MOBILE SUBSCRIBERS, REPRESENTING A 50.3% SHARE OF THE KOREAN MARKET. LTE SUBSCRIBER GROWTH HELPED BOOST OUR CONSOLIDATED REVENUE TO KRW 16.5 TRILLION, A 3.3% INCREASE OVER 2011. WE ALSO CONTINUED TO LEAD THE WAY IN CUSTOMER SATISFACTION, TOPPING THE NATIONAL CUSTOMER SATISFACTION INDEX (NCSI) AND KOREAN CUSTOMER SATISFACTION INDEX (KCSI) FOR A REMARKABLE 15<sup>TH</sup> CONSECUTIVE YEAR IN 2012.

HD Voice

freemium

baseball



### LEADING THE WAY WITH LTE

We closed 2012 with over 7.5 million LTE subscribers, a number that made us No. 1 in Korea and No. 3 globally as we reinforced our market leadership.

### BRINGING MORE VALUE TO LIFE

We continued to innovate in 2012 to deliver unique customer experiences. Our new "T Freemium" app offering free monthly access to KRW 20,000 of premium content including movies, books, and games reached 2.5 million users. Our "T Baseball" app also won a distinction award from the Korea Communications Commission.

### DELIVERING A PREMIUM LTE EXPERIENCE

We bolstered our competitiveness in 2012 by launching a trio of next-generation LTE services. In September, we launched "HD Voice", the world's first voice over LTE (VoLTE) service. In October, we launched "B TV Mobile", a mobile streaming IPTV service that reached 320,000 subscribers by year end. Then in late December, we launched "joyn.T", a rich communications service (RCS) with integrated SMS and IMS features.

### PURSUIING A STRATEGY FOR SUPERIORITY

We aim to maintain our LTE market leadership in 2013 by focusing on four major marketing strategies as we make upgrading customer benefits, as well as our product and service portfolio top priority to deliver maximum customer value.

First, we will lead the transition from the present cost-intensive competitive paradigm to a retention-focused environment. To this end, we have launched and are preparing a variety of programs that will benefit our customers and make our services more retentive.

Second, we will move toward data-centric rate plans appropriate for today's marketplace and lead the LTE evolution with next-generation communication services such as joyn.T and HD Voice.

Third, we will leverage our next-generation integrated communications platforms and alliances with major content providers to introduce new products and drive growth.

Last but not least, we will strive to effectively deliver a wide variety of products and services through innovations in our distribution channels and marketing infrastructure.



# Networks

AT SK TELECOM, OUR LEADERSHIP IN THE 3G WCDMA AND 4G LTE MARKETS IS BUILT ON OUR WORLD-CLASS TECHNICAL AND NETWORK MANAGEMENT EXPERTISE MASTERED OVER THE PAST THREE DECADES. WITH THE BUILD-OUT OF OUR NATIONWIDE LTE NETWORK COMPLETE, WE ARE NOW WORKING ON ROLLING OUT THE NEXT-GENERATION OF TECHNICAL EVOLUTIONS THAT WILL ENABLE US TO DELIVER PREMIUM LTE SERVICES AS WE CONTINUE TO LEAD THE EVOLUTION TO LTE-ADVANCED AND STRENGTHEN OUR POSITION AS KOREA'S NO. 1 TELECOM OPERATOR.

CoMP

Carrier Aggregation

eICIC

### RAISING THE BAR FOR LTE

Following the completion of our nationwide 4G LTE network in June 2012, we continued to strengthen our technology leadership in both speed and service quality with the rollout of commercial LTE multi-carrier service on July 1 and our "HD Voice" voice over LTE (VoLTE) service on August 8. At the 2013 Mobile World Congress in Barcelona, we were awarded the Outstanding LTE Contribution award in the Best Mobile Technology category for our 4G LTE with PETA solution. In Korea, we were rated as having the best quality network by the Korea Communications Commission (KCC), National Customer Satisfaction Index (NCSI), Korean Consumer Satisfaction Index (KCSI), and Korea Standard Service Quality Index (KS-SQI).

### LEADING THE LTE EVOLUTION

In 2013, we plan to fortify our LTE leadership by rolling out LTE carrier aggregation technology, which will double peak transfer speeds. We will also continue to refine a number of LTE-Advanced technologies such as coordinated multiple point (CoMP) and enhanced inter-cell interference coordination (eICIC) as we strive to achieve a clear edge over our competition in both speed and quality.

### OPTIMIZING FOR GROWTH

We plan to use a variety of cost-effective investment strategies to upgrade our ability to handle the steadily increasing LTE subscriber base. Focusing on the deployment of high-capacity equipment, expanded use of small-cell solutions, and optimization of our network portfolio, we will continue to lead in network innovation to deliver the world's best LTE service to our customers.



AT SK TELECOM, WE ARE SEIZING THE INITIATIVE IN THE B2B SEGMENT OF TODAY'S INTENSELY COMPETITIVE FIXED-MOBILE CONVERGENCE MARKET-PLACE AS WE STEADILY EXPAND BOTH OUR CUSTOMER AND REVENUE BASES. WE ARE NOW LAYING THE FOUNDATION FOR SUSTAINABLE GROWTH AS WE TRANSFORM OURSELVES INTO A SOLUTIONS PROVIDER FOCUSED ON FIVE KEY INITIATIVES—SMART STORE, SMART WORK, SMART CLOUD, GREEN & SAFETY, AND M-AD & PAYMENT.

Smart Work

**GROWING WITH QUALITY SOLUTIONS**

In 2012, we generated B2B revenues of KRW 1.45 trillion—a strong 27% increase—as we steadily grew our B2B customer base along with the solutions segment of our business portfolio. Our solutions business generated 19% of total B2B revenues, a 4.1 percentage point increase over 2011, marking its emergence as our new primary growth driver.

**DELIVERING PRODUCTIVE SOLUTIONS**

As we push ahead with our transition to a solutions-based business portfolio, we have selected five core areas of focus with solid mid-term growth prospects. We expect these five initiatives to deliver concrete results in 2013 as we continue to lay a solid foundation for growth by continuously innovating the way we do business.

Our Smart Store initiative is delivering "My Shop", a store management solution that combines point-of-sale equipment with integrated sales, marketing, and back-office functionality in an easy-to-use package, to make franchise stores and small businesses more productive and profitable.

Our Smart Work initiative is delivering intelligent, secure ICT infrastructure solutions that enable medium and large enterprises to achieve peak productivity and efficiency.

Our Smart Cloud initiative is delivering cloud solutions optimized for mobile devices featuring world-class security, stability, and capacity.

Our Green & Safety initiative is delivering customized solutions that will improve the energy efficiency, safety, and security of businesses, homes, and factories.

Our M-Ad & Payment initiative is delivering targeted advertising to customers, as well as payment and other value-added services.

In addition to the above, our existing B2B telephony service will also shift to a value-driven market paradigm, overhauling its operating structure and exploring new business models.



Subsidiaries  
**SK planet**

SK PLANET, A WHOLLY OWNED SUBSIDIARY OF SK TELECOM, CONTINUES TO EXPAND ITS PRESENCE IN PLATFORM BUSINESSES. EQUIPPED WITH A CORE PORTFOLIO OF QUALITY SERVICES IN THE E-COMMERCE AND DIGITAL CONTENT, THE COMPANY IS NOW WORKING ON MAXIMIZING SYNERGIES WITH THE RECENT MERGER OF SK MARKETING & COMPANY AND EXPANDING ITS USER BASE GLOBALLY TO BECOME AS A GLOBAL PLATFORM INNOVATOR.

**SK hynix**

SK HYNIX HAS OVERCOME COUNTLESS CHALLENGES AND ADVERSITIES OVER THE PAST DECADE TO EMERGE AS A FRONT-RUNNER IN THE GLOBAL MEMORY MARKET. IN 2012, SK TELECOM ACQUIRED A CONTROLLING STAKE IN THE COMPANY, ADDING SEMICONDUCTORS TO ITS EXISTING TELECOMMUNICATIONS AND PLATFORM BUSINESSES AND PUTTING IN PLACE A NEW GROWTH ENGINE THAT WILL ACCELERATE ITS EMERGENCE AS A GLOBAL ICT PLAYER.



**BUILDING ON SUCCESS**

SK Planet took its platform businesses to the next level in 2012 by strengthening market leadership in its core services, bolstering its internal R&D capabilities, and rolling out a single-ID system across all its platforms. The company's 11th Street online marketplace saw transaction volume grow 17% to KRW 4.6 trillion, further strengthening its position. All major services saw rapid growth, with the T Store application store rising from 11.5 million to 18.8 million subscribers and the T Map service rising from 10 million to 15.1 million subscribers.

**GROWING GLOBALLY**

Abroad, SK Planet established an e-commerce presence in Turkey in 2012. In June, it established a 50:50 e-commerce joint venture named Dogus Planet with the Dogus Group of Turkey to build and operate the n11.com e-commerce platform.

**EXPANDING POSSIBILITIES**

SK Planet will continue to strategically expand in the digital content and e-commerce fields. In the digital content area, the company will upgrade T Store's content selection focusing on game publishing to strengthen its distribution power in the domestic market. At the same time, it will introduce a single global platform that will serve such markets as the US and Japan. In the e-commerce area, the company will also create a new growth portfolio by expanding its e-commerce business and advancing into the global marketplace.

**STRENGTHENING TECHNOLOGICAL AND SOLUTION CAPABILITIES**

Despite a challenging global business environment, 2012 for SK Hynix was a preparatory year to become one of the world's leading semiconductor companies leveraging its strengthened financial status. The company strategically expanded its NAND production and solutions capabilities by completing the Cheongju M12 plant in Korea, acquired a US flash controller maker Link\_A\_Media Devices, and established a technology center in Italy. The company's strategy to accelerate growth was matched by efforts to develop innovative technologies. Stable yields for 2Xnm-class DRAM products were achieved faster than for 3Xnm-class products. Client SSD products were released and accelerated efforts were made to secure NAND flash solutions. Furthermore, meaningful progress was made in the development of LPDDR3 and DDR4 technologies to secure next-generation markets. In addition, non-memory products also showed increased sales contribution.

**INVESTING IN TOMORROW**

SK Hynix has sets its sights on becoming a leader in the premium memory market with leading edge technology. Looking beyond memory, the company plans to steadily expand its non-memory portfolio and production capabilities to drive growth and generate greater synergies with SK Telecom.



## Subsidiaries

# SK broadband

IN 2012, SK BROADBAND CONTINUED TO REALIZE GROWTH IN BROADBAND INTERNET AND IPTV SUBSCRIBERS, AND RECORDED FOUR CONSECUTIVE QUARTERS OF EARNINGS GROWTH TO POST ITS FIRST CONSOLIDATED NET PROFIT IN HISTORY. THE COMPANY'S CONTINUED UPGRADES IN B2B AND IPTV SERVICE OFFERINGS, ALONG WITH BUNDLED OFFERINGS WITH SK TELECOM ARE BOOSTING SYNERGIES AND GROWTH.



### GROWING MOMENTUM

SK Broadband leveraged its upgraded network infrastructure to achieve its third consecutive year of 20%-plus B2B sales growth. The company's IPTV and broadband businesses added 520,000 and 200,000 net subscribers respectively, while churn rates and marketing effectiveness steadily improved. This increased focus on the customer also earned the company top rankings on the Korea National Consumer Satisfaction Index (NCSI) and Korea Standard Satisfaction Quality Index (KS-SQI) during the year.

### ATTRACTIVE BUNDLED OFFERINGS

SK Broadband offers broadband Internet service via fiber optic and other network technologies at a variety of speeds and price points. The company's most popular products and services include the affordable "Smart" broadband plan, the "B Set" featuring Internet, VoIP, and IPTV services, and family bundle discounts for SK Telecom wireless subscribers such as the "Family Free" plan, and the "B TV Mobile" plan, which

enables subscribers to stream IPTV to their smartphones. The company's IPTV service surpassed 1.45 million subscribers at the end of 2012. With the completion of the broadcasting industry's transition to digital broadcasting in 2012, the pay TV market is expected to show accelerated growth.

### TAKING VALUE TO THE NEXT LEVEL

SK Broadband will leverage its capabilities and expertise to continue this growth momentum and elevated its corporate value to the next level in 2013. In the broadband Internet market, it will grow its subscriber base by focusing on customer satisfaction and bundled sales. In the B2B market, it will bolster its leased line and other existing businesses, as well as expand its solutions portfolio. It will also strengthen its position in the pay TV market through growth of IPTV subscribers as it prepares to expand into the home platform service field.

# SK telink

SK TELINK IS A TRUSTED CONSUMER AND BUSINESS COMMUNICATION SERVICES PROVIDER IN KOREA.



### STRONG PRESENCE IN INTERNATIONAL CALLS

A pioneer in the nation's international direct dialing market with the best call quality, pricing, and marketing, SK Telink today offers a full range of services including VoIP telephony, value-added telephony, and corporate telephony.

### EXPANDING TELEPHONY SERVICES

In 2012, SK Telink launched "7mobile", a new MVNO service that builds on its existing technology and expertise to deliver superior quality at a competitive price. In the coming year, the company will continue to upgrade its communications capabilities, as it identifies and pursues new business opportunities that will drive revenue growth, and seek innovation in services to create greater customer value.

# Financial *Review*

Our commitment to building long-term shareholder value is backed by a unique and synergistic portfolio of businesses. Fueled by the growth of our 4G LTE business and close collaboration with our subsidiaries, this strong portfolio positions us for solid growth in the years ahead as we aim to profitably shape the future.

# Management's Discussion & Analysis

This Management's Discussion & Analysis (MD&A) is provided to enable readers to assess our results of operations and financial condition for the fiscal year ended December 31, 2012, compared to the preceding year. This MD&A section should be read in conjunction with our audited consolidated financial statements included in this annual report. Unless otherwise specified, all amounts are presented on a consolidated basis and are based on our audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. All amounts are in Korean Won (KRW). All references to "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.

This MD&A section contains "forward-looking statements," as defined in the U.S. Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are subject to various risks and uncertainties. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business are more fully described in our latest annual report on Form 20-F and other filings with the U.S. Securities and Exchange Commission. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

## 1. 2012 OVERVIEW

2012 is highlighted by our leadership position in the long-term evolution (LTE) wireless services market through the accelerated nationwide rollout of our LTE network and the launch of our LTE multi-carrier technology. At the same time, we further enhanced our competitiveness in platform businesses such as T Store (an open marketplace for mobile applications), T-Map (a telematics service) and 11th Street (an open marketplace for online shopping and m-commerce), and further established the foundation for our new businesses such as solutions, media, healthcare and semiconductors through the our 21.05% equity investment in SK Hynix Inc. (formerly, Hynix Semiconductor Inc.) for KRW 3.37 trillion in February 2012.

### Wireless and Fixed-line Businesses

We maintained our leadership position in the wireless business in 2012. At the end of 2012, we had 27.0 million subscribers (including subscribers of mobile virtual network operators (MVNOs) that lease our networks), of which 7.5 million subscribed to our LTE service and 16.0 million used smartphones. Our share of the Korean wireless market based on the number of subscribers (including subscribers of MVNOs) was approximately 50.3% as of December 31, 2012, compared to 50.6% as of December 31, 2011.

In 2012, the Korean telecommunication industry experienced continued strong growth in wireless Internet services as services based on LTE technology expanded nationwide and the number of smartphone users continued to increase rapidly. We enhanced our leadership by providing reliable and fast LTE service, securing a competitive device line-up and providing differentiated services such as T Freemium, which is a premium mobile content service that is available to our LTE users that subscribe to monthly plans with a basic monthly rate of KRW 62,000 or above. In 2012, we also launched new all-IP services such as HD Voice (a high quality voice call service over our LTE network) and joyn.T (an integrated mobile and SMS messaging service).

In addition, we continue to generate synergies with SK Broadband to maximize customer convenience and benefits by developing new services and products, such as bundled services combining mobile phone, fixed-line phone, broadband Internet, VoIP and IPTV services in various combinations. In 2012, SK Broadband launched its Mobile IPTV service, which we believe will create synergies by leveraging SK Telecom's competitive advantage in the wireless services business and SK Broadband's competitiveness in the IPTV service business.

### Platform Businesses

Our key platform businesses, including T Store, T-Map and 11th Street, operated by SK Planet, all showed strong growth in 2012. SK Planet was established in October 2011 by spinning off SK Telecom's platform business division to develop a management system and corporate culture more suitable for the platform business. We plan to grow our platform business by sharing our

telecommunication infrastructure with other service providers and application developers. We will continue to identify and foster new platform businesses to create new growth engines for us in the future.

In order to further enhance its competitiveness in the platform business, which is expected to grow based on mobile platforms that can support large amounts of data, SK Planet merged with SK Marketing & Company, which has offline marketing capabilities, in February 2013.

As part of our growth strategy, we have selectively sought attractive opportunities abroad. We are actively seeking various opportunities to grow platform businesses globally by developing new business models. The establishment of an e-commerce joint venture in Turkey in June 2012 is a good example of growing opportunities globally.

## 2. EXECUTIVE SUMMARY

We earn revenues principally from our mobile service sales consisting of the following:

- Sign-up fees, which are initial subscription fees for our mobile services; and
- Voice service fees, consisting of monthly fees and call charges, and data service fees, consisting of usage charges for wireless data services.

We also derive revenue from interconnection fees paid to us by other fixed-line and wireless telecommunications providers for use of our network by their customers and subscribers.

In addition, we derive revenue from businesses operated by our consolidated subsidiaries, including broadband Internet and fixed-line telephone services offered by SK Broadband, various platform businesses conducted by SK Planet and handset sales made by PS&Marketing.

The following selected consolidated financial information has been derived from, and should be read in conjunction with, the audited consolidated financial statements included in this annual report.

### SELECTED FINANCIAL INFORMATION (CONSOLIDATED BASIS)

	In billions of KRW		
	2012	2011	Change
<b>Statement of Income Data</b>			
Operating revenue and other income	16,501.9	15,976.2	3.3%
EBITDA <sup>(1)</sup>	4,344.9	4,600.8	-5.6%
Operating expense	14,735.6	13,786.9	6.9%
Operating income from continuing operations	1,766.3	2,189.3	-19.3%
Profit for the year	1,115.7	1,582.1	-29.5%
<b>Statement of Financial Position Data</b>			
Total assets	25,595.6	24,366.0	5.0%
Cash & marketable securities <sup>(2)</sup>	1,494.7	2,725.2	-45.2%
Total liabilities	12,740.8	11,633.3	9.5%
Interest-bearing financial debt <sup>(3)</sup>	6,683.5	5,827.3	14.7%
Total equity	12,854.8	12,732.7	1.0%
<b>Financial Ratios (%)</b>			
EBITDA margin	26.3	28.8	-2.5%p
Operating margin	10.7	13.7	-3.0%p
Net margin	6.8	9.9	-3.1%p
Debt-to-equity ratio <sup>(4)</sup>	52.0	45.8	6.2%p

(1) EBITDA = Operating income from continuing operations + Depreciation and amortization + R&D-related depreciation within R&D expense

(2) Cash & marketable securities = Cash & cash equivalents + Short-term investment securities + Short-term financial instruments

(3) Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt (excluding current portion of long-term payables related to payment of frequency license fee) + Debentures (excluding current portion) + Long-term borrowings (excluding current portion)

(4) Debt-to-equity ratio = Interest-bearing financial debt/Total equity



Our operating revenue and other income increased by 3.3% to KRW 16.50 trillion in 2012 from KRW 15.98 trillion in 2011, primarily as a result of strong growth in the number of subscribers to our LTE service, as well as improved revenues from our consolidated subsidiaries, including SK Planet, SK Broadband and PS&Marketing.

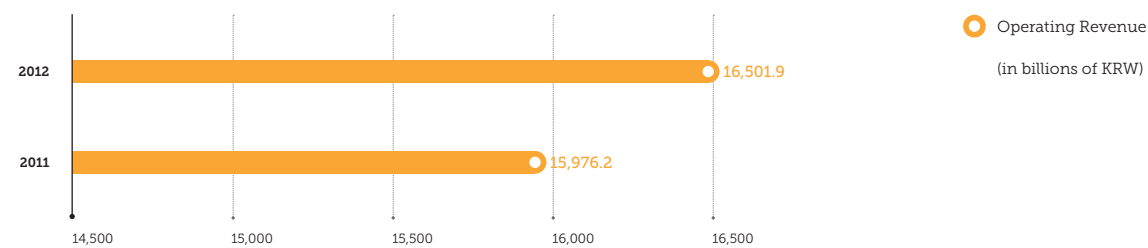
Our operating expense in 2012 increased by 6.9% to KRW 14.74 trillion from 13.79 trillion in 2011, primarily due to increases in commissions paid, cost of products that have been resold and depreciation and amortization. As the increase in our operating expense exceeded the increase in our operating revenue and other income in 2012, our operating income from continuing operations decreased by 19.3% to KRW 1.77 trillion in 2012 from KRW 2.19 trillion in 2011 and our operating margin decreased by 3.0%p to 10.7% in 2012 and EBITDA margin decreased by 2.5%p to 26.3% in 2012. Our profit for the year decreased by 29.5% to KRW 1.12 trillion in 2012 from KRW 1.58 trillion in 2011.

Our total assets increased by 5.0% to KRW 25.60 trillion as of December 31, 2012, compared to KRW 24.37 trillion as of December 31, 2011, primarily due to an increase in investments in associates resulting from our acquisition of a 21.05% stake in SK Hynix in February 2012. Total liabilities increased by 9.5% to KRW 12.74 trillion as of December 31, 2012 from KRW 11.63 trillion as of December 31, 2011, primarily due to an increase in debentures as a result of our issuance of corporate bonds in 2012. Total equity increased by 1.0% to KRW 12.85 trillion as of December 31, 2012 from KRW 12.73 trillion as of December 31, 2011, due to an increase in retained earnings partially offset by a decrease in reserves. Our debt-to-equity ratio as of December 31, 2012 was 52.0%, compared to 45.8% as of December 31, 2011.

### 3. REVENUE

Our operating revenue and other income in 2012 amounted to KRW 16.50 trillion, an increase of KRW 525.7 billion, or 3.3%, from KRW 15.98 trillion in 2011. This increase was primarily attributable to strong growth in the number of new subscribers to our LTE service, as well as improved revenues from our consolidated subsidiaries, including SK Planet, SK Broadband and PS&Marketing.

#### CONSOLIDATED OPERATING REVENUE AND OTHER INCOME

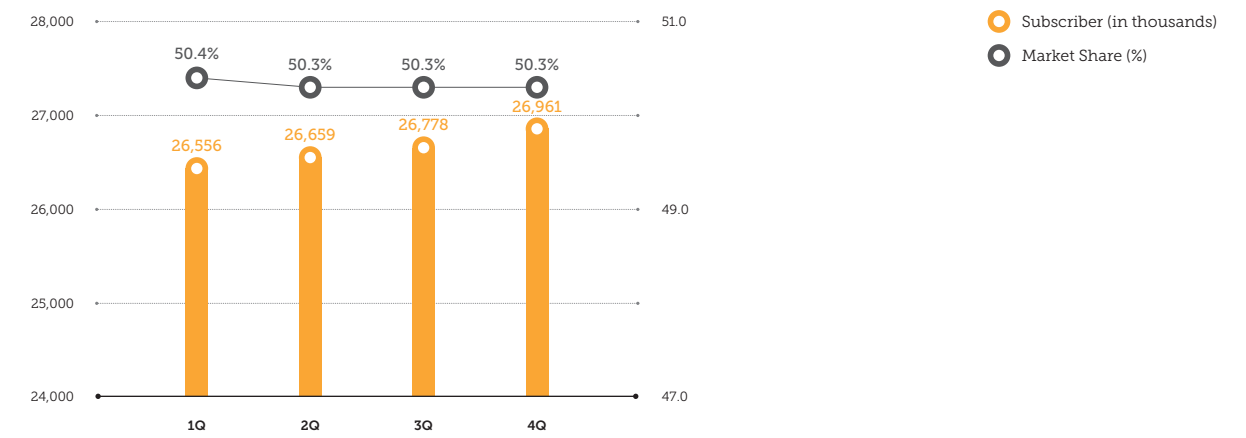


#### Subscribers & Market Share

The total number of wireless subscribers in Korea was approximately 53.6 million as of December 31, 2012 with a wireless telecommunications service penetration rate of 105.3%. Despite the saturated wireless market in Korea, SK Telecom continued to add new subscribers throughout the year, and ended the year 2012 with approximately 27.0 million subscribers (including subscribers of MVNOs that lease SK Telecom's networks). SK Telecom's Korean wireless market share based on the number of subscribers (including subscribers of MVNOs) slightly decreased by 0.3%p to 50.3% as of December 31, 2012 from 50.6% as of December 31, 2011.

The number of SK Telecom's LTE subscribers increased to 7.5 million as of December 31, 2012 from 0.6 million as of December 31, 2011.

#### SUBSCRIBERS & MARKET SHARE IN 2012

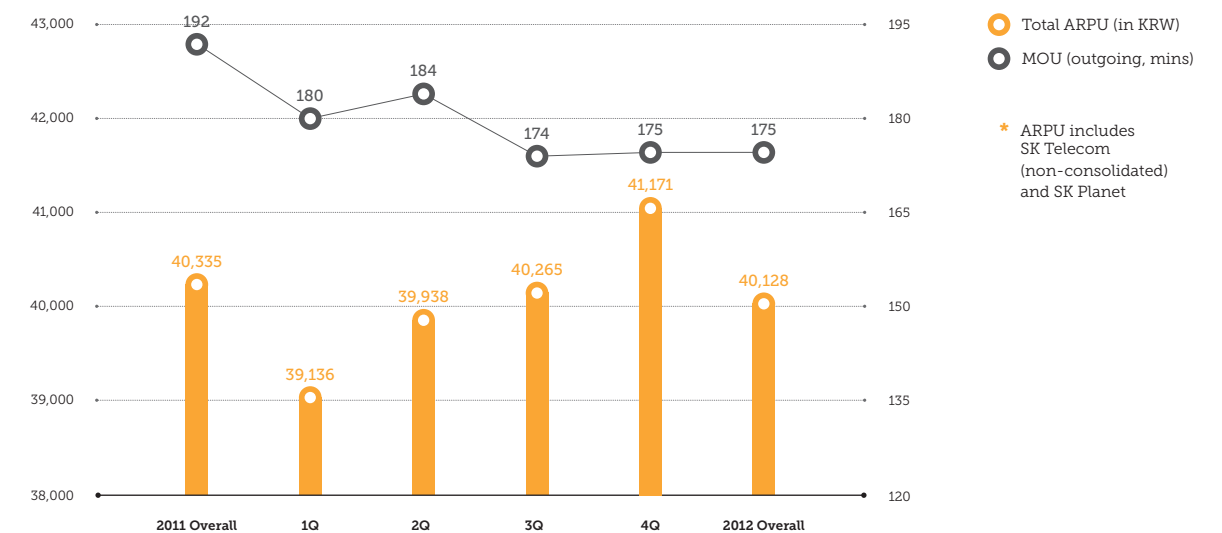


#### ARPU and MOU

SK Telecom's total average monthly revenue per subscriber (ARPU) decreased by 0.5% to KRW 40,128 in 2012 from KRW 40,335 in 2011. This decrease was primarily due to a decrease in voice service usage attributable to the increased use of free text message services by smartphone users, as well as a reduction of the monthly fee by KRW 1,000 for every subscriber effective from September 6, 2011, partially offset by an increase in data service usage attributable to the increase in the number of smartphone users and LTE subscribers who subscribe to data plans with higher monthly basic charges than our other wireless services.

SK Telecom's average monthly outgoing voice minutes per subscriber (MOU) decreased by 8.9% to 175 minutes in 2012 from 192 minutes in 2011, which we believe was caused by an increase in the number of subscribers who subscribe to fixed-rate plans, an increase in the number of users who have multiple wireless devices, as well as an increase in the use of free text message or voice services over mobile Internet.

#### TOTAL ARPU & MOU IN 2012



#### Subsidiaries

The consolidated revenue of SK Broadband consists of (i) revenue from broadband Internet service, (ii) revenue from corporate data services, (iii) revenue from fixed-line telephone service, (iv) revenue from IPTV services and (v) other revenues. The consolidated revenue of SK Broadband increased by 8.6% to KRW 2.49 trillion in 2012 from KRW 2.30 trillion in 2011, primarily due to an increase in revenue from corporate data services as well as an increase in revenue from IPTV services, partially offset by decreases in revenues from broadband Internet service and fixed-line telephone service. As of December 31, 2012, SK Broadband had approximately 4.4 million broadband Internet access subscribers, 4.5 million fixed-line telephone subscribers (including subscribers to VoIP services) and 1.4 million IPTV subscribers, with a market share in Korea of 24.1%, 14.5% (15.0% if

including VoIP) and 22.2%, respectively, based on the number of subscribers.

PS&Marketing's revenue, which is mostly derived from sales of handsets, increased by 37.6% to KRW 1.48 trillion in 2012 from KRW 1.08 trillion in 2011, primarily due to an increase in sales of LTE smartphones.

SK Planet, our new subsidiary established in October 2011, recorded revenue of KRW 1.03 trillion in 2012, which is mostly derived from its principal platform businesses, T Store, T-Map and 11th Street.

## 4. PROFITABILITY

### STATEMENT OF INCOME DATA (CONSOLIDATED BASIS)

	In billions of KRW		In billions of KRW	
	2012	% of Revenue	2011	% of Revenue
<b>Continuing operations</b>				
Operating revenue and other income	16,501.9	100.0%	15,976.2	100.0%
Operating expense	14,735.6	89.3%	13,786.9	86.3%
Labor cost <sup>(1)</sup>	1,283.3	7.8%	1,173.2	7.3%
Commissions paid <sup>(2)</sup>	6,025.1	36.5%	5,611.3	35.1%
Depreciation and amortization <sup>(3)</sup>	2,432.3	14.7%	2,296.5	14.4%
Network interconnection	1,057.1	7.2%	1,264.1	7.9%
Leased line	468.8	2.8%	474.0	3.0%
Advertising	400.1	2.4%	374.3	2.3%
Rent	424.5	2.6%	401.7	2.5%
Cost of products that have been resold	1,297.2	7.9%	959.3	6.0%
Other operating expenses	1,347.3	8.2%	1,232.5	7.7%
Operating income from continuing operations	1,766.3	10.7%	2,189.3	13.7%
Finance income	447.2	2.7%	442.3	2.8%
Finance costs	(638.3)	(3.9%)	(343.8)	(2.2%)
Losses related to investments in subsidiaries and associates, net	(24.3)	(0.1%)	(47.1)	(0.3%)
Profit before income tax	1,550.9	9.4%	2,240.7	14%
Income tax expense from continuing operations	295.9	1.8%	609.0	3.8%
Profit from continuing operations	1,255.0	7.6%	1,631.7	10.2%
<b>Discontinued operation</b>				
Loss from discontinued operation, net of income taxes	(139.3)	(0.8%)	(49.7)	(0.3%)
Profit for the year	1,115.7	6.8%	1,582.1	9.9%
EBITDA <sup>(4)</sup>	4,344.9	26.3%	4,600.8	28.8%

(1) Labor cost = Salaries + Provisions for defined benefit liabilities

(2) Includes marketing commissions and other commissions

(3) Excludes R&D-related depreciation

(4) EBITDA = Operating income + Depreciation and amortization + R&D-related depreciation within R&D expense

Our operating income from continuing operations decreased by 19.3% to KRW 1.77 trillion in 2012 from KRW 2.19 trillion in 2011 and our operating margin decreased to 10.7% in 2012 from 13.7% in 2011, as our operating expenses increased at a rate higher than that of our operating revenue and other income. The increase in our operating expenses was attributable to, among others, a 7.4% increase in commissions paid, a 35.2% increase in cost of products that have been resold and a 5.9% increase in depreciation and amortization. Our EBITDA decreased by 5.6% to KRW 4.34 trillion in 2012 from KRW 4.60 trillion in 2011.

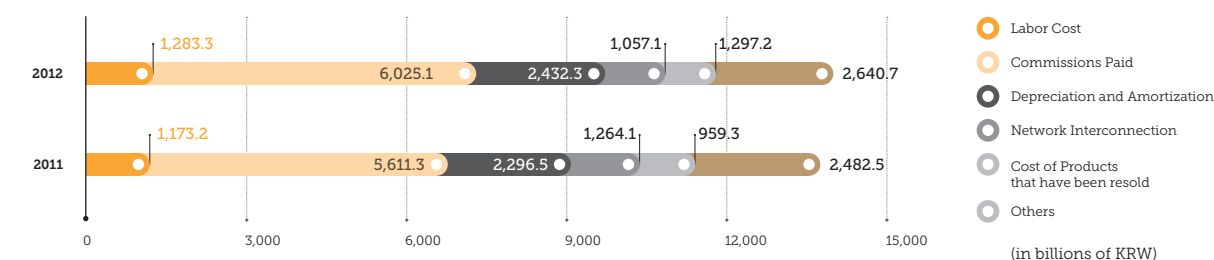
Our finance income increased by 1.1% to KRW 447.2 billion in 2012 from KRW 442.3 billion in 2011, primarily due to an increase in gain on disposal of long-term investment securities mainly caused by the sale in October 2012 of half of the POSCO shares we owned, partially offset by a decrease in interest income resulting from a decrease in accounts receivable related to sales of handsets on installment payment plans. Our finance costs increased by 85.7% to KRW 638.3 billion in 2012 from KRW 343.8 billion in 2011, primarily due to increases in interest expense resulting from an increase in our interest-bearing financial debt and other finance costs resulting from an increase in impairment losses for our available-for-sale financial assets. With an effective tax rate of 19.1%, our profit for the year was KRW 1.12 trillion in 2012, compared to KRW 1.58 trillion in 2011.

## Operating Expense

Our operating expense for 2012 amounted to KRW 14.74 trillion, representing a 6.9% increase from KRW 13.79 trillion in 2011. The increase in operating expense was primarily due to (i) an increase in commissions paid driven by intense market competition to acquire new LTE subscribers, (ii) an increase in cost of products that have been resold resulting from increased LTE smartphone sales by PS&Marketing and (iii) an increase in depreciation and amortization as we increased our investment in wireless networks and amortized frequency licenses we started using in 2012.

Commissions paid accounted for 36.5% of our total revenue at KRW 6.03 trillion in 2012, which represented a 7.4% increase from the previous year. This increase in commissions paid was primarily due to an increase in marketing expenses to acquire new LTE subscribers and an increase in PS&Marketing's sales commissions due to an increase in LTE smartphone sales.

## OPERATING EXPENSE



Our cost of products that have been resold increased by 35.2% to KRW 1.30 trillion in 2012 from KRW 959.3 billion in 2011, primarily due to an increase in LTE smartphone sales by PS&Marketing. Our depreciation and amortization increased by 5.9% to KRW 2.43 trillion in 2012 from KRW 2.30 trillion in 2011, due principally to an increase in our investment in wireless networks, including our LTE multi-carrier technology and the amortization of our frequency license for the 1.8 GHz spectrum which we started using in 2012. Our network interconnection expenses amounted to KRW 1.06 trillion in 2012, representing a 16.4% decrease from KRW 1.26 trillion in 2011. This decrease was primarily attributable to decreases in interconnection traffic volume and fee rates.

## Income Tax

Our income tax expense from continuing operations decreased by 51.4% to KRW 295.9 billion in 2012 from KRW 609.0 billion in 2011. Our effective tax rate also decreased by 8.1% to 19.1% in 2012 from 27.2% in 2011. The decrease in our income tax expense from continuing operations and effective tax rate are primarily attributable to an increase in tax credits related to our capital expenditures in 2012 and a tax refund received in 2012 for previous years, as well as a result of tax audits conducted in 2011 for prior periods.

## 5. FINANCIAL STRUCTURE

### Current Assets

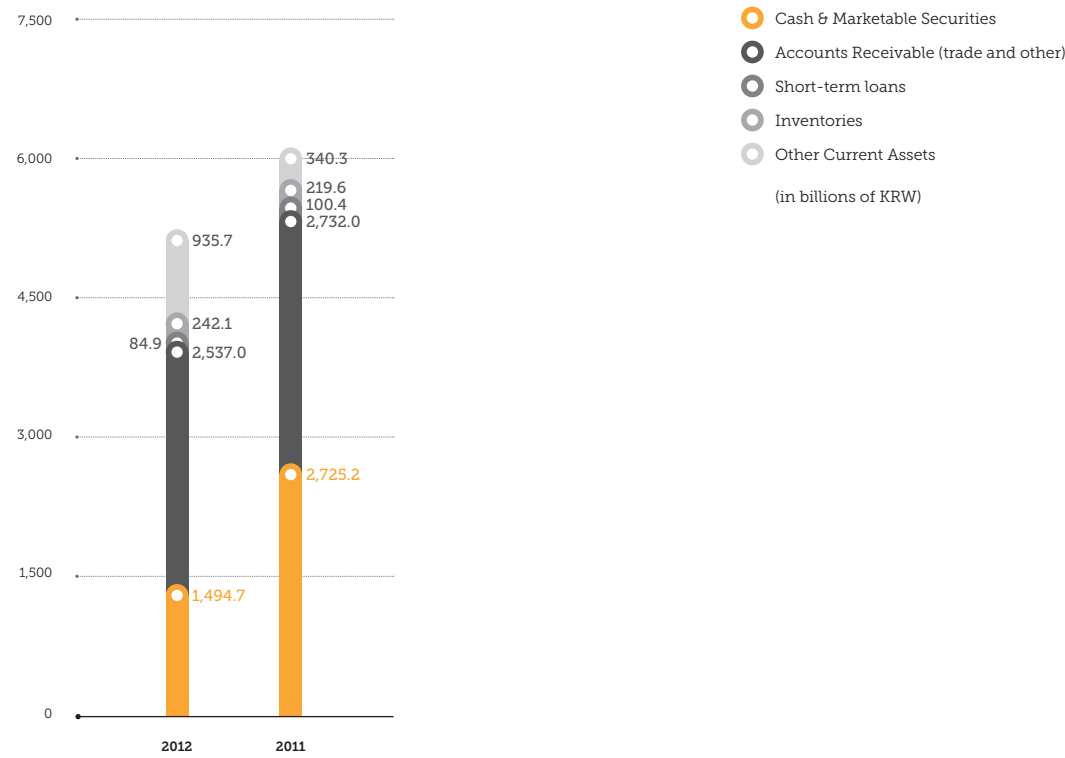
We had current assets of KRW 5.29 trillion as of December 31, 2012, a 13.5% decrease from KRW 6.12 trillion as of December 31, 2011. Our cash and marketable securities (including short-term financial instruments) decreased by 45.2% to KRW 1.49 trillion as of December 31, 2012, from KRW 2.73 trillion as of December 31, 2011, primarily due to the repayment of debt and a decrease in collections of other accounts receivable related to sales of handsets on installment payment plans. As of December 31, 2012, our total accounts receivable (trade and other) amounted to KRW 2.54 trillion, a 7.1% decrease from KRW 2.73 trillion as of December 31, 2011, primarily due to the change in the purchasing entity of handset installment receivables.

### Non-current Assets

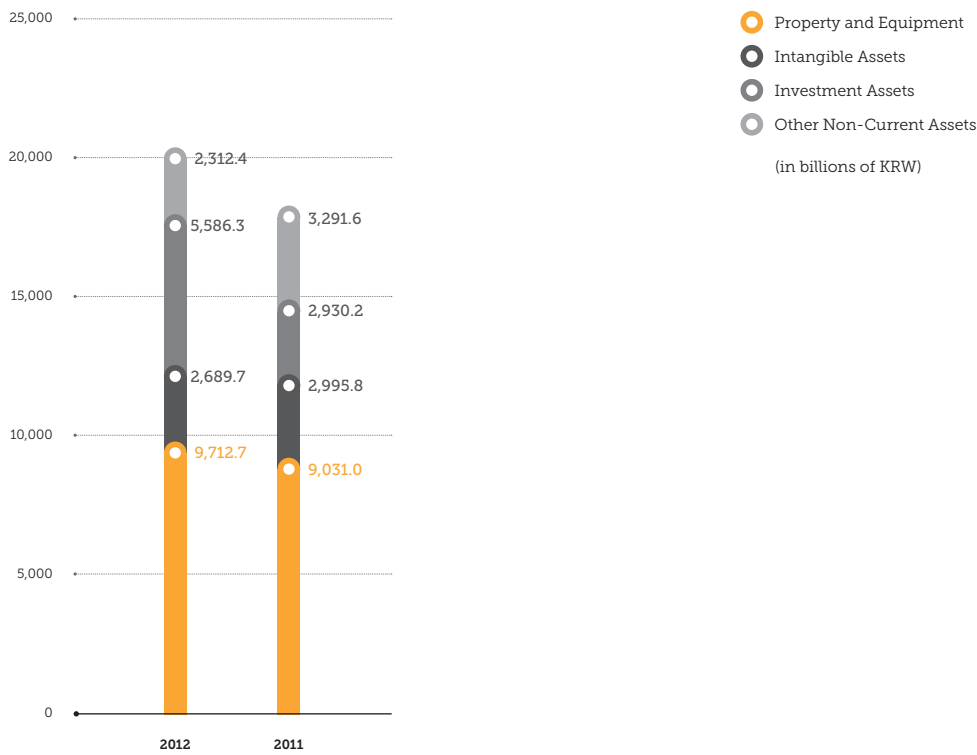
We had non-current assets of KRW 20.30 trillion as of December 31, 2012, a 11.2% increase from KRW 18.25 trillion as of December 31, 2011. Our investment assets, consisting of long-term financial instruments, long-term investment securities and investments in associates, increased by 90.6% to KRW 5.59 trillion as of December 31, 2012 from KRW 2.93 trillion as of December 31, 2011. This increase was mainly attributable to our acquisition of shares of SK Hynix for an aggregate purchase price of KRW 3.37 trillion in February 2012. Our property and equipment increased by 7.5% to KRW 9.71 trillion as of December 31, 2012, from KRW 9.03 trillion as of December 31, 2011, primarily due to an increase in investments in our LTE network.



### CURRENT ASSETS



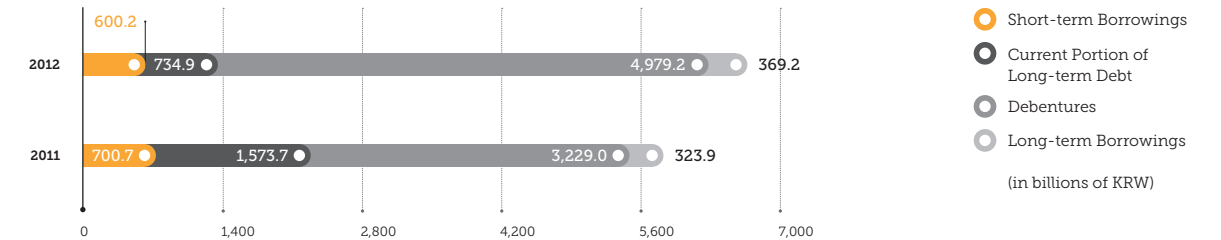
### NON-CURRENT ASSETS



### Liabilities

We had KRW 12.74 trillion of total liabilities as of December 31, 2012, a 9.5% increase from KRW 11.63 trillion as of December 31, 2011, mainly due to an increase in debentures to KRW 4.98 trillion as of December 31, 2012 from KRW 3.23 trillion as of December 31, 2011, resulting from our issuance of corporate bonds in 2012. Our total interest-bearing financial debt, which does not include long-term payables related to frequency license fees, increased by 14.7% to KRW 6.68 trillion as of December 31, 2012 from KRW 5.83 trillion as of December 31, 2011. Our debt-to-equity ratio as of December 31, 2012 was 52.0%, compared to 45.8% as of December 31, 2011.

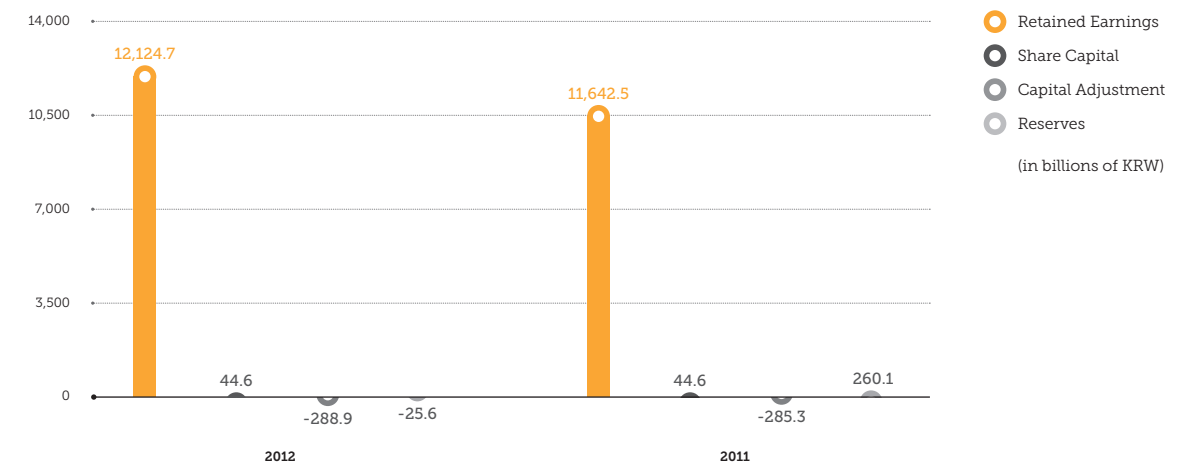
### INTEREST-BEARING FINANCIAL DEBT



### Equity

Our total equity as of December 31, 2012 amounted to KRW 12.85 trillion, representing an increase of 1.0% from KRW 12.73 trillion as of December 31, 2011. This increase was primarily attributable to an increase in retained earnings to KRW 12.12 trillion as of December 31, 2012 from KRW 11.64 trillion as of December 31, 2011, partially offset by negative reserves of KRW 25.6 billion as of December 31, 2012, decreased by 109.9% from positive reserves of KRW 260.1 billion as of December 31, 2011.

### EQUITY



### 6. CAPITAL EXPENDITURE (Non-Consolidated Basis)

SK Telecom spent approximately KRW 2.86 trillion for capital expenditures in 2012, representing a 25.5% increase from KRW 2.28 trillion in 2011. Such increase was primarily attributable to an increase in our network-related investments. Our network-related investment in 2012 were used to enhance our LTE network and improve its quality.

# Financial Statements

## Consolidated Statements of Financial Position As of December 31, 2012 and 2011

	In millions of won	
	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	₩ 920,125	₩ 1,650,794
Short-term financial instruments	514,417	979,564
Short-term investment securities	60,127	94,829
Accounts receivable - trade, net	1,954,920	1,823,170
Short-term loans, net	84,908	100,429
Accounts receivable - other, net	582,098	908,836
Prepaid expenses	102,572	118,200
Derivative financial assets	9,656	148,038
Inventories, net	242,146	219,590
Assets classified as held for sale	775,556	-
Advanced payments and other	47,896	74,029
<b>Total Current Assets</b>	<b>5,294,421</b>	<b>6,117,479</b>
<b>NON-CURRENT ASSETS:</b>		
Long-term financial instruments	144	7,628
Long-term investment securities	953,712	1,537,945
Investments in associates	4,632,477	1,384,605
Property and equipment, net	9,712,719	9,030,998
Investment property, net	27,479	271,086
Goodwill	1,744,483	1,749,933
Intangible assets, net	2,689,658	2,995,803
Long-term loans, net	69,299	95,565
Long-term accounts receivable - other, net	-	5,393
Long-term prepaid expenses	31,341	567,762
Guarantee deposits	236,242	245,218
Long-term derivative financial assets	52,992	105,915
Deferred tax assets	124,098	227,578
Other non-current assets	26,494	23,128
<b>Total Non-Current Assets</b>	<b>20,301,138</b>	<b>18,248,557</b>
<b>Total Assets</b>	<b>₩ 25,595,559</b>	<b>₩ 24,366,036</b>

(Continued)

## Consolidated Statements of Financial Position As of December 31, 2012 and 2011

	In millions of won	
	December 31, 2012	December 31, 2011
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings	₩ 600,245	₩ 700,713
Current portion of long-term debt, net	892,867	1,662,841
Accounts payable - trade	253,884	195,391
Accounts payable - other	1,811,038	1,507,877
Withholdings	717,170	496,860
Accrued expenses	890,863	744,673
Income tax payable	60,253	293,725
Unearned revenue	258,691	290,791
Derivative financial liabilities	-	4,645
Provisions	287,307	657,198
Advanced receipts and other	108,272	118,876
Liabilities classified as held for sale	294,305	-
<b>Total Current Liabilities</b>	<b>6,174,895</b>	<b>6,673,590</b>
<b>NON-CURRENT LIABILITIES:</b>		
Debentures, net, excluding current portion	4,979,220	3,229,009
Long-term borrowings, excluding current portion	369,237	323,852
Long-term payables - other	715,508	847,496
Long-term unearned revenue	160,821	212,172
Finance lease liabilities	22,036	41,940
Defined benefit obligation	86,521	85,941
Long-term derivative financial liabilities	63,599	-
Long-term provisions	106,561	142,361
Other non-current liabilities	62,379	76,966
<b>Total Non-Current Liabilities</b>	<b>6,565,882</b>	<b>4,959,737</b>
<b>Total Liabilities</b>	<b>12,740,777</b>	<b>11,633,327</b>
<b>EQUITY</b>		
Share capital	44,639	44,639
Capital deficit and other capital adjustments	(288,883)	(285,347)
Retained earnings	12,124,657	11,642,525
Reserves	(25,636)	260,064
Equity attributable to owners of the Parent Company	11,854,777	11,661,881
Non-controlling interests	1,000,005	1,070,828
<b>Total Equity</b>	<b>12,854,782</b>	<b>12,732,709</b>
<b>Total Liabilities and Equity</b>	<b>₩ 25,595,559</b>	<b>₩ 24,366,036</b>

Consolidated Statements of Income  
For the years ended December 31, 2012, 2011 and 2010

In millions of won except for per share data

	2012	2011	2010
<b>CONTINUING OPERATIONS</b>			
<b>OPERATING REVENUE AND OTHER INCOME:</b>			
Revenue	₩ 16,300,479	₩ 15,926,468	₩ 15,489,374
Other income	201,409	49,729	80,525
	16,501,888	15,976,197	15,569,899
<b>OPERATING EXPENSE:</b>			
Labor cost	1,283,305	1,173,247	1,067,820
Commissions paid	6,025,091	5,611,325	5,551,033
Depreciation and amortization	2,432,287	2,296,479	2,118,430
Network interconnection	1,057,145	1,264,109	1,316,296
Leased line	468,785	474,018	437,830
Advertising	400,076	374,269	338,447
Rent	424,476	401,706	367,292
Cost of products that have been resold	1,297,205	959,276	640,933
Other operating expenses	1,347,265	1,232,479	1,390,774
Sub-total	14,735,635	13,786,908	13,228,855
<b>OPERATING INCOME FROM CONTINUING OPERATIONS</b>	<b>1,766,253</b>	<b>2,189,289</b>	<b>2,341,044</b>
Finance income	447,210	442,325	477,217
Finance costs	(638,297)	(343,776)	(441,623)
Losses related to investments in subsidiaries and associates, net	(24,279)	(47,149)	(3,414)
<b>PROFIT BEFORE INCOME TAX</b>	<b>1,550,887</b>	<b>2,240,689</b>	<b>2,373,224</b>
Income tax expense from continuing operations	295,887	608,955	559,385
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>1,255,000</b>	<b>1,631,734</b>	<b>1,813,839</b>
<b>DISCONTINUED OPERATION</b>			
Loss from discontinued operation, net of income taxes	(139,337)	(49,661)	(47,004)
<b>PROFIT FOR THE YEAR</b>	<b>₩ 1,115,663</b>	<b>₩ 1,582,073</b>	<b>₩ 1,766,835</b>
Attributable to :			
Owners of the Parent Company	₩ 1,151,705	₩ 1,612,889	₩ 1,841,613
Non-controlling interests	(36,042)	(30,816)	(74,778)
<b>EARNINGS PER SHARE</b>			
Basic earnings per share	₩ 16,525	₩ 22,848	₩ 25,598
Diluted earnings per share	₩ 16,141	₩ 22,223	₩ 24,942
<b>EARNINGS PER SHARE - CONTINUING OPERATIONS</b>			
Basic earnings per share	₩ 18,246	₩ 23,544	₩ 26,252
Diluted earnings per share	₩ 17,806	₩ 22,898	₩ 25,578

Consolidated Statements of Comprehensive Income  
For the years ended December 31, 2012, 2011 and 2010

In millions of won

	2012	2011	2010
<b>PROFIT FOR THE YEAR</b>	<b>₩ 1,115,663</b>	<b>₩ 1,582,073</b>	<b>₩ 1,766,835</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Net change in unrealized fair value of available-for-sale financial assets	(149,082)	(433,546)	(204,325)
Net change in other comprehensive income of investments in associates	(82,513)	(2,173)	(390)
Net change in unrealized fair value of derivatives	(23,361)	29,236	(76,613)
Foreign currency translation differences for foreign operations	(49,538)	40,673	(1,459)
Actuarial losses on defined benefit obligations, net	(15,048)	(25,275)	(4,497)
	(319,542)	(391,085)	(287,284)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₩ 796,121</b>	<b>₩ 1,190,988</b>	<b>₩ 1,479,551</b>
Total comprehensive income attributable to:			
Owners of the Parent Company	₩ 851,565	₩ 1,206,577	₩ 1,560,572
Non-controlling interests	(55,444)	(15,589)	(81,021)

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2012, 2011 and 2010

In millions of won

	Controlling interest					Non-controlling interests	Total equity
	Share capital	Capital deficit and other capital adjustments	Retained earnings	Reserves	Sub-total		
<b>BALANCE, JANUARY 1, 2010</b>	<b>₩ 44,639</b>	<b>₩ 167,876</b>	<b>₩ 9,563,940</b>	<b>₩ 919,835</b>	<b>₩ 10,696,290</b>	<b>₩ 1,151,755</b>	<b>₩ 11,848,045</b>
Cash dividends	-	-	(680,043)	-	(680,043)	-	(680,043)
Treasury stock	-	(210,356)	-	-	(210,356)	-	(210,356)
Total comprehensive income							
Profit (loss)	-	-	1,841,613	-	1,841,613	(74,778)	1,766,835
Other comprehensive loss	-	-	(4,261)	(276,779)	(281,040)	(6,244)	(287,284)
Changes in ownership in subsidiaries	-	(36,473)	-	-	(36,473)	7,275	(29,198)
<b>BALANCE, DECEMBER 31, 2010</b>	<b>₩ 44,639</b>	<b>(₩ 78,953)</b>	<b>₩ 10,721,249</b>	<b>₩ 643,056</b>	<b>₩ 11,329,991</b>	<b>₩ 1,078,008</b>	<b>₩ 12,407,999</b>
<b>BALANCE, JANUARY 1, 2011</b>	<b>₩ 44,639</b>	<b>(₩ 78,953)</b>	<b>₩ 10,721,249</b>	<b>₩ 643,056</b>	<b>₩ 11,329,991</b>	<b>₩ 1,078,008</b>	<b>₩ 12,407,999</b>
Cash dividends	-	-	(668,293)	-	(668,293)	(2,226)	(670,519)
Treasury stock	-	(208,012)	-	-	(208,012)	-	(208,012)
Total comprehensive income							
Profit (loss)	-	-	1,612,889	-	1,612,889	(30,816)	1,582,073
Other comprehensive income (loss)	-	-	(23,320)	(382,992)	(406,312)	15,227	(391,085)
Effect of change in income tax rate	-	(2,980)	-	-	(2,980)	-	(2,980)
Changes in ownership in subsidiaries	-	4,598	-	-	4,598	10,635	15,233
<b>BALANCE, DECEMBER 31, 2011</b>	<b>₩ 44,639</b>	<b>(₩ 285,347)</b>	<b>₩ 11,642,525</b>	<b>₩ 260,064</b>	<b>₩ 11,661,881</b>	<b>₩ 1,070,828</b>	<b>₩ 12,732,709</b>

(Continued)

Consolidated Statements of Changes in Equity  
For the years ended December 31, 2012, 2011 and 2010

In millions of won

	Controlling interest					Non-controlling interests	Total equity
	Share capital	Capital deficit and other capital adjustments	Retained earnings	Reserves	Sub-total		
<b>BALANCE, JANUARY 1, 2012</b>	<b>₩ 44,639</b>	<b>(₩ 285,347)</b>	<b>₩ 11,642,525</b>	<b>₩ 260,064</b>	<b>₩ 11,661,881</b>	<b>₩ 1,070,828</b>	<b>₩ 12,732,709</b>
Cash dividends	-	-	(655,133)	-	(655,133)	(2,133)	(657,266)
Total comprehensive income							
Profit (loss)	-	-	1,151,705	-	1,151,705	(36,042)	1,115,663
Other comprehensive loss	-	-	(14,440)	(285,700)	(300,140)	(19,402)	(319,542)
Changes in ownership in subsidiaries	-	(3,536)	-	-	(3,536)	(13,246)	(16,782)
<b>BALANCE, DECEMBER 31, 2012</b>	<b>₩ 44,639</b>	<b>(₩ 288,883)</b>	<b>₩ 12,124,657</b>	<b>(₩ 25,636)</b>	<b>₩ 11,854,777</b>	<b>₩ 1,000,005</b>	<b>₩ 12,854,782</b>

Consolidated Statements of Cash Flows  
For the years ended December 31, 2012, 2011 and 2010

In millions of won

	2012	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash generated from operating activities:			
Profit for the year	₩ 1,115,663	₩ 1,582,073	₩ 1,766,835
Adjustments for income and expenses	3,289,861	3,225,682	3,089,520
Changes in assets and liabilities related to operating activities	204,308	2,180,223	277,352
Sub-total	4,609,832	6,987,978	5,133,707
Interest received	88,711	156,745	208,444
Dividends received	27,732	34,521	32,394
Interest paid	(363,685)	(301,632)	(364,704)
Income tax paid	(362,926)	(571,217)	(666,436)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,999,664</b>	<b>6,306,395</b>	<b>4,343,405</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Cash inflows from investing activities:			
Decrease in short-term financial instruments, net	464,531	-	-
Decrease in short-term investment securities, net	65,000	125,000	168,260
Collection of short-term loans	282,658	194,561	216,857
Proceeds from disposal of long-term financial instruments	23	5	3
Proceeds from disposal of long-term investment securities	511,417	256,666	630,030
Proceeds from disposal of investments in associates	1,518	6,381	58,873
Proceeds from disposal of property and equipment	271,122	35,197	94,254
Proceeds from disposal of investment property	43,093	-	-
Proceeds from disposal of intangible assets	21,048	3,833	6,826
Collection of long-term loans	11,525	33,824	17,823
Decrease of deposits	41,785	-	-
Proceeds from disposal of other non-current assets	1,853	4,122	2,381
Proceeds from disposal of a subsidiary	89,002	-	-
Cash inflows from transaction of derivatives	-	-	1,255
Increase in cash due to acquisition of a subsidiary	26,651	66,277	42,736
Sub-total	1,831,226	725,866	1,239,298
Cash outflows from investing activities:			
Increase in short-term financial instruments, net	-	(412,256)	(88,682)
Increase in short-term loans	(245,465)	(233,189)	(221,308)
Increase in long-term loans	(3,464)	(13,856)	(36,549)
Increase in long-term financial instruments	(16)	(7,516)	(55)
Acquisition of long-term investment securities	(92,929)	(323,246)	(150,447)
Acquisition of investments in associates	(3,098,833)	(239,975)	(736,105)
Acquisition of property and equipment	(3,394,349)	(2,960,556)	(2,142,309)
Acquisition of investment property	(129)	(86,285)	(1,991)
Acquisition of intangible assets	(146,249)	(598,437)	(128,032)
Increase in asset held for sale	(51,831)	-	-
Increase in deposits	(43,534)	-	-
Increase in other non-current assets	(8,619)	(3,071)	(10,778)
Acquisition of business, net of cash acquired	(43,389)	-	-
Decrease in cash due to disposal of a subsidiary	(12,003)	(82,533)	(26,814)
Cash outflows from transaction of derivatives	-	(4,007)	(35,260)
Sub-total	(7,140,810)	(4,964,927)	(3,578,330)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(₩ 5,309,584)</b>	<b>(₩ 4,239,061)</b>	<b>(₩ 2,339,032)</b>

(Continued)

Consolidated Statements of Cash Flows  
For the years ended December 31, 2012, 2011 and 2010

In millions of won

	2012	2011	2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Cash inflows from financing activities:			
Proceeds from short-term borrowings	₩ -	₩ 174,222	₩ -
Issuance of debentures	2,098,351	1,129,533	149,308
Proceeds from long-term borrowings	2,059,004	92,367	108,044
Cash inflows from transaction of derivatives	87,899	-	-
Increase in cash from the consolidated capital transaction	-	5,769	6,452
Sub-total	4,245,254	1,401,891	263,804
Cash outflows from financing activities:			
Repayment of short-term borrowings	(61,401)	-	(30,910)
Repayment of current portion of long-term debt	(102,672)	(224,581)	(739,334)
Repayment of debentures	(1,145,691)	(842,160)	(605,140)
Repayment of long-term borrowings	(1,660,509)	(512,377)	(200,000)
Cash outflows from transaction of derivatives	(5,415)	(25,783)	-
Payment of finance lease liabilities	(20,794)	-	-
Payment of dividends	(655,133)	(668,293)	(682,283)
Acquisition of treasury stock	-	(208,012)	(252,259)
Decrease in cash from the consolidated capital transaction	(8,372)	-	-
Sub-total	(3,659,987)	(2,481,206)	(2,509,926)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>585,267</b>	<b>(1,079,315)</b>	<b>(2,246,122)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(724,653)</b>	<b>988,019</b>	<b>(241,749)</b>
Cash and cash equivalents at beginning of the year	1,650,794	659,405	905,561
Effects of exchange rate changes on cash and cash equivalents	(6,016)	3,370	(4,407)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>₩ 920,125</b>	<b>₩ 1,650,794</b>	<b>₩ 659,405</b>

# Sustainability **Management**

Our highest ambition is to earn the trust and admiration of our stakeholders as we practice sustainability in every aspect of our operations. By striving for excellence in customer relationships, partner collaboration, ethics management, environmental preservation, and community involvement, we are making the world a better, brighter place for all.



# Sustainability Management

SHAPED BY STAKEHOLDER EXPECTATIONS OF OUR ROLE IN THE COMMUNITY AS KOREA'S LEADING TELECOM SERVICE PROVIDER, OUR SUSTAINABILITY MANAGEMENT STRATEGY IS DESIGNED TO MINIMIZE RISK EXPOSURE TO MAJOR ISSUES, ENHANCE COMPETITIVENESS ACROSS THE BOARD, AND HELP IDENTIFY NEW BUSINESS OPPORTUNITIES. THIS IS ENABLING US TO EARN THE TRUST OF STAKEHOLDERS AND TAKE THE LEAD IN

BUSINESS OPPORTUNITIES RELATED TO ENVIRONMENTAL AND SOCIAL ISSUES AS WE PAVE THE WAY FOR SUSTAINABLE GROWTH AND DEVELOPMENT. IN THE INTEREST OF TRANSPARENCY, WE PUBLISH A SUSTAINABILITY REPORT EACH JUNE THAT COVERS OUR ACTIVITIES AND ACHIEVEMENTS. WE COMMISSION AN INDEPENDENT ASSURANCE REVIEW OF EACH REPORT TO VALIDATE THE CREDIBILITY OF OUR REPORTING.

## BUILDING ON A SOLID FOUNDATION

Launched in 1979, our management system—the SK Management System (SKMS)—is the foundation of our corporate culture that has become the decision-making standard for both business activities and everyday work responsibilities. Based on fundamental SKMS principles, our objective is to make meaningful engagement with each major stakeholder group—customers, employees, shareholders, and communities—through dedicated channels the foundation of all our corporate activities.

These efforts enabled us to dramatically decrease major customer complaints by over 50% in 2012. Other significant results during the year of our commitment to CEM can also be evident in our surpassing of the 7 million LTE subscriber milestone, strengthened competitiveness as we kept our promises to customers, and improvements in the customer service delivery process.

In 2012, these efforts helped us once again top the National Customer Satisfaction Index (NCSI) for a remarkable 15th straight year. We believe that CEM is the key to overcoming industry stagnation and generating new growth in today's competitive telecom marketplace.

## PURSUIING SUSTAINABILITY WITH RESPONSIBILITY

Our pursuit of sustainable management is about our balanced, long-term commitment to creating happiness for our stakeholders by enabling positive change in society through information and communications technology (ICT). To achieve these objectives, our corporate social responsibility initiatives focus on five major areas: customer-centric management, win-win partnerships, ethics management, environmental preservation, and community involvement.

## LEADING FROM THE TOP

Backed by unanimous board approval, we became a signatory of the UN Global Compact (UNGC) in May 2007, signaling to stakeholders our authenticity of sustainability by committing ourselves to upholding the UNGC's ten principles in the areas of labor, human rights, the environment, and anti-corruption. Our board established the Corporate Citizenship Committee in 2008, followed by a working-level consultative group in 2009, taking the lead in putting sustainability management into practice company-wide. The committee is one of five operated by the board and is composed of four outside directors and one non-director executive officer. The committee meets quarterly to review the company's direction and progress in the area of sustainability management as well as the state of communications between internal and external stakeholders, playing a consultative role in determining the tasks for each CSR area. In 2012, the committee met a total of four times to review the current state of progress in each area, mid- and long-term goals, and opportunities for greater synergies with affiliates as we continued to strengthen our commitment to sustainability.

## ENGAGING WITH STAKEHOLDERS

Our stakeholder communications are based on a management system that is dedicated to improving value for all our stakeholders. In SKMS, stakeholders are clearly defined as customers, employees, shareholders, government, business partners, and the general public. This framework guides us as we regularly engage with each stakeholder group to determine in advance their expectations and needs. It also involves conducting customer, employee, and business partner satisfaction surveys, enabling us to formulate and execute appropriate response strategies that benefit of both the company and stakeholders.

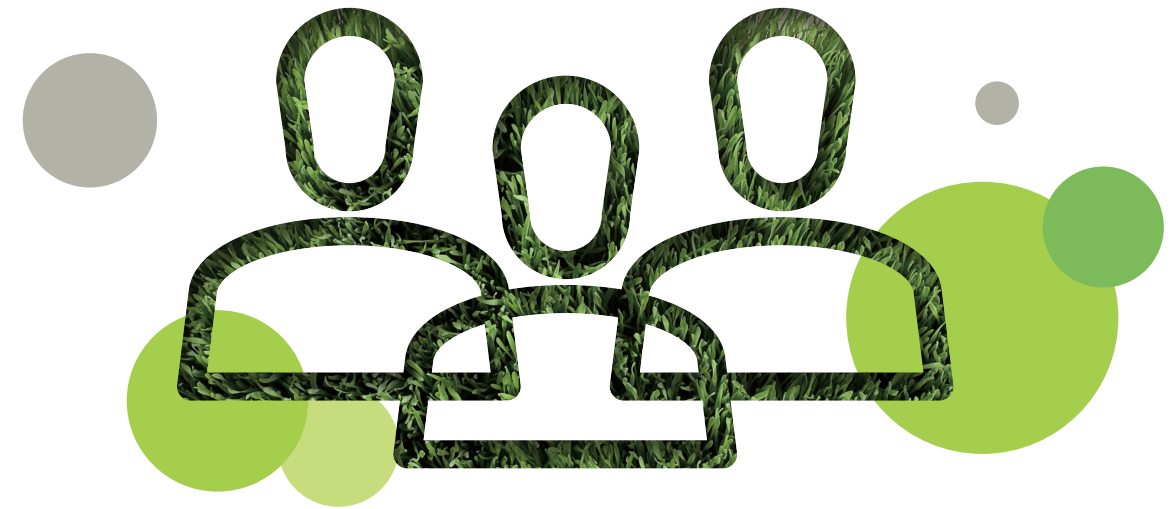
## EARNING GLOBAL RECOGNITION

Our inclusion on the Dow Jones Sustainability Indexes (DJSI) in September 2012 for the fifth straight year and the third at the top of the DJSI global mobile telecommunications sector in 2012 is raising our profile in global markets. We have also been recognized for excellence in sustainable management at home, topping Korea's top three customer satisfaction surveys—NCSI, KS-SQI, and KCSI—for between 13 to 15 consecutive years as well as earning the top ranking in the telecommunications category from the Carbon Disclosure Project (CDP) Korea Committee for a third consecutive year.

In June 2012, the SK Group hosted a session on social enterprises at the Rio+20 Corporate Sustainability Forum and announced its commitment to creating a global IT platform to promote social enterprises, earning praise from UN Secretary-General Ban Ki-moon for its leadership in that field. Looking into the future, we are confident that our sound business practices will continue to enhance our ability to respond to the rapidly changing business environment as well as our reputation as a global ICT leader.

# Customer Relationship Management

WE ARE CONSTANTLY WORKING TO BRING MORE SATISFACTION TO OUR CUSTOMERS WITH SUPERIOR EXPERIENCES AND PRIVACY PROTECTION.



## DIFFERENTIATING THE CUSTOMER EXPERIENCE

With the Korean mobile telecommunications market now at the saturation point and technologically mature with smartphones and LTE service readily available, delivering a compelling and unique customer experience is becoming even more essential to continued growth. Toward this end, we now have a wide range of initiatives underway aimed at providing greater value to our customers in today's "smart" environment.

Focused on eliminating poor customer experiences and maximizing good ones, our customer experience management (CEM) system is tasked with implementing improvements in even minor areas that might inconvenience customers to deliver a unique customer experience.

The goal of our CEM system is to deliver products and services that enhance the customer experience and ultimately foster pride in ownership. From our CEO—who visits customer centers to hear customer feedback first-hand—on down, each member of our family is continually striving to identify negative experiences at every customer touchpoint and step of the service delivery process, determine where improvements need to be made, and then put solutions into practice.

These efforts enabled us to dramatically decrease major customer complaints by over 50% in 2012. Other significant results during the year of our commitment to CEM can also be evident in our surpassing of the 7 million LTE subscriber milestone, strengthened competitiveness as we kept our promises to customers, and improvements in the customer service delivery process.

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## IMPROVING SERVICE FROM A CUSTOMER PERSPECTIVE

We also practice customer-oriented product life-cycle management from concept to retirement to ensure the highest possible level of customer satisfaction. All products or services must satisfy a number of customer-centric guidelines before launch, including mandatory approval screening by professional in-house reviewers to ensure the best possible customer experience. In 2012, we began inviting employees and customers alike to participate and share their suggestions and complaints about products and services, reinforcing our customer-centric organizational culture to sharpen our ability to immediately adopt that feedback in our business operations.

## PROTECTING CUSTOMER PRIVACY

Recent advances in information and communications technology have increased the risk of customer information misuse, abuse, and breaches. Under the guidance of our chief privacy officer, we have put in place numerous safeguards to protect customer privacy. We have instituted strict handling procedures for the customer information collection process backed by regular oversight and inspections. We have adopted an authentication system for internal customer data requests to actively prevent human or physical information breaches. We also use preventive risk management strategies such as crisis response training simulations to ensure we are able to quickly and effectively deal with incidents to minimize damage.

As Korea's first mobile operator to win certification of our customer privacy management system from the Korea Communications Commission, we continue to minimize collection of customer data for our online services and retail network as we systematically put in place measures that will fundamentally resolve customer privacy issues.

## DELIVERING A NEW LEVEL OF SATISFACTION

We have achieved dramatic improvements in service quality since we transferred our outsourced customer service and base station maintenance and service operations to independent subsidiaries in July 2010. Backed by a unique customer service infrastructure that includes incident-based agent assignment, a call-back system, a video-enabled call center, SNS-based customer service, a customer service group dedicated to smartphones, and a service-by-appointment system, we continue to build a modern customer service system that delivers total satisfaction.

Today's customers increasingly want the ability to directly manage their services. Our new Mobile T World 3.0 app and adoption of natural voice recognition technology with visual feedback in place of conventional interactive voice response technology at our call centers are expanding our customer service channels, enabling us to provide faster, more convenient service to our subscribers.



# Win-Win Partnerships

WE ARE LEVERAGING OUR EXPERTISE IN SERVICES AND OPEN PLATFORMS TO LEARN AND GROW WITH OUR BUSINESS PARTNERS AS WE CREATE NEW WIN-WIN SUCCESS STORIES.



## BUILDING AN ECOSYSTEM OF SHARED GROWTH

As convergence and globalization have gained momentum, it has become increasingly difficult for companies to survive on their own. The tumultuous economic situation has also increased calls from society for big companies to partner with small and medium-size firms. In 2003, we set up a dedicated department to better meet the needs of our partners. In 2008, the SK Group announced its commitment to win-win partnerships and fair trading practices. The group also became the first in Korea to establish a group-wide consultative decision-making committee known as the SK Win-Win Committee to facilitate and strengthen this initiative. In 2012, we reaffirmed our commitment by signing an agreement to promote shared growth and fair trading with 234 additional partner companies, adding to the 360 we pledged support to in 2011.

In the first half of the year, we announced four major initiatives to drive growth and innovation across the entire ICT industry ecosystem. These include implementing a strategic supplier relationship management system, fostering core partners in existing businesses, identifying and fostering potential partners in new businesses, and pursuing cultural breakthroughs in shared growth.

## ENHANCING PARTNER COMPETITIVENESS

We support a variety of programs that help our business partners sharpen their competitiveness, including online and offline training, financial assistance, and technical and managerial support. Starting in 2011, we expanded the programs mentioned above to include our tier-2 partners. We also offer our tier-1 partners a number of incentives to actively support tier-2 partners, including bonus points and a purchase discount program aimed at fostering a culture of shared growth across our value chain.

Since 2005, we have provided a variety of training programs to help partner employees expand their capabilities. We operate an online training website for our business partners, allowing any partner employee to take advantage of the available training courses. In 2012, we added the Win-Win MBA and Advanced Management Program (AMP) to our in-house course offerings. Over 16,000 people took advantage of one or more of the 117 online and offline courses available covering business basics, ICT, language study, self-development, and other areas during the year.

SK Win-Win Academy is another key component of our partner support strategy. Established in 2006, the academy offers monthly seminars for partner CEOs, training for mid-level managers, and a wide range of courses covering new product development, patents, and business and creativity development. For our best partners, we also offer more than 10 in-house courses covering advanced IT management as well as general business topics.

We also operate a number of state-of-the-art facilities to support developers. Our T Academy developer training center provides access to the latest, most-advanced technologies at no additional charge, serving over 30,000 mobile developers since it opened in 2010. Our Mobile Device Test Center founded in 2009 is a no-cost test-bed and technical support facility capable of accommodating up to 200,000 partner employees annually. Between 10,000 to 20,000 developers take advantage of this facility to develop new products and services each year.

With the spin-off of SK Planet in October 2011, we transferred the operations of both T Academy and the Mobile Device Test Center to that new subsidiary. In June 2012, we opened T Open Lab for small and medium-size business partners to create a supportive environment for joint R&D and technical collaboration, generate joint business opportunities, and strengthen business partner capabilities. By providing an environment for professional exchange with no-cost project infrastructure support, our goal is to make T Open Lab an incubator for technology-based success stories.

Beyond the above training and technical support resources, we offer a variety of financial support programs. In 2004, we launched a special "care program" for small and medium-size companies that provides loans within one business day of approval for all applications. In 2009, we launched the Win-Win Growth Fund in partnership with three banks. To date, that fund has provided low interest rate loans to our partners totaling KRW 215 billion. More recently, we adopted a

profit-sharing program in the second half of 2012 that distributes a contractually-determined percentage of the profit from cooperative efforts to our business partners to foster true shared growth. We plan to actively expand this program going forward.

## RAISING THE BAR FOR RESPONSIBILITY

Upholding high CSR standards across the value chain is an important mission as we strive to improve our own CSR performance. We offer our partners a number of online education programs covering sexual harassment prevention and ethics management to help raise awareness of human rights, labor standards, and corruption issues. We evaluate existing and potential partners by our high internal CSR standards covering the environment, labor practices, and human rights to encourage them to improve their own CSR performance. We are now gradually expanding support to aid them in doing this as we bolster our ability to proactively deal with CSR issues in our supply chain.

## FOSTERING OPEN COLLABORATION

We are embracing the Web 2.0 values of openness, collaboration, and sharing to create more win-win business opportunities for all. We have solicited ideas via the T Idea page on our partner support site since 2008 to stay in tune with what our partners are thinking, drawing an average of over 300 ideas each year.

We are also providing overseas public relations and marketing support for business partners with world-class technology to help them get a foothold in global markets. Since 2010, we have provided booths for these partners at the GSMA Mobile World Congress in Barcelona, the world's largest exhibition and conference event for the mobile industry.

In July 2011, we took steps to ensure the healthy development of the Korean telecom market in the 4G LTE age by signing an agreement with major and mid-size telecom equipment manufacturers that ensures makers of all sizes share in the growth opportunities. The forward-looking agreement provides access to our core technologies to major manufacturers and specifies that 50% of LTE radio unit equipment be sourced from mid-sized manufacturers. In economic terms, the agreement means that mid-size equipment makers will supply over KRW 70 billion of LTE equipment to us through 2014.

In the coming years, we aim to take the lead in expanding the overall ICT industry ecosystem, building on our win-win relationships with our partners to expand our scope of cooperation beyond our existing focus on mobile networks to fixed-mobile networks and the B2B marketplace as well as the joint development of new technologies.

## CREATING A CULTURE OF SHARED GROWTH

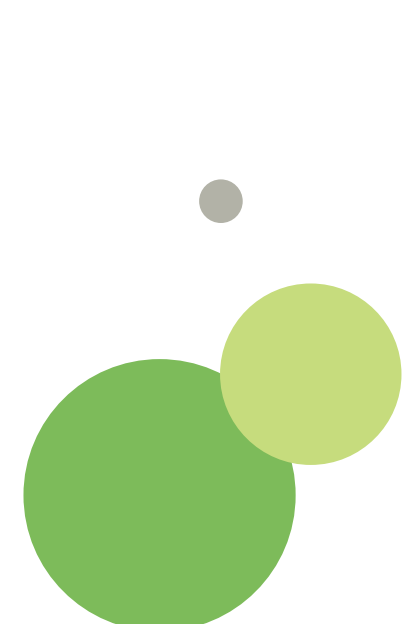
We are working hard to create fair and transparent business relationships based on mutual trust. Since 2007, our Win-Win Satisfaction Index survey has helped us track partner satisfaction and progressively identify and remedy areas of weakness. In 2012, we took the next step to improve partner collaboration by establishing the CEO Win-Win Council. Composed of the CEOs from 28 major partners and chaired by our CEO, the council serves as a forum to share and discuss shared growth and win-win initiatives.

In addition to fully complying with Korea Fair Trade Commission guidelines, we continue to manage and improve our partner support infrastructure by expanding channels of communication and upgrading our Open2U partner relationship management system as we build strong relationships of trust with each partner.

We aim to promote this culture of shared growth across our organization and beyond. Internally we are expanding executive-level meetings and internal training on shared growth. Externally, we are fostering closer communications with our partner through a weekly online journal, pamphlets outlining the available support programs, and a procurement demand forecasting system. We also continue to expand existing programs such as one-on-one meetings, get-acquainted camps, and partner recognition events as build a solid foundation for shared growth.

# Ethics Management

WE ARE BUILDING THE FOUNDATION FOR TRUST AND SUSTAINABLE GROWTH BY ACTIVELY PRACTICING MANAGEMENT WITH INTEGRITY.



## MANAGING WITH INTEGRITY

The most fundamental role and responsibility businesses have to society is the ethical pursuit of profitability that leads to sustainable growth and development. Since establishing a comprehensive organizational framework for ethics management in 2004 and joining the UN Global Compact in 2007, we have steadily and systematically fostered a culture of integrity that measures up to global standards. Over the past few years, we have continued to strengthen monitoring of ethical issues, raise our standards of conduct, and improve guidance. In 2012, we developed and launched a new training course based on actual case studies and communicated the steps to take when an ethics violation occurs as part of our efforts to cultivate ethical excellence and help prevent future violations.

## PRACTICING EXCELLENCE IN ETHICS

Since adopting our code of ethics based on the SK Management System (SKMS) in 2002, we have implemented a code of conduct and decision-making guidelines to help our employees avoid unethical behavior. All employees begin each year by pledging to follow the SK code of ethics. We strive to instill a firm commitment to ethical excellence at all levels of management through education and dialogue as well as consistently communicating the importance of integrity and real-world case studies to all employees through our in-house TV channel, magazine, and other mediums.

## EDUCATING FOR INTEGRITY

Ongoing online and offline education for our people plays a key role in our ethics management system. Since the completion of ethics education for our entire workforce in 2007, we have shifted our focus to the organizational unit level to tackle the unique issues each unit faces and foster ethical excellence. We are now operating education programs tailored specifically for executives, incoming team leaders, group leaders, and new hires that served 3,688 employees in 2012.

## ENHANCING ETHICAL OVERSIGHT

Our internal control system fully complies with the US Sarbanes-Oxley Act. In addition to providing ethics counseling to employees, we participate in SK Holding's integrated reporting channel for ethical violations or prohibited solicitations. We have also adopted systematic online and offline monitoring to prevent ethical issues from arising. Since September 2011, our program to protect and reward both internal and partner whistleblowers has provided the framework for a self-policing system that will elevate ethical excellence as it is adopted by our affiliates and partners.

# Environmental Preservation

WE ARE THINKING GREEN TO HELP DRIVE SUSTAINABLE GROWTH IN OUR LOCAL COMMUNITIES.



## GROWING WITH GREEN TECHNOLOGY

Information and communications companies and the ICT infrastructure they operate have an increasingly important role to play in the greening of individuals, cities, and industries. At SK Telecom, our comprehensive strategy for green growth encompasses the greening of our operations, supply chain, and consumer lifestyles as well as the development of new businesses with the potential to spur the greening of all industries. Under the guidance of the Green ICT Committee established in 2009, we have strengthened environmental management across our organization, progressively refining our corporate-wide strategy. Over the past couple years, we have continued to improve our environmental management strategy and study ways to reduce social greenhouse gas emissions related to the use of ICT services. These initiatives will help us significantly improve our ability to manage our GHG emission generated going forward as well as play an active role in reducing greenhouse gas emissions from a national perspective.

## INCREASING GREEN AWARENESS

For the past two years, we have operated offline courses for employees in environmental management positions to increase our environmental management performance. We have augmented these courses with internal and external training programs aimed at cultivating in-house experts in the field.

On a more practical level, we continue to progressively adopt and expand systems that will

enable us to conserve resources and energy as we work to make green thinking a part of daily life. In 2012, we continued to expand our internal "Eco Office" campaign, installing smart lighting systems and building energy management systems at a number of company buildings to reduce power and energy consumption. We also continued to reduce the use of single-use disposable products, install water-saving equipment, expand the use of water-based natural cooling systems, virtualize servers and upgrade to high-efficiency cooling equipment at our data centers, and install LED lighting in operational facilities.

In late 2011, we launched a study aimed at quantifying how ICT-based solutions can reduce our own GHG emission generated as well as Korea's national GHG emission generated. In 2012, we calculated the amount of social greenhouse gas emissions that could be collectively reduced by 14 of our ICT services, including our T Map, e-health, and e-learning solutions. Our goal is to have our calculation method adopted as an international standard. The results of our study are scheduled to be published for the first week in March 2013 in the annual report of the ITU, the specialized agency of the United Nations responsible for ICT-related issues.

Our focus on environmental stewardship extends beyond our workplaces to our local communities. We continue to steadily expand our eco-focused community service activities to give our people more opportunities to volunteer and help use their green awareness to make their communities cleaner and greener places to live.

## DELIVERING GREENER CUSTOMER SERVICE

In recent years, we have found numerous ways to deliver better customer service with fewer resources such as paperless billing, remote device diagnostics, and online customer care. Since 2009, we have progressively reduced our energy consumption by deploying more energy efficient repeaters. We have also expanded our service coverage by installing, renewable energy such as eco-friendly solar- and wind-powered, repeaters at 28 rural locations across Korea.

## MAKING EVERYDAY LIFE GREENER

In 2012, we expanded our T Eco Phone service to buy and sell used smartphones to help consumers save money while reducing waste. We are now in the process of turning the service into a social enterprise to generate new jobs and other societal benefits. Efforts like this as well as our ongoing research on electromagnetic radiation to ensure consumer safety and other environmental initiatives are why our environmental performance continues to earn us high ratings from respected sustainability performance rankings such as the Dow Jones Sustainability Index, Carbon Disclosure Project, and Korea Corporate Governance Service Environmental, Social, and Governance (ESG) Evaluation.

# Community Involvement

WE ARE USING INFORMATION & COMMUNICATION TECHNOLOGY TO MAKE THE WORLD A BETTER, BRIGHTER PLACE TO LIVE FOR ALL.



## TRANSFORMING COMMUNITIES FOR THE BETTER

Mobile services are one of the most important communication channels of our daily life. As Korea's leading mobile operator, we are using our ICT capabilities and technology to transform our communities for the better by providing a variety of public services, revitalizing traditional markets, and creating jobs for the disadvantaged through social enterprises. Through these and many other ways, we are helping solve social programs and generate new value as we lay the foundation for sustainable growth as a global ICT leader. Today, we are ceaselessly working at home and abroad to improve communications between classes and generations as well as empower the disadvantaged to live and support themselves with dignity.

## REVITALIZE TRADITIONAL MARKETS THROUGH ICT

We're now applying our ICT capabilities and marketing and management know-how help revitalize traditional markets and the livelihoods of the individual proprietors that are their lifeblood. On September 26, 2012, we signed an agreement with Junggok Jaeil Market in Seoul's Gwangjin district to become a partner for new possibilities, helping that market secure the foundational capabilities and know-how that will enable it to innovate to meet today's changing market dynamics.

Tackling the fundamental task of increasing market sales, we provided market merchants with ICT equipment and solutions, diversified

their sales channels by helping them get set up for online commerce, and implemented basic marketing strategies such as customer management and promotional activities. We installed our My Shop tablet PC-based point-of-sale system and opened a specialized store and promotions on our 11 Street online mall for the market's "Ari Cheongjeong" brand, boosting merchant sales with a nationwide marketing platform as well as improving customer satisfaction.

Another success story from this partnership was our Smart Wallet integrated membership, coupon, and payment service, which helped more than double sales of traditional market gift certificates. Our employees volunteered their time to teach merchants how to use these new tools as well as share marketing know-how to help them increase their competitiveness. This helped merchants increase their marketing savvy and reputation, enabling them to sign volume purchase/procurement agreements with the city of Seoul and other organizations, generating new sales as well as demonstrating the potential for traditional markets to compete in today's marketplace. Going forward, we aim to create a scalable package of solutions based on the lessons learned through the project that can be adopted by other traditional markets across Korea to ensure they remain a vibrant part of Korea's retail marketplace.

## SHARING AND SERVING WITH TECHNOLOGY

In July 2011, we established the Happy ICT Foundation, a social enterprise dedicated to

social change through ICT innovation. Happy ICT focuses on the development of IT-based public services and programs that enhance the competitiveness of other social enterprises. Since launching operations, the foundation has created a total of 25 IT specialist jobs, a number it plans to steadily increase as it strives to create quality jobs for people from disadvantaged backgrounds. In 2012, the foundation secured preliminary social enterprise certification from Seoul Metropolitan Government and launched an ASP (Application Service Provider) service for the cleaning service industry, demonstrating a new model for corporate-affiliated social enterprises that enhances both economic and social value.

As Korea's ICT leader, we are dedicated to enhancing the ability of all Koreans to communicate. This commitment resulted in a partnership with the Korea Blind Union to develop a first-of-its-kind smartphone app that helps close the digital divide for the visually impaired by providing access to a growing library of audio content, including books, daily newspapers, monthly magazines, and welfare and rehabilitation news. Launched in September 2011, the "Library that Reads Happiness" app features a touch interface designed to address the unique needs of the visually impaired and has won critical acclaim for its exceptional convenience and ease-of-use. In support of this project, we also launched a volunteer-run recording project in April 2011 to continuously expand the content available to app users.

Using our ICT infrastructure to do a world of good is a natural extension of our commitment

to community involvement. We support a number of social safety net services that help locate missing children, solicit emergency blood donations, and provide 24-hour text-counseling for troubled teens. We are also taking the lead in promoting a culture of sharing and volunteer service through our 'T Together' wired / wireless social contribution portal site, launched in 2009 and GiveU mobile donation application launched in 2010. Originally launched as the 1004 Love Sharing program in 2004, GiveU allows users to donate funds to any registered non-government organization via a smartphone app. Both of these platforms make it easy for subscribers to donate funds via cash or credit card as well as loyalty program points to the worthy causes of their choice. In 2012, a total of KRW 130 million was donated through these platforms.

In January 2013, we launched WithU, Korea's first mobile volunteer service platform. Aimed at fostering a culture of volunteer service, WithU directly connects service organizations in need of volunteers with interested individuals to make it even easier for customers to get involved and make a difference in their communities.

## BREAKING DOWN BARRIERS TO COMMUNICATION

Our employee and student volunteers provide training in mobile phone use to create a society where there are no barriers to communication between generations and classes. Our Sunny collegiate volunteer corps has partnered with the Korea Association of Senior Welfare Centers since 2007 to provide one-on-one training

to help seniors learn how to use the text and multimedia messaging features of their feature phones and smartphones as part of the Happy Mobile World program. Through the end of 2012, the program has helped more than 9,000 seniors bridge the mobile generational divide and communicate more frequently with their children and grandchildren.

Since 2008, we have worked with Korea's Ministry of Unification to train North Korean defectors how to avoid phone service sign-up scams, excessive international call fees, and identity theft as well as learn proper phone etiquette and usage. In 2012, a group of over 30 employee volunteers provided training to more than 830 new citizens at the government-run Hanawon resettlement center and privately-run Hana Center resettlement centers.

Since 1999, we have co-hosted the Disabled Youth IT Challenge with the Korea Society for Rehabilitation of Persons with Disabilities to foster IT skills and expand social participation opportunities to youngsters with disabilities. During the past 13 years, a total of 2,778 disabled middle and high school students have participated in the final event, 332 of which have earned honors. The event has helped foster many IT professionals over the years, inspiring these youth to strive for economic independence. In 2012, a total of 125 finalists aged 14 to 24 from 120 special-education schools across Korea participated in the two-part event divided into Smart Challenge and Smart Survivor competitions. This year's event was also updated to reflect the fast-changing ICT environment,

with all participants utilizing tablet PCs and specialized competition apps.

Creating a world of new possibilities for disabled youth through initiatives like our Possibilities Classroom project is a growing area of focus for us. In 2012, we provided our Smart Robot learning support solution to Seoul JungJin School in Seoul, giving disabled students an engaging way to learn. We also provided smart device training to more than 3,500 visually disabled individuals in 2012 to improve their ability to use smartphones and tablet PCs.

Supporting public education is another key area of focus. In 2012, we launched our Mobile Smart Classroom program to give middle and high school students an opportunity to experience ICT technology through hands-on experiments and a remote-controlled robot assembly project as well as field trips to our T.um ICT experience center. Led by a team of volunteers from the SK Telecom ICT R&D Division, the program benefitted 160 students at five schools during its first year, earning special recognition from the Ministry of Education and the Korea Foundation for the Advancement of Science & Creativity.

## SHARING HAPPINESS BEYOND KOREA

Our signature program 'Operation Smile' free corrective surgeries of congenital facial deformities has helped put smiles back on the faces of over 3,000 Vietnamese children in the 17 years that have passed since we launched it back in 1996.



# Corporate Milestones

**Mar. 1984** Established as Korea Mobile Telecommunications Services Co., Ltd.

**Apr. 1988** Designated as a public telecommunications service operator.

**Oct. 1989** Listed on Korea Stock Exchange following a KRW 6.4 billion initial public offering.

**Apr. 1992** Surpassed 1 million paging service subscribers.

**Jun. 1994** SK Group became majority shareholder.

**Jan. 1995** Surpassed 1 million cellular phone and 4 million paging service subscribers.

**Feb. 1995** Unveiled "MOVE 21", a vision for the 21st century.

**Jan. 1996** Launched world's first commercial CDMA cellular phone service.

**Jun. 1996** Became first non-government Korean enterprise to list ADRs on New York Stock Exchange.

**Jun. 1996** Received A+ credit rating from Standard & Poor's.

**Jul. 1996** Received A1 credit rating from Moody's.

**Mar. 1997** Changed name to SK Telecom Co., Ltd. and unveiled a new corporate identity program at the 13th annual shareholders' meeting.

**Sep. 1997** Completed development of IMT-2000 test-bed system.

**Oct. 1997** Launched Netsgo, a multimedia online service.

**Dec. 1997** Surpassed 3 million CDMA subscribers.

**Jan. 1998** Won ISO 9002 certification for customer service and after-sales service, a Korean cellular industry first.

**Jun. 1998** Ranked No. 1 on National Customer Satisfaction Index in mobile communications service category.

**Jun. 1998** Subsidiary SK Telink launched 00700 international call services.

**Dec. 1998** Subsidiary SK Teletech launched its SKY handsets.

**Mar. 1999** Ranked No. 1 on National Customer Satisfaction Index in mobile communications service category.

**Jul. 1999** Launched TTL, a cellular service targeting the youth market.

**Oct. 1999** Surpassed 10 million cellular subscribers.

**Mar. 2000** Formed strategic alliances with small and medium-sized telecommunications carriers to co-develop core IMT-2000 technology.

**Mar. 2000** Completed development of world's first IMT-2000 core components.

**Mar. 2000** Ranked No. 1 on National Customer Satisfaction Index in the mobile communications service category for third consecutive year.

**Apr. 2000** Acquisition of Shinsegi Telecom approved by Korea Fair Trade Commission.

**May 2000** Established joint venture with GameKing, China's biggest video game software development company.

**Aug. 2000** Spun off Netsgo multimedia online service.

**Oct. 2000** Launched world's first commercial CDMA2000 1x service.

**Oct. 2000** Signed cellular service contract with DCN, a mobile communications operator in the Republic of Daghestan.

**Dec. 2000** Obtained asynchronous IMT-2000 (WCDMA) service license.

**Mar. 2001** Sold radio paging business to Intec Telecom.

**Mar. 2001** Established SK IMT Co., Ltd.

**Apr. 2001** Launched wireless Internet services in Mongolia.

**May 2001** Introduced world's first commercial wireless streaming video service.

**Jun. 2001** Signed USD 1 million CDMA consulting agreement with China Unicom covering network design, optimization, and other areas of CDMA technology.

**Jun. 2001** Established USD 10 million joint venture fund with Hewlett-Packard.

**Aug. 2001** Completed development of world's first CDMA2000 1x video telephony service.

**Sep. 2001** Launched Moneta, a smartcard-based mobile payment service in affiliation with 5 major domestic credit card firms and SK Corporation.

**Oct. 2001** Launched Nate, a wired and wireless integrated portal service.

**Jan. 2002** Merger with Shinsegi Telecom approved by Ministry of Information and Communications.

**Jan. 2002** Acquired CDMA cellular business license to operate in Cambodia.

**Jan. 2002** Launched world's first commercial CDMA2000 1x EV-DO service.

**Mar. 2002** Pioneered CDMA-GSM interstandard international roaming service.

**Apr. 2002** Launched Korea-Japan CDMA automatic roaming service.

**Apr. 2002** Exported Nate platform to Pelephone, an advanced Israeli mobile communications operator.

**May 2002** Developed H.26L next-generation streaming video compression technology.

**May 2002** Launched automatic roaming service in the U.S.

**Jul. 2002** Signed MOU with China Unicom to establish a joint venture in China.

**Sep. 2002** Received credit rating upgrade from Baa2 to Baa1 from Moody's.

**Nov. 2002** Expanded automatic roaming service in China and the U.S.

**Nov. 2002** Launched June, a mobile multimedia service.

**Nov. 2002** Launched Moneta, a mobile payment service.

**Mar. 2003** Signed contract with China Unicom to establish a joint venture in China.

**Apr. 2003** Publicly demonstrated commercial Wireless Internet Platform for Interoperability (WIPI) service.

**May 2003** Merged with SK IMT.

**May 2003** Launched CDMA automatic roaming service in Thailand and Saipan.

**Jun. 2003** Implemented Rainbow customer care program for cellular subscribers.

**Jul. 2003** Launched commercial CDMA cellular service in Vietnam.

**Jul. 2003** Received the corporate governance award from the Korea Corporate Governance Service.

**Jul. 2003** Purchased 2.48 million Posco shares held by SK Corporation.

**Aug. 2003** Surpassed 1 million subscribers for June service on CDMA 2000 1x EV-DO network.

**Aug. 2003** Launched Moneta online payment service.

**Sep. 2003** Completed testing of wireless data roaming service between Korea and China.

**Sep. 2003** Signed MOU with TeliaSonera to jointly develop and commercialize new businesses.

**Oct. 2003** Established Capex Review and Compensation Review Committees.

**Nov. 2003** Formed consortium to develop satellite DMB business.

**Dec. 2003** Launched WCDMA commercial service.

**Dec. 2003** Launched CDMA automatic roaming service in Taiwan, Mexico, and Peru.

**Mar. 2004** Celebrated 20th anniversary.

**Mar. 2004** Launched satellite for world's first digital multimedia broadcasting (S-DMB) service.

**Mar. 2004** Received credit rating upgrade to A3 by Moody's.

**Apr. 2004** Launched Unisk, a joint venture with China Unicom in China.

**Apr. 2004** Started Digital Home pilot service.

**May 2004** Issued USD 329 million in convertible notes on London Stock Exchange.

**Jun. 2004** Launched automatic roaming service in Israel.

**Jul. 2004** Launched integrated wired and wireless Cyworld portal.

**Jul. 2004** Exceeded USD 10 million in export sales for ColorRing cellular ringback tone solution.

**Aug. 2004** Exported wireless Internet platforms to Kazakhstan.

**Sep. 2004** Announced strategic partnership with Kookmin Bank to provide M-Bank service.

**Oct. 2004** Formed Ubinet consortium for BcN pilot project.

**Oct. 2004** Surpassed 100,000 S-Fone service subscribers in Vietnam.

**Nov. 2004** Launched MelOn, a wired and wireless integrated music portal service.

**Nov. 2004** Launched cellular ringback tone service business in the U.S.

**Jan. 2005** Established Korea's first continuous audit system.

**Jan. 2005** Acquired WiBro service license from Korea's Ministry of Information and Communication.

**Mar. 2005** Ranked No. 1 on National Customer Satisfaction Index in the mobile communications service category for eighth consecutive year.

**Apr. 2005** Launched automatic roaming service in Indonesia.

**May 2005** Exported "i-Kids" GPS-based safety service for children to Europe.

**Jun. 2005** Received "A" (stable) credit rating from Fitch.

**Jun. 2005** Won corporate governance award from the Korea Corporate Governance Service.

**Jun. 2005** Initiated video telephony service between Korea and Japan.

**Aug. 2005** Selected as telematics service provider for Jeju Island pilot project.

**Oct. 2005** Renamed SK-Earthlink joint venture U.S. national MVNO "Helio".

**Nov. 2005** Launched WCDMA automatic roaming service covering France and Italy.

**Dec. 2005** Received presidential citation in recognition of win-win partnerships with small, medium, and large enterprises.

**Apr. 2006** Signed "U-Campus" agreement with Ewha Womans University.

**May 2006** Launched Helio, a national MVNO joint venture with Earthlink in the U.S.

**May 2006** Introduced "3G+" service brand for the world's first commercial HSDPA service and handset.

**Jun. 2006** Purchased USD 1 billion of China Unicom convertible bonds.

**Jun. 2006** Launched WiBro access in selected areas of Seoul.

**Jul. 2006** Launched "T", a master mobile telecommunications brand.

**Jul. 2006** Stopped providing adult content on services as part of continuing efforts to fulfill ethical responsibilities.

**Aug. 2006** Signed MOU with China's National Development and Reform Commission (NDRC) on developing 3G telecommunications.

**Sep. 2006** Launched T Login broadband wireless services, enabling access to the HSDPA network for digital devices such as laptops.

**Oct. 2006** Formed strategic partnership with Google covering next-generation mobile browsing.

**Dec. 2006** Established a strategic alliance with Samsung Electronics for domestic and overseas market cooperation.

**Feb. 2007** Joined Bridge Alliance, Asia-Pacific's largest and leading mobile alliance group.

**Mar. 2007** Launched nationwide HSDPA service with a network covering 99% of the population.

**Apr. 2007** Introduced dual-mode device that simultaneously supports HSDPA and WiBro.

**Apr. 2007** Debuted TD-SCDMA test-bed in Korea following establishment of an TD-SCDMA Service Development Center in China in February 2007.

**Apr. 2007** Selected as one of the "Best Employers in Asia" by the Wall Street Journal Asia and Hewitt Associates.

**May 2007** Joined UN Global Compact, an initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies.

**May 2007** Launched world's first USIM-based credit card service in affiliation with LG Card.

**Jun. 2007** Signed MOU with Freemove, an alliance of leading telecom operators in Europe, to expand the WCDMA global roaming system.

**Jun. 2007** Signed MOU with the National Urban and Rural Research Center of Vietnam's Ministry of Construction to establish a joint working group and cooperate on a u-City project.

**Aug. 2007** Converted USD 1 billion in China Unicom convertible bonds to become the second-largest shareholder with 6.6% of shares.

# Corporate Milestones

**Nov. 2007** Awarded "Grand Prize in Business Ethics" by the Korean Academy of Business Ethics (KABE) for transparent governance, strong relationships with business partners, and socially responsible contributions.

**Dec. 2007** Signed agreement to acquire Hanaro Telecom, the nation's second largest broadband service provider.

**Dec. 2007** Established world's first commercial HSUPA network with speeds of up to 5.76 Mbps.

**Feb. 2008** Entered China's telematics market by acquiring a 65.53% controlling stake in Shenzhen E-eye High Tech, a Chinese GPS company.

**Feb. 2008** Launched 11 Street, a new-concept online marketplace that lets users shop and share tips via the wired or the wireless Internet.

**Mar. 2008** Signed investment agreement with Taihe & Rye Music (TR Music), China's largest record company, to become an equal majority shareholder and enter one of the world's largest music markets.

**Mar. 2008** Launched Mobile Money Ventures in partnership with Citi to develop mobile financial services and technologies.

**May 2008** Advanced into the Chinese online game market by acquiring a 30% stake in Magic Tech Network, the Hong Kong-based subsidiary of Magicgrids Network.

**Jun. 2008** Won award of excellence in corporate governance from the Korea Corporate Governance Service (CGS) for second consecutive year.

**Jun. 2008** Telematics API for Java ME is adopted by Java Community Process as a global standard for remote vehicle control via mobile phone.

**Jun. 2008** Became second-largest shareholder of Virgin Mobile USA with a 17% stake and two seats on the Board.

**Sep. 2008** Ranked No. 1 on Korea Customer Satisfaction Index (KCSI) in wireless telecommunications category for eleventh consecutive year.

**Sep. 2008** Ranked No. 1 on Korean Standard Service Quality Index (KS-SQI) by the Korean Standards Association in the wireless telecommunications category for ninth consecutive year.

**Sep. 2008** Named component of the Dow Jones Sustainability Indexes (DJSI), a first among Korean telecommunications companies.

**Oct. 2008** Opened T.um exhibition center at corporate headquarters in Seoul, the world's first mobile communications showcase.

**Dec. 2008** Won KRW 300 billion contract from Korea's Ministry of National Defense to lead a consortium to upgrade the armed forces' communications network.

**Jan. 2009** Launched T Cash, a USIM-based prepaid card service that supports automatic recharging when linked to a credit card.

**Feb. 2009** Launched iTopping 2.0, a new and improved version of our online widget maker and organizer originally launched back in August 2008.

**Apr. 2009** Signed intelligent urbanization MOU with Cisco as part of a shared vision to help China's Sichuan region rebuild from the devastating earthquake of May 2008.

**Apr. 2009** Launched PS&Marketing, a subsidiary that will strengthen and complement existing sales channels.

**May 2009** Signed a consulting agreement and letter of intent to invest with UAE-based Kulacom Broadband Investment Company to jointly pursue WiMAX projects in the Middle East and Eastern Europe.

**May 2009** Acquired leased line business of SK Networks, raising self-owned backhaul capacity ratio from 51% to over 90%.

**Jun. 2009** Received Global Telecoms Business Innovation Award for the successful roll-out of the industry's first video call center.

**Jun. 2009** Relaunched Nate.com wired-wireless Internet portal with a new visual identity and direction in its 10th anniversary year.

**Sep. 2009** Launched T Store, Korea's first online marketplace where anyone can buy or sell mobile apps and content.

**Oct. 2009** Signed fixed-mobile convergence (FMC)-based mobile office deal with the Korea Meteorological Administration.

**Oct. 2009** Launched Korea's first cell-network-based fixed-mobile substitution (FMS) service.

**Dec. 2009** Approved acquisition of a 49% stake in Hana Card for KRW 400 billion, opening the way for new products and synergies in the mobile payment space.

**Jan. 2010** Unveiled master plan to spur demand for mobile Internet services by making it as easy as possible for any Internet-enabled mobile device to access mobile content.

**Feb. 2010** Selected by Korean steelmaker Posco to handle the fixed-mobile integration for a "work innovation" initiative to reduce logistics, facility, and energy costs as well as improve safety.

**Mar. 2010** Reopened T.um ICT experience center, Korea's first smartphone-enabled ICT showcase highlighting the present and future of mobile technology.

**Mar. 2010** Opened T Academy, a specialized developer training center dedicated to upgrading the competitiveness of Korea's mobile app industry.

**Apr. 2010** Signed MOU with Korea Exchange Bank to strategically collaborate to improve business productivity through financial and communications convergence.

**Jun. 2010** Received the "Most Innovative Application of the Year" award for the T Cash pre-paid card service at the 2010 Frost & Sullivan Asia Pacific ICT Awards.

**Jun. 2010** Signed agreement to purchase a USD 100 million equity stake in Malaysia's No. 1 WiMAX operator Packet One.

**Jul. 2010** Transferring outsourced customer service and base station maintenance and repair operations to independent subsidiaries to improve service quality.

**Jul. 2010** Announced fixed-mobile service "big bang" strategy with unlimited mobile data plans backed by investment in 3G, Wi-Fi, and LTE networks.

**Sep. 2010** Launched TB Family Free bundles featuring free fixed-line services based on the number of wireless subscribers in a family.

**Sep. 2010** Marked the first anniversary of T Store, Korea's top mobile content delivery platform and the nexus of a thriving mobile app ecosystem.

**Oct. 2010** Announced intention to become a global platform player with an emphasis on openness and partnerships.

**Nov. 2010** Surpassed 3 million smartphone subscriber target for 2010 ahead of schedule thanks to a thriving app ecosystem, extensive smartphone lineup, and groundbreaking unlimited data plans.

**Dec. 2010** Announced open API strategy, becoming the world's first mobile operator to open up service APIs to third-party developers.

**Dec. 2010** Launched MeOn Indonesia, a joint-venture music download and streaming service in partnership with Indonesia's largest fixed-mobile operator Telkom.

**Jan. 2011** Launched Hoppin multi-screen video service that allows user to enjoy video on their smartphones, PCs, tablet PCs and TVs.

**Apr. 2011** Launched testing of Korea's first 4G LTE network test bed.

**Jul. 2011** Launched commercial 4G LTE service with downlink and uplink speeds approximately 5 times and 7 times faster than the existing 3G WCDMA (HSUPA) network.

**Jul. 2011** Launched T Smart Learning, a tablet-based smart education platform in partnership with 12 of Korea's best-known educational companies and organizations.

**Jul. 2011** Launched T Ad Mobile advertising platform, setting our sights on becoming Korea's leader in mobile advertising.

**Aug. 2011** Opened "Imagine", a retail store chain that offers a full range of the latest and greatest digital products and services.

**Sep. 2011** Launched Korea's first commercial 4G LTE smartphone service with the Samsung Galaxy S2 LTE phone.

**Oct. 2011** Launched SK Planet, a spin-off company dedicated to operating and growing the platform business.

**Oct. 2011** Signed an agreement to establish Health Connect, a joint venture with Seoul National University Hospital that will take the lead in developing connected healthcare technologies that will improve the efficiency and quality of care to deliver greater patient satisfaction.

**Nov. 2011** Signed contract to purchase a 21.05% equity stake in SK Hynix (formerly Hynix Semiconductor Inc.), a major global maker of semiconductor memory.

**Dec. 2011** Surpassed 650,000 4G LTE service subscriber milestone on December 31, just five months after service launch.

**Jan. 2012** Launched Health Connect, a joint venture with Seoul National University Hospital to develop connected healthcare technologies.

**Jan. 2012** Launched "Lifestyle Upgrade" initiative focused on delivering LTE services to improve all aspects of life.

**Feb. 2012** Completed acquisition of SK Hynix, a major global maker of semiconductor memory.

**Mar. 2012** Celebrated the achievement of leadership in Korea's fixed-mobile marketplace, surpassing Korea Telecom in revenues from mobile telecom, fixed-line telecom, and broadband Internet for the first time in 2011.

**Mar. 2012** Announced new "Partner for New Possibilities" vision on the company's 28th anniversary.

**Apr. 2012** Received "Best Mobile Carrier" award at the Telecom Asia Awards for leadership in LTE services and technology innovations.

**Jun. 2012** Received "Wireless Network Innovation" award at the Global Telecoms Business Innovation Awards for developing a hybrid network technology combining 4G mobile and Wi-Fi networks.

**Jun. 2012** Selected as development partner for next-generation LTE-Advanced technologies by Korea's Ministry of Knowledge Economy.

**Jun. 2012** Announced LTE 2.0 strategy focusing on service innovation and network evolution.

**Jul. 2012** Doubled LTE network bandwidth to 40 MHz with the launch of multi-carrier LTE service using the 800 MHz and 1.8 GHz frequency bands.

**Aug. 2012** Launched HD Voice, the global industry's first voice over LTE (VoLTE) service.

**Sep. 2012** Entered Chinese healthcare market with the purchase of a 49% equity stake in diagnostic biomedical equipment maker Xi'an Tianlong Science and Technology.

**Oct. 2012** Surpassed 2 million subscribers for the T Freemium service, which offers KRW 20,000 of free premium content each month.

**Dec. 2012** Surpassed 7 million LTE subscriber milestone, Korea's first and the world's third mobile operator to do so.



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Seoul 100-999, Korea  
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## DATE OF ESTABLISHMENT

March 29, 1984

## PAID IN CAPITAL

KRW 44,639 million  
As of December 31, 2012

## NUMBER OF COMMON SHARES

80,745,711 Shares  
As of December 31, 2012

## SECURITIES LISTINGS

Korea Stock Exchange: 017670.KS  
(Common Stock)  
New York Stock Exchange: SKM (ADS)

## TRANSFER AGENT AND REGISTRAR

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## AVAILABLE FILINGS

Form 20-F  
Form 6-K: Quarterly Reports,  
Proxy Statements, and other material  
announcements

## ANNUAL GENERAL SHAREHOLDERS' MEETING

Friday, March 22, 2013, at 10 AM  
SK Telecom Boramae Building,  
58, Boramae-gil, Gwanak-gu,  
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## COMPANY WEBSITE

[www.sktelecom.com/eng/](http://www.sktelecom.com/eng/)

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