

Lazard Ltd
Form DEF 14A
March 31, 2006
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Information Required in Proxy Statement

Schedule 14A Information

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
|---|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | <input type="checkbox"/> Only (as permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to § 240.14a-12 | |

Lazard Ltd

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Table of Contents

2006

Notice of Annual

General Meeting

and Proxy Statement

Table of Contents

March 31, 2006

Dear Shareholder:

You are cordially invited to attend the 2006 Annual General Meeting of Shareholders of Lazard Ltd and any adjournment or postponement thereof. We will hold the meeting on Tuesday, May 9, 2006 at 10:30 a.m. New York City time, in the auditorium on the second floor at 1221 Avenue of the Americas, New York, New York.

Enclosed you will find a notice setting forth the business expected to come before the meeting, the Proxy Statement, a form of proxy and a copy of our 2005 Annual Report.

Your vote is very important to us. Whether or not you plan to attend the meeting in person, your shares should be represented and voted.

Sincerely,

Bruce Wasserstein

Chairman and Chief Executive Officer

Lazard Ltd

Clarendon House

2 Church Street

Hamilton, HM11, Bermuda

Table of Contents

Lazard Ltd

**Notice of 2006 Annual General Meeting
of Shareholders and Proxy Statement**

Date: Tuesday, May 9, 2006
Time: 10:30 a.m. New York Time
Place: Auditorium
2nd Floor
1221 Avenue of the Americas
New York, New York

Matters to be voted on:

Elect three directors to our Board of Directors for a three year term expiring at the conclusion of the Company's annual general meeting in 2009;

Ratification of appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2006 and authorization of the Company's Board of Directors, acting by the Company's Audit Committee, to set their remuneration; and

Any other matters that may properly be brought before the meeting and any adjournment or postponement thereof.

This notice and proxy statement describes the matters being voted on and contains certain other information. In this material, the terms "we", "our", "us", "Lazard", or the "Company" refers to Lazard Ltd and its subsidiaries, including Lazard Group LLC, a Delaware limited liability company ("Lazard Group"), that is the current holding company for our businesses.

Only shareholders of record at the close of business on March 22, 2006 may vote in person or by proxy at the annual general meeting and any adjournment or postponement thereof. You will need proof of ownership of our Class A common stock to enter the meeting. This proxy solicitation material is being mailed to shareholders on or about March 31, 2006 with a copy of Lazard's 2005 Annual Report, which includes financial statements for the period ended December 31, 2005 and the independent auditor's report thereon. Copies of Lazard's 2005 Annual Report will be made available at the meeting.

Your vote is important. You may cast your vote by mail, telephone or over the Internet by following the instructions on your proxy card.

By order of the Board of Directors

Scott D. Hoffman

Secretary

March 31, 2006

Table of Contents**Table of Contents**

	Page
<u>General Information</u>	1
<u>Who Can Vote</u>	1
<u>Voting Your Proxy</u>	1
<u>How Proxies Work</u>	1
<u>Revoking Your Proxy</u>	1
<u>Quorum and Conduct of Meeting</u>	2
<u>Attendance at the Meeting</u>	2
<u>Information About Our Annual General Meeting and Solicitation of Proxies</u>	2
<u>Votes Needed</u>	2
<u>Electronic Access to Proxy Materials and Annual Report</u>	2
<u>Board Recommendation</u>	2
<u>Cost of this Proxy Solicitation</u>	2
<u>Multiple Shareholders Sharing Same Address</u>	3
<u>Attending the Annual General Meeting</u>	3
<u>Item 1. Election of Directors</u>	4
<u>Information Regarding The Board of Directors and Corporate Governance</u>	6
<u>Agreement with IXIS Corporate & Investment Bank</u>	6
<u>Audit Committee</u>	6
<u>Compensation Committee</u>	7
<u>Nominating & Governance Committee</u>	7
<u>Attendance</u>	7
<u>Codes of Business Conduct and Ethics</u>	8
<u>Communications with the Board</u>	8
<u>Policy on Director Nomination Process</u>	8
<u>Director Independence</u>	9
<u>Director Compensation</u>	9
<u>Beneficial Owners of More Than Five Percent</u>	10
<u>Beneficial Ownership of Directors, Director Nominees and Executive Officers</u>	11
<u>Report of the Compensation Committee on Executive Compensation</u>	13
<u>Compensation of Executive Officers</u>	16
<u>Stock Performance Graph</u>	20
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	20
<u>Certain Relationships and Related Transactions</u>	21
<u>Compensation Committee Interlocks and Insider Participation</u>	29
<u>Audit Committee Report</u>	30
<u>Item 2. Ratification of Appointment of Independent Registered Public Accounting firm</u>	31
<u>Shareholder Proposals and Nominations for the 2007 Annual General Meeting</u>	32
<u>Annex A Audit Committee Charter of Lazard Ltd.</u>	A-1
<u>Annex B Standards of Director Independence</u>	B-1

Table of Contents

Proxy Statement

General Information

Who Can Vote

Holders of our Class A and Class B common stock, as recorded in our share register at the close of business on March 22, 2006, the record date, may vote at the meeting and any adjournment or post postponement thereof. As of that date, there were 37,503,059 shares of Class A common stock outstanding and one share of Class B common stock outstanding.

On each matter to be voted upon, the Class A common stock and Class B common stock will vote together as a single class. As of the record date, each holder of Class A common stock is entitled to one vote per share and LAZ-MD Holdings LLC (LAZ-MD Holdings), as the holder of the share of Class B common stock, is entitled to 62,118,749 votes in respect of such share, or 62.4% of the voting power of our Company. With respect to matters to be raised at the 2006 annual general meeting, the members of LAZ-MD Holdings may individually direct LAZ-MD Holdings how to vote their proportionate interest in Lazard Ltd 's Class B common stock. Prior to the meeting, LAZ-MD Holdings will hold a separate, preliminary vote of its members on the matters to be voted on at the meeting. For a more detailed description of the LAZ-MD Holdings stockholders' agreement, see Certain Relationships and Related Transactions LAZ-MD Holdings Stockholders' Agreement Voting Rights.

Voting Your Proxy

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting. Most shareholders have a choice of proxy voting by using a toll free telephone number, voting through the Internet or, if they received their proxy materials by regular mail, completing the proxy card and mailing it in the postage-paid envelope provided. If you received your materials by regular mail, please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you. Executors, administrators, trustees, guardians, attorneys and other representatives voting on behalf of a shareholder should indicate the capacity in which they are signing and corporations should vote by an authorized officer whose title should be indicated.

How Proxies Work

Lazard 's Board of Directors is asking for your proxy. Giving us your proxy means you authorize us to vote your shares at the meeting, or at any adjournment or postponement thereof, in the manner you direct. You may vote for all, some, or none of our director nominees. You may also vote for or against the other proposals or abstain from voting. If you sign and return a proxy card or otherwise vote by telephone or Internet but do not specify how to vote, we will vote your shares in favor of our director nominees, and in favor of Proposal 2. The enclosed proxy also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of 2006 Annual General Meeting and with respect to other matters that may be properly brought before the Annual General Meeting and any adjournment or postponement thereof.

As of the date of this proxy statement, we do not know of any other business that will be presented at the meeting. If other business shall properly come before the meeting, including any proposal submitted by a shareholder that was omitted from this proxy statement in accordance with applicable federal securities laws, the persons named in the proxy will vote according to their best judgment.

Revoking Your Proxy

You may revoke your proxy before it is voted by submitting a new proxy with a later date, by voting in person at the meeting, or by sending written notification addressed to:

Lazard Ltd

30 Rockefeller Plaza

New York, New York 10020

Attn: Scott D. Hoffman,

Secretary

Mere attendance at the meeting will not revoke a proxy that was previously submitted to us.

Table of Contents

Quorum and Conduct of Meeting

In order to carry on the business of the meeting, we must have a quorum. This means that at least two shareholders must be present at the meeting, either in person or by proxy, and those shareholders must generally hold shares representing more than 50% of votes that may be cast by all shareholders having the right to attend and vote at the meeting. The chairman of the annual general meeting has broad authority to conduct the annual general meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, the chairman has broad discretion to establish reasonable rules for discussion, comments and questions during the meeting. The chairman also is entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all participants.

Attendance at the Meeting

Only shareholders, their proxy holders, and our guests may attend the meeting. Admission to the meeting will be on a first-come, first-served basis. Verification of ownership may be requested at the admissions desk. If your shares are held in the name of your broker, bank, or other nominee, you must bring to the meeting an account statement or letter from the nominee indicating that you are the beneficial owner of the shares on March 22, 2006, the record date for voting.

INFORMATION ABOUT OUR ANNUAL GENERAL MEETING AND SOLICITATION OF PROXIES

Votes Needed

Directors are elected by a plurality of the votes cast. Plurality means that the individuals who receive the largest number of votes cast FOR are elected as directors up to the maximum number of directors to be chosen at the meeting. Votes withheld from any director nominee will not be counted in such nominee's favor. All other matters to be acted on at the meeting require the affirmative vote of a majority of the combined voting power of all of the shares of our common stock present or represented and entitled to vote at the meeting to constitute the action of the shareholders. Under Bermuda law, abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum, and in accordance with our Bye-laws would be counted in the calculation for determining whether any proposal received a majority vote at the meeting. A broker nonvote is a proxy submitted by a broker in which the broker fails to vote on behalf of a client on a particular matter for lack of instruction when such instruction is required by the rules of the New York Stock Exchange.

Electronic Access to Proxy Materials and Annual Report

This proxy statement and the 2005 Annual Report can be viewed on our website at <http://www.lazard.com/investorrelations/sec-filings.html>. Most shareholders may elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. If you are a shareholder of record, you may choose this option by following the instructions provided when you vote over the Internet. If you hold your Class A common stock through a bank, broker or other holder of record, please refer to the information provided by that entity for instructions on how to elect to view our future proxy statements and annual reports over the Internet.

Board Recommendation

The Board of Directors recommends that you vote **FOR** each of the director nominees, and **FOR** ratification of the appointment of the independent registered public accounting firm.

Cost of this Proxy Solicitation

We pay the expenses of preparing the proxy materials and soliciting this proxy. We also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions. In addition to this mailing, proxies may be solicited personally, electronically or by telephone by our directors,

Table of Contents

officers, other employees or our agents. If any of our directors, officers and other employees assist in soliciting proxies, they will not receive additional compensation for those services.

Multiple Shareholders Sharing Same Address

If you and other residents at your mailing address with the same last name own shares of common stock through a bank or broker, your bank or broker may have sent you a notice that your household will receive only one annual report and proxy statement for each company in which the members of your household hold stock through that bank or broker. This practice of sending only one copy of proxy materials to holders residing at a single address is known as "householding", and was authorized by the Securities and Exchange Commission (SEC) to allow multiple investors residing at the same address the convenience of receiving a single copy of annual reports, proxy statements and other disclosure documents if they consent to do so. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If you did not receive a householding notice from your bank or broker, you can request householding by contacting that entity. You may revoke your consent to householding at any time by calling 1-800-542-1061.

If you wish to receive a separate paper copy of the annual report or proxy statement, you may send an e-mail to: Investorrelations@lazard.com or write to:

Lazard Ltd

30 Rockefeller Plaza

New York, New York 10020

Attn: Investor Relations

Attending the Annual General Meeting

If you are a holder of record and plan to attend the annual general meeting, please indicate this when you vote. When you arrive at the annual general meeting, you will be asked to present photo identification, such as a driver's license. If you hold your common stock in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or a letter from your bank or broker are examples of proof of ownership. If you want to vote your common stock held in street name in person, you must get a written proxy in your name from the broker, bank, or other nominee that holds your shares.

You may listen to the annual general meeting over the Internet. Please go to our website, www.lazard.com, early to download any necessary audio software.

Table of Contents

ITEM 1

ELECTION OF DIRECTORS

Our Board of Directors is divided into three classes. Members of each class serve for a three-year term. Shareholders elect one class of directors at each annual general meeting. At this annual general meeting, shareholders will vote on the election of the three nominees described below for a term ending at the 2009 Annual General Meeting.

The following section contains information provided by the nominees and continuing directors about their principal occupation, business experience and other matters. Each of the nominees are current directors of Lazard. Since the filing of our Annual Report on Form 10-K with the SEC on March 22, 2006, our Board has appointed three additional directors: Lady Sylvia Jay, Professor Hal S. Scott and Mr. Michael J. Turner.

Each nominee has indicated to us that he or she will serve if elected. We do not anticipate that any nominee will be unable or unwilling to stand for election, but if that happens, your proxy may be voted for another person nominated by the Board.

The Board of Directors recommends a vote **FOR** the election of each nominee listed below.

Nominees for Election as Directors

For a Three-Year Term Expiring in 2009

Steven J. Heyer, age 54, has served as a director of Lazard Ltd and Lazard Group since June 2005. Mr. Heyer has served as Chief Executive Officer of Starwood Hotels & Resorts Worldwide since October 2004. Prior to joining Starwood, he was President and Chief Operating Officer of The Coca-Cola Company from April 2001 to September 2004. From 1994 to 2002 he was President and Chief Operating Officer of Turner Broadcasting System, Inc., and a member of AOL Time Warner's Operating Committee. Previously, Mr. Heyer was President and Chief Operating Officer of Young & Rubicam Advertising Worldwide, and before that spent 15 years at Booz Allen & Hamilton, ultimately becoming Senior Vice President and Managing Partner. He currently serves on the Board of Directors of the National Collegiate Athletic Association and the Special Olympics. Mr. Heyer is the chairman of the Compensation Committee and a member of the Nominating & Governance Committee of our Board of Directors.

Sylvia Jay, CBE, age 59, has served as a director of Lazard Ltd and Lazard Group since March 2006. Lady Jay is Vice Chairman of L'Oréal UK, a position she has held since September 2005. From January 2001 to August 2005, she was the Director General of the Food & Drink Federation, a UK trade body. Lady Jay joined the United Kingdom Civil Service in 1971. Her civil service career, until she resigned in 1995, mainly concerned government financial aid to developing countries, including being a non-executive director to the Gibraltar Ship Repair Company. She also worked in the Civil Service Selection Board to recruit fast stream administrators and diplomats; the French Ministère de la Coopération; the French Trésor and was one of a small international team which set up the European Bank for Reconstruction and Development. Lady Jay is on the board of directors of Saint-Gobain, a French company, Chairman of Food from Britain and a member of the Franco-British Council. Lady Jay is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

Vernon E. Jordan, Jr., age 70, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jordan has served as a Senior Managing Director of Lazard Frères & Co. LLC since January 2000. Mr. Jordan has been Of Counsel at Akin, Gump, Strauss, Hauer & Feld L.L.P. since January 2000, where he served as Senior Executive Partner from January 1982 to December 1999. Prior to that, Mr. Jordan served as President and Chief Executive Officer of the National Urban League, Inc. from January 1972 to December 1981.

Table of Contents

Mr. Jordan currently serves on the boards of directors of American Express Company, Asbury Automotive Group, Inc., Dow Jones & Company, Inc., J.C. Penney Company, Inc. and Xerox Corporation; as a trustee to Howard University and DePauw University; and on the International Advisory Boards of DaimlerChrysler and Barrick Gold.

Directors Continuing in Office

(Term Expiring in 2007)

Ellis Jones, age 52, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Jones has served as Chief Executive Officer of Wasserstein & Co., LP since January 2001. Prior to becoming Chief Executive Officer of Wasserstein & Co., LP, Mr. Jones was a Managing Director of the investment banking firm Wasserstein Perella Inc. from February 1995 to January 2001. Prior to joining Wasserstein Perella Inc., Mr. Jones was a Managing Director at Salomon Brothers Inc. in its corporate finance department from March 1989 to February 1995. Prior to joining Salomon Brothers Inc., Mr. Jones worked in the investment banking department at The First Boston Corporation from September 1979 to March 1989.

Anthony Orsatelli, age 54, has served as a director of Lazard Ltd and Lazard Group since May 2005. Mr. Orsatelli has served as the Chief Executive Officer of IXIS Corporate & Investment Bank since November 2004 and as a Member of the Executive Board of Caisse Nationale des Caisses d'Épargne since December 2003. Previously, Mr. Orsatelli held various senior positions with CDC IXIS and CDC Marchés since June 1996. Prior to joining CDC Marchés, Mr. Orsatelli served as the Deputy Head of the Capital Markets Department of Caisse des Dépôts Paris from March 1995 to June 1996. Mr. Orsatelli previously served as the Head of the BNP Group in Japan from January 1992 to March 1995, as a Managing Director of BNP Securities London from October 1988 to December 1991, and as the Head of the international department and risk management at BNP's financial division from July 1987 to October 1988. Mr. Orsatelli held positions with the French Ministry of Finance from September 1981 to July 1987 and with the Prime Minister's office in France from September 1977 to September 1981. Mr. Orsatelli is chairman of the Audit Committee of our Board of Directors.

Hal S. Scott, age 62, has served as a director of Lazard Ltd and Lazard Group since March 2006. Professor Scott is the Nomura Professor and Director of the Program on International Financial Systems at Harvard Law School, where he has taught since 1975. Before joining Harvard, he served as a Law Clerk for the Hon. Justice Byron R. White, U.S. Supreme Court, from 1973 to 1974, and as an Assistant Professor of Law, University of California at Berkeley from 1974 to 1975. Professor Scott has published numerous books and articles on finance, banking and securities laws. He is a member of the Shadow Financial Regulatory Committee, past President of the International Academy of Consumer and Commercial Law and past Governor of the American Stock Exchange (2002-2005). Professor Scott is the chairman of the Nominating & Governance Committee and a member of the Audit Committee of our Board of Directors.

Directors Continuing in Office

(Term Expiring in 2008)

Bruce Wasserstein, age 58, has served as Chairman and Chief Executive Officer of Lazard Ltd and Lazard Group since May 2005. Mr. Wasserstein has served as a director of Lazard Group since January 2002 and as a director of Lazard Ltd since April 2005. Mr. Wasserstein served as the Head of Lazard and Chairman of the Executive Committee of Lazard Group from January 2002 until May 2005. Prior to joining Lazard, Mr. Wasserstein was Executive Chairman at Dresdner Kleinwort Wasserstein from January 2001 to November 2001. Prior to joining Dresdner Kleinwort Wasserstein, he served as CEO of Wasserstein Perella Group (an investment banking firm he co-founded) from February 1988 to January 2001, when Wasserstein Perella Group was sold to Dresdner Bank. Prior to founding Wasserstein Perella Group, Mr. Wasserstein was the Co-Head of Investment Banking at The First Boston Corporation. Prior to joining First Boston, Mr. Wasserstein was an attorney at Cravath, Swaine & Moore. Mr. Wasserstein also currently serves as Chairman of Wasserstein & Co., LP, a private merchant bank.

Table of Contents

John K. Shank, age 65, has served as a director of Lazard Ltd and Lazard Group since January 2006. Dr. Shank is the Noble Foundation Professor of Management emeritus at the Tuck School at Dartmouth, a position he held from June 1984 to June 2004. He continues to serve as a visiting professor at the Naval Post Graduate School in Monterey, California, a position he has held since June 2003. Before joining the Dartmouth Faculty, he taught at the Ohio State University for eight years and Harvard Business School for seven years. Prior to that he worked in public accounting for the two firms that merged to form Deloitte & Touche. He has published 17 books, more than 100 case studies and more than 100 articles in leading journals in accounting, finance and management. Dr. Shank is a member of the Audit Committee of our Board of Directors.

Michael J. Turner, CBE, age 57, has served as a director of Lazard Ltd and Lazard Group since March 2006. Mr. Turner has served as Chief Executive Officer of BAE Systems plc since March 2002. Mr. Turner joined BAE Systems in 1966 and since that time has held a number of commercial, marketing and general management positions, including Chief Operating Officer from 1999 to March 2002. Mr. Turner is a member of the Shareholders Committee of Airbus SAS, a member of the Board of Directors of Art Properties UK Ltd and joint chairman of the Aerospace Innovation and Growth Team in the UK. Mr. Turner is a member of the Compensation Committee and the Nominating & Governance Committee of our Board of Directors.

Information Regarding The Board of Directors and Corporate Governance

Lazard is governed by a Board of Directors and various committees of the Board that meet throughout the year. Our Board has established three standing committees: the Audit Committee, Nominating & Governance Committee, and the Compensation Committee. Each of the standing committees has adopted and operates under a written charter, all of which are available on our website at www.lazard.com/investorrelations/corp-governance.html. Other corporate governance documents also are available on our website, including our Corporate Governance Guidelines and our Code of Business Conduct and Ethics. A copy of each of these documents is available to any shareholder upon request.

Since our initial public offering (IPO) in May of 2005, there have been three meetings of the Board in 2005. The Board of Directors has regularly scheduled meetings of non-executive directors following each meeting of the full Board. Each meeting of non-executive directors is presided over by one of the committee chairpersons.

Agreement with IXIS Corporate & Investment Bank

IXIS Corporate & Investment Bank (IXIS) participated as an investor in our recapitalization transactions in May 2005, purchasing \$150 million of Lazard s equity security units (which represent a contract to purchase Lazard Class A common stock on May 15, 2008 and a senior note of Lazard Group in an aggregate amount of \$150 million) and 2,000,000 shares of Class A common stock at the IPO price of \$25 per share. In connection with IXIS s investment, we have agreed that we will nominate one person designated by IXIS to our Board of Directors until such time as (1) the shares of our common stock then owned by IXIS, plus (2) the shares of our common stock issuable under the terms of any exchangeable securities issued by us then owned by IXIS, constitute less than 50% of the sum of (a) the shares of our common stock initially purchased by IXIS, plus (b) the shares of our common stock issuable under the terms of any exchangeable securities issued by us initially purchased by IXIS. Anthony Orsatelli is the IXIS nominee to our Board of Directors.

Audit Committee

Anthony Orsatelli (Chair), Hal S. Scott and John K. Shank

This committee met three times in 2005. The Audit Committee assists our Board of Directors in fulfilling its oversight responsibilities with respect to:

monitoring the integrity of the financial statements;

the qualifications, independence and performance of our independent auditors;

Table of Contents

the performance of our internal audit function; and

compliance by us with certain legal and regulatory requirements.

A detailed list of the committee's functions is included in its charter, which is attached as Annex A.

The Audit Committee also selects and oversees Lazard's independent auditors, and pre-approves all services to be performed by the independent auditors pursuant to the Audit Committee pre-approval policy. All members of the Audit Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange. All members of the Audit Committee are financially literate, as determined by the Board of Directors. The Board of Directors has determined that Mr. Anthony Orsatelli and Dr. John K. Shank have the requisite qualifications to satisfy the SEC definition of "audit committee financial expert."

Compensation Committee

Steven J. Heyer (Chair), Sylvia Jay and Michael J. Turner

This committee met three times in 2005. The Compensation Committee assists the Board of Directors by overseeing our compensation plans, policies and programs and has full authority to:

determine and approve the compensation of our Chief Executive Officer;

make recommendations with respect to compensation of our other executive officers; and

receive reports on our compensation programs as they affect all managing directors and employees.

The Compensation Committee also is responsible for producing an annual report on executive compensation for inclusion in the Company's annual proxy statement. All members of the Compensation Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange.

Nominating & Governance Committee

Hal S. Scott (Chair), Steven J. Heyer, Sylvia Jay and Michael J. Turner

This committee met three times in 2005. The Nominating & Governance Committee assists our Board of Directors in promoting sound corporate governance principles and practices by:

identifying individuals qualified to become Board members, consistent with criteria approved by the Board;

recommending to the Board the director nominees for the next annual general meeting of shareholders;

reviewing and reassessing the adequacy of the Corporate Governance Guidelines;

leading the Board in an annual review of its own performance; and

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recommending to the Board director nominees for each committee.

The Nominating & Governance Committee also is responsible for recommending to the Board of Directors standards regarding the independence of outside directors and reviewing such standards on a regular basis to confirm that such standards remain consistent with sound corporate governance practices and with any legal, regulatory or New York Stock Exchange requirements. All members of the Nominating & Governance Committee are independent as required by Lazard and the listing standards of the New York Stock Exchange.

Attendance

The average attendance by directors at meetings of the Board and its Committees was approximately 89%. The Board met three times in 2005 since the IPO and all directors who were members of the Board in 2005 attended at least 75% of the meetings of the Board and Committees on which they served, except Mr. Orsatelli who missed one Board meeting and one Committee meeting on the same day. We expect all directors to attend our annual general meeting of shareholders.

Table of Contents

Codes of Business Conduct and Ethics

We have adopted the Code of Business Conduct and Ethics that is applicable to all directors, managing directors, officers and employees of Lazard and its subsidiaries and affiliates. We have also adopted a Supplement to the Code of Business Conduct and Ethics for certain other senior officers, including our chief executive officer, chief financial officer and principal accounting officer. Each of these codes are available on our website at <http://www.lazard.com/investorrelations/conductsandethics.html>. A print copy of each of these documents is available to any shareholder upon request. We intend to disclose amendments to, or waivers from, the Code of Business Conduct and Ethics, if any, on our website.

Communications with the Board

To report any issue relating to the accounting, internal accounting controls or auditing practices of Lazard (including its subsidiaries and affiliates), employees, shareholders and others may contact the Audit Committee of the Board of Directors by mail, at the address listed below. Anyone who wishes to send a communication to our non-executive directors as a group may also do so by mail at the address listed below, and by marking the envelope, Attn: Non-Executive Directors of the Lazard Ltd Board of Directors.

Lazard Ltd

30 Rockefeller Plaza

New York, NY 10020

The Lazard Ltd Board of Directors

c/o the General Counsel

Our procedures for handling complaints and concerns of employees and other interested parties are posted on our website at <http://www.lazard.com/investorrelations/corp-procedures.html>.

Policy on Director Nomination Process

The Board's Nominating & Governance Committee is responsible for evaluating and recommending to the Board proposed nominees for election to the Board of Directors. As part of its process, the committee will consider director candidates recommended for consideration by members of the Board, by management and by shareholders. It is the policy of the Nominating & Governance Committee that candidates recommended by shareholders will be considered in the same manner as other candidates. Candidates for the Board of Directors must be experienced, dedicated, and meet the highest standards of ethics and integrity. All directors represent the interests of all shareholders, not just the interests of any particular shareholder, shareholder group or other constituency. The Nominating & Governance Committee periodically reviews with the Board the requisite skills and characteristics for new directors, taking into account the needs of Lazard and the composition of the Board as a whole. While we could qualify for various exceptions to the governance standards of the New York Stock Exchange (NYSE) as a controlled company , we have chosen not to be so treated and have committed to having a majority of our directors satisfy the independence requirements of both Lazard and the NYSE. Likewise, each member of the Audit Committee must be financially literate and at least one member must possess the requisite qualifications to satisfy the SEC definition of audit committee financial expert . Once a candidate is identified, the Nominating & Governance Committee will consider the candidate's mix of skills and experience with businesses and other organizations of comparable size, as well as his or her reputation, background and time availability (in light of anticipated needs). The committee also will consider the interplay of the candidate's experience with the experience of other Board members, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board and any other factors it deems appropriate. Shareholders wishing to recommend to the Nominating & Governance Committee a candidate for director at our 2007 Annual General Meeting of Shareholders may do so by submitting in writing such candidate's name, in compliance with the procedures and along with the other information required by our Bye-laws, to the Secretary of our Board of Directors at: Lazard Ltd, Office of the Secretary, 30 Rockefeller Plaza, 62nd Floor, New York, New York 10020 between January 9, 2007 and February 8, 2007.

Table of Contents

Director Independence

Pursuant to the corporate governance listing standards of the NYSE, the Board of Directors has adopted standards for determining whether directors have material relationships with Lazard. The standards are set forth on Annex B to this proxy statement. Under these standards, a director employed by Lazard cannot be deemed to be an independent director, and consequently Mr. Wasserstein and Mr. Jordan are not independent directors of Lazard. In addition, the Board has determined that Mr. Ellis Jones, the chief executive officer of Wasserstein & Co., LP, a private equity investment firm that is majority owned by Wasserstein Family Trusts and Bruce Wasserstein, also is not independent. The Board has determined that none of the other directors has a material relationship with Lazard under the Board's standards for independence and accordingly each is independent under the NYSE corporate governance listing standards. In making its independence determinations the Board considered the relationship between Lazard and IXIS Corporate & Investment Bank, of which Mr. Orsatelli is the chief executive officer. IXIS participated as an investor in our recapitalization transactions in May 2005, purchasing \$150 million of our equity security units and 2,000,000 shares of Class A common stock at the IPO price of \$25 per share. In connection with this investment, Lazard agreed to nominate one person designated by IXIS to our Board of Directors, currently Mr. Orsatelli. Lazard also has a cooperation arrangement with IXIS in France. The cooperation arrangement provides that Lazard Group and IXIS will (1) place and underwrite securities on the French equity primary capital markets under a common brand, Lazard-Ixis, and cooperate in their respective origination, syndication and placement activities, (2) form an alliance in real estate advisory work with the objective of establishing a common brand for advisory and financing operations within France, and (3) create an exclusive mutual referral cooperation arrangement, subject to the fiduciary duties of each firm, with the goal of referring clients from Lazard Group to IXIS for services relating to corporate banking, lending, securitizations and derivatives within France and from IXIS to Lazard Group for mergers and acquisitions advisory services within France. In 2005, the cooperation arrangement generated approximately \$12.5 million of gross revenue for IXIS and \$11.4 million of gross revenue for Lazard. In addition to the cooperation arrangement, from time to time, in the ordinary course of our business, we have provided advice to IXIS and Caisse Nationale des Caisses d'Epargne (CNCE), the parent company of IXIS. IXIS and CNCE are part of Groupe Caisse D'Epargne, a consolidated reporting group. In 2005, Lazard advised IXIS on one transaction in Germany and received a fee of \$1.8 million and advised CNCE on several transactions in Paris in 2003, 2004 and 2005 and received fees of \$3.9 million, \$5.7 million, and \$2.2 million, respectively. The Board determined, in its business judgment, that these relationships were not material, noting that (a) 2005 gross revenue generated pursuant to the cooperation arrangement and other transactions referenced above were less than 2% of Lazard's gross revenues for 2005 and less than 1% of the annual gross revenue for Groupe Caisse D'Epargne for 2004 (the latest date upon which information is publicly available) and (b) at December 31, 2005, Lazard's consolidated indebtedness to IXIS was less than 8.0% of Lazard's total consolidated assets. See Agreement with IXIS Corporate & Investment Bank and Certain Relationships with Our Directors, Executive Officers and Employees.

Director Compensation

Directors who are officers of Lazard do not receive any fees for their service as directors. Each non-executive director receives an annual cash retainer of \$50,000 and an annual award of deferred stock units (DSUs) with a grant value of \$50,000. The chair of the Audit Committee is paid an additional annual retainer of \$30,000 and the chairs of each of the Nominating & Governance Committee and the Compensation Committee are paid an additional annual retainer of \$20,000, in each case 50% is paid in cash and 50% in DSUs. The other members of the Audit Committee are paid an additional annual retainer of \$20,000 and the other members of the Nominating & Governance Committee and the Compensation Committee are paid an additional annual retainer of \$15,000, in each case 50% is paid in cash and 50% in DSUs. All DSUs awarded under this arrangement (1) are issued under the Lazard Ltd 2005 Equity Incentive Plan or any successor plan thereto, and (2) are converted to Class A common stock on a one-for-one basis and distributed to the director after he or she resigns or otherwise ceases to be a member of our Board.

Table of Contents**Beneficial Owners of More Than Five Percent**

Based on filings made under Section 13(d) and Section 13(g) of the U.S. Securities Exchange Act of 1934, as amended, as of March 22, 2006, the only persons known by us to be beneficial owners of more than 5% of our Class A and Class B Common Stock were as follows (except for Bruce Wasserstein, whose share ownership is noted in the subsequent table):

Name and Address of Beneficial Owner	Number of Shares of Class B Common Stock	Number of Shares of Class A Common Stock	Percentage of Shares of Class A Common Stock	Percentage of Voting Power (a)
	Beneficially Owned	Beneficially Owned	Beneficially Owned	
LAZ-MD Holdings 30 Rockefeller Plaza New York, New York 10020	1(b)	0(c)		62.4%(d)
IXIS (e) 47, Quai d'Austerlitz 75648 Paris Cedex 13 France		2,000,000	5.3%	2.0%
FMR Corp. 82 Devonshire Street Boston, Ma 02109		5,489,700	14.6%	5.5%
JPMorgan Chase & Co. 270 Park Ave New York, NY 10017		4,646,900	12.4%	4.6%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Md 21202		3,473,100	9.3%	3.5%
Morgan Stanley 1585 Broadway New York, NY 10036		2,828,675	7.5%	2.8%
Prudential Financial, Inc. 751 Broad Street Newark, NJ 07102		2,975,703	7.9%	3.0%

(a) The percentage of voting power includes both the voting power of Class A common stock and Class B common stock in the aggregate.

(b) Represents 100% of the Class B common stock.

(c)

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The Lazard Group common membership interests issued to LAZ-MD Holdings are exchangeable for shares of our Class A common stock on a one-for-one basis. As each of these Lazard Group common membership interests is associated with an outstanding exchangeable interest issued by LAZ-MD Holdings, LAZ-MD Holdings disclaims beneficial ownership of the shares of Class A common stock into which the Lazard Group common membership interests are exchangeable.

- (d) LAZ-MD Holdings holds the single outstanding share of Class B common stock, which as of February 28, 2006 represents approximately 62.4% of the voting stock of all shares of our voting stock. This single share generally will entitle our managing directors holding LAZ-MD Holdings exchangeable interests who are party to the LAZ-MD Holdings stockholders' agreement to one vote per share of each LAZ-MD Holdings exchangeable interest held by them on a pass through basis.
- (e) The 2,000,000 shares of our Class A common stock were acquired by IXIS on May 10, 2005 as part of our IPO and generally may not be transferred until November 7, 2006. Excludes 4,999,800 to 6,000,000 shares of our common stock underlying the equity security units issued to IXIS on May 10, 2005 pursuant to the IXIS investment agreement. Were IXIS to exchange these securities at the price at which the Class A common stock was trading at on February 28, 2006, it would beneficially own 6.7% of the common stock, including the shares of common stock into which the Lazard Group common membership interests are exchangeable.

Table of Contents

Beneficial Ownership of Directors, Director Nominees and Executive Officers

The following table shows the number of shares of Class A common stock that each director, the executive officers named in the summary compensation table, and all directors and executive officers as a group, have reported as owning beneficially or otherwise having a pecuniary interest in, as of March 23, 2006. To our knowledge, except as indicated in the footnotes to this table and pursuant to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them. The address for each listed shareholder is c/o Lazard Group LLC, 30 Rockefeller Plaza, New York, New York 10020.

Shares of Class A Common Stock	Percentage of Class A Common Stock	Shares of Class A Common Stock (assuming full exchange of all LAZ-MD exchangeable interests) (a) (b)	Percentage of Class A Common Stock
1,436,338	3.8%	11,394,534(d)	
	*	2,476	
	*	295	
	*	7,980,833(d)	
	*	366,431	
2,000,000	5.3%	2,002,566	

Set forth below is summary of financial position before and after the spin-off. (in millions of Won)

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

Schedule of spin-off

Date
July 19, 2011
August 4, 2011

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Meeting for Approval of Spin-off Plan	August 31, 2011
Spin-off	October 1, 2011
Meeting for Report of Spin-off or Inaugural Meeting of Shareholders	October 4, 2011
of Spin-off	October 5, 2011
Notice of closure of shareholders register	July 20, 2011
Period of closure of shareholders register	August 5, 2011~August 8, 2011
Public notice of shareholders meeting	August 10, 2011 and August 12, 2011
Dispatch of notice of shareholders meeting	August 12, 2011

Contents

Changes in shareholding, including majority shareholder

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

Appraisal rights of shareholders

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

Protection of creditors

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

Allocation of new shares

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

(2) Acquisition of Shares of Hynix Semiconductor

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company purchased 146,100,000 shares of Hynix Semiconductor Inc. (aggregate purchase price of Won 3,374,726 million) on February 14, 2012 in order to acquire the control of Hynix Semiconductor. The Company has a 21.05% equity interest in Hynix Semiconductor after the purchase.

[SK Telink Co., Ltd.]

(1) Merger

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

[SK Communications Co., Ltd.]

(1) Merger

In 2007, the board of directors resolved to cause SK Communications Co., Ltd. to merge into Empas Corp., effective as of November 1, 2007. We believe this merger helped to strengthen our competitiveness in the portal services market. In the merger, one share of the former SK Communications was converted into 3.5732182 shares of Empas.

Contents

(2) Spin off

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

(3) Disposition and acquisition of businesses

1. Disposition of publishing business division

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

2. Acquisition of the KUKU division

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

3. Disposition of the Spicus division

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

(4) Disposition of shares

1. Disposition of shares of Etoos

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

2. Disposition of shares of SK i-Media

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

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

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

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Bank loans

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

11

Contents

[SK Broadband]

band, a material consolidated subsidiary of ours, acquired subscriberships of regional cable and other service providers on different occasions. Such acquisitions were intended to secure a stable subscriber base for our broadband Internet service and, at the same time, increase the service coverage area. Because such acquisitions were conducted on a relatively small scale and the purchase of subscriberships, we did not believe such acquisitions rose to the level of purchasing an entire business line from a company or likely to have a material impact on our business, and therefore we believed that such acquisitions did not require the approval or resolution of our shareholders.

[SK Communications Co., Ltd.]

(1) Leak of personal information

In 2011, a leak of personal information of subscribers of Nate and Cyworld websites operated by SK Communications Co., Ltd., our consolidated subsidiary, occurred. Two lawsuits (total claim of Won 9 million) demanding compensation for damages caused by the leak were filed and five payment orders (total payment amount of Won 7 million) were issued by the courts against SK Communications in connection with the leak.

3. Total Number of Shares

A. Total number of shares

As of 31, 2012)

	Share type		(Unit: shares)
	Common shares	Total	Remarks
Number of authorized shares	220,000,000	220,000,000	
Number of shares issued to date	89,278,946	89,278,946	
Number of shares retired to date	8,533,235	8,533,235	
Number of shares of capital			
Number of shares at with profit	8,533,235	8,533,235	
Number of shares of redeemable shares			
Number of shares (II-III)	80,745,711	80,745,711	
Number of treasury shares	11,050,712	11,050,712	
Number of shares outstanding (IV-V)	69,694,999	69,694,999	

Contents

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

B. Treasury Stock

(1) Acquisitions and Dispositions of Treasury Stocks

		(Unit: Shares)			
Methods	Type of shares	At the beginning	Changes	At the end of	
		of period	Acquired (Added) / Disposed (Retired (-))	period	
Acquisition pursuant to Special Investment and Capital Act of Korea (SCMA)	Direct acquisition from market	Common shares	7,086,028		7,086,028
		Preferred shares			
	Tender offer	Common shares			
		Preferred shares			
	Direct acquisition Appraisal rights of dissenting shareholder	Common shares			
		Preferred shares			
		Common shares	7,086,028		7,086,028
		Preferred shares			
	Acquisition through trust and other agreements	Held by trustee			
		Held in actual stock			
	Common shares	3,886,710		3,886,710	
	Preferred shares				
	Common shares	3,886,710		3,886,710	
	Preferred shares				
Other acquisition	Common shares	77,974		77,974	
	Preferred shares				
Total	Common shares	11,050,712		11,050,712	
	Preferred shares				

1,050,712 shares directly acquired by the Company, 2,308,406 shares were deposited with the Korea Securities
y as of March 31, 2012 for issuance upon conversion of the overseas convertible bonds.

Contents**4. Status of Voting Rights**

(31, 2012)	Number of shares	(Unit: shares) Remarks
s (A)	Common share 80,745,711	
	Preferred share	
shares without voting rights (B)	Common share 11,050,712	Treasury shares
	Preferred share	
restricted voting rights under the Korean law (C)		
reestablished voting rights (D)	Common share 69,694,999	
r of shares with exercisable voting rights (E = A - B - C + D)	Preferred share	

5. Dividends and Others

A. Dividends

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

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

2) Distribution of interim dividends of Won 1,000 was approved during the 318th Board of Directors Meeting on July 22, 2010.

3) Distribution of cash dividends was approved during the 27th General Meeting of Shareholders held on March 11, 2011.

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

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

5) Distribution of cash dividends was approved during the 28th General Meeting of Shareholders held on March 23, 2012.

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

Contents

B. Dividends for the Last 3 Fiscal Years

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

	As of and for the quarter ended March 31, 2012	As of and for the year ended December 31, 2011	As of and for the year ended December 31, 2010
Dividend per share (Won)	500	500	500
Dividend per share (Won)	344,972	1,694,363	1,947,008
Dividend per share (Won)	4.950	24,002	27,063
Dividend		656,533	669,534
Dividends			
Dividend as a percentage of cash dividend to available income (%)		38.7	34.4
Dividend yield ratio (%)	Common share	6.6	5.4
	Preferred share		
Dividend yield ratio (%)	Common share		
	Preferred share		
Dividend per share (Won)	Common share	9,400	9,400
	Preferred share		
Dividend per share (share)	Common share		
	Preferred share		

Based on non-consolidated financial statements. Net income per share means basic net income per share.

The cash dividend of Won 669,534 million for the year ended December 31, 2010 includes the total interim dividend amount of Won 669,534 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount of Won 9,400.

The cash dividend of Won 656,533 million for the year ended December 31, 2011 includes the total interim dividend amount of Won 656,533 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount of Won 9,400.

Contents**II. BUSINESS**

any in consolidated entity is separate as a legal entity providing independent services and products. The business is majorly
 ned as a wireless telecommunication business consisting of mobile phone, wireless data, information telecommunication, a
 ed line telecommunication business consisting of PSTN, high speed Internet, data and network lease service etc. and other
 telecommunication business composing of Internet portal service, game etc.

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

As of March 31, 2012, the number of domestic mobile phone subscribers reached 52.71 million and, with more than 100% penetration
 Korean mobile communication market can be considered to have reached its maturation stage. However, the penetration rate
 is expected to increase further due to increased use of mobile phones by corporate users resulting from the rapid growth of
 mobile markets, as well as the increasing popularity of high-tech mobile devices based on wireless data services such as tablet
 PC.

The Korean mobile communications market continues to improve in the quality of services with the help of advances in
 network-related technology and the development of highly advanced handsets including various smartphones which enable the
 use of convergence services for multimedia contents, mobile commerce, telematics, satellite Digital Multimedia Broadcasting
 (DMB), digital home services, connected workforce services and other related services. In addition, through HSPA+ network
 commercialized in October 2010 and the LTE network introduced in July 2011, the B2B business directly resulting in the
 enhancement of productivity, such as the corporate connected workforce business, is expected to grow rapidly.

B. Growth Potential

	(Unit: 1,000 persons)				
	As of March 31, 2012	2011	As of December 31,		2008
			2010	2009	
SK Telecom	26,556	26,553	25,705	24,270	23,032
Others (KT, LGU+)	26,153	25,954	25,062	23,675	22,575
Total	52,709	52,507	50,767	47,944	45,607

(Source: Korea Communications Commission website)

Contents

C. Domestic and Overseas Market Conditions

Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and every Korean is considered a potential user. Sales revenue related to data services is expected to increase due to the increasing popularity of smartphones and wireless Internet. Business-to-business segment that creates added values by adding additional functions and applications is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Historical market share of the Company:

	(Unit: %)			
	As of March 31, 2012	2011	As of December 31, 2010	2009
Mobile communication services	50.4	50.6	50.6	50.6
	Comparative market share:			

(As of March 31, 2012)	(Unit: %)		
Classification	SK Telecom	KT	LGU+
Market share	50.4	31.5	18.1

(Source: Korea Communications Commission website)

D. Business Overview and Competitive Strengths

The Company is seeking to transform itself from a telecommunication service provider into a comprehensive information and communication technology (ICT) service provider. It has continued to expand the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts. In the first quarter of 2012, on a non-consolidated basis, the Company recorded revenue of Won 3.02 trillion, operating income of Won 460 billion and net income of Won 340 billion. On a consolidated basis, the Company's revenue increased 2.0% to Won 3.99 trillion in the first quarter of 2012 from the corresponding period of the previous year, primarily due to an increase in the number of 3G smartphone subscribers and LTE subscribers. The Company's consolidated operating income amounted to Won 450 billion, impacted by an increase in capital expenditures due to an increase in data traffic, as well as an increase in frequency expenses.

The number of subscribers as of March 31, 2012 was 26.56 million, an increase of 3,000 from the previous quarter. In particular, the number of smartphone subscribers as of March 31 of 2012 was 12.76 million, an increase of 7.4 million from the previous quarter, including 1.77 million LTE subscribers, solidifying the Company's market leadership. The Company upgraded the quality of its services by providing commercial LTE services, which enable streaming service of high-quality videos, high-definition voice calls and wireless on-line gaming services. The Company also plans to enhance customer satisfaction by improving its network quality.

Contents

Link, a subsidiary of the Company, plans to expand its operations to the mobile virtual network operator (MVNO) business using its technical expertise and know-how obtained in its international telecommunications business. SK Telink plans to launch prepaid MVNO service in June 2012 and post-pay service in January 2013. An MVNO leases the networks of a mobile network operator (MNO) and provides wireless telecommunication services under its own brand and fee structure, without owning or operating telecommunication networks or frequencies.

[Fixed Line Business]

A. Industry Characteristics

The telecommunications industry is currently characterized by the introduction of smartphones, tablet computers and other devices with enhanced mobility and the advent of cloud computing, mobile offices and other information and communications technology. In addition, mergers among fixed-line operators and wireless operators have accelerated the convergence within the telecommunications sector, creating a market structure in which groups with both fixed-line and wireless capabilities compete for market share to secure a more solid footing in the market. Spurred on by the introduction of various bundled products, growth in the subscriber base for IPTV services and a paradigm shift in the voice telephone market towards Internet-based telephone services, the fixed-line and fixed-line telecommunications market is playing a key role in the accelerated consolidation of the service providers as well as heightened competition in a growing market. The increased usage of smartphones and tablet PCs, as well as the commercialization of the fourth generation LTE network, has greatly increased the demand for wireless data transmissions, thereby putting into greater relief the importance of fixed-line networks.

The transition to digital TV services will accelerate in 2012 when analog open air TV broadcast will terminate. We expect increased competition in new services such as smart TVs and various convergence products, such as smartphones and N Screen services employing tablet computers.

Contents

B. Growth Potential

(in thousands of persons)	As of March 31, 2012	As of December 31, 2011	As of December 31, 2010
High Speed Internet	17,963	17,860	17,224
Fixed Line	18,560	18,633	19,273
IPTV (real-time)	4,958	3,591	2,740

(Source: Korea Communications Commission website)

C. Cyclical Nature and Seasonality

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

The accelerated transition to digital TV services as a result of the termination of terrestrial analog TV broadcast, as well as the entrance of Google Inc. and Apple Inc. into the television market, would present opportunities by expanding the market size and increasing consumers' interests. Risk factors include a competitor's convergence service comprising both IPTV and satellite TV service, which is aimed at expanding the subscriber base.

Historical market share of the Company:

Classification	As of March 31, 2012	As of December 31, 2011	As of December 31, 2010
High Speed Internet (include Resale)	23.6	23.5	23.2
Fixed Line (include VOIP)	15.0	14.6	13.7
IPTV (real-time)	19.9	24.6	26.8

(Unit: %)
(Source: Korea Communications Commission website)

D. Business Overview and Competitive Strengths

SK Broadband, which in 1999 became the first company in the world to commence commercial ADSL services, has strengthened its marketing efforts with SK Telecom. The co-marketing efforts and the enhanced competitiveness of the bundled products have expanded subscriber base across all of our businesses, including broadband Internet, telephone and IPTV. In particular, we have positioned ourselves to focus on corporate customer services as one of the key strategic areas for mid- to long-term growth, and our efforts to exploit new information and communications technology based businesses have led to revenue growth and strengthening of our competitiveness in the emerging business-to-business market.

Contents

a material consolidated subsidiary of ours, provides international telecommunications service. SK Telink has been able to position itself as a market leader as a result of its affordable pricing, proactive marketing and the quality of its services. It launched a mobile phone-based international calling service under the brand name 00700 in 1998, creating a new niche market within the long-distance telephony market that was otherwise dominated by existing service providers. In 2003, SK Telink was designated a common carrier for international calling services, which allowed us to expand our international calling services to fixed-line international calling services. In addition, in 2011, we were again ranked first in the three major independent customer satisfaction surveys, including the Korea Nation Customer Satisfaction Index, after having been ranked first in 2010. The revenue from our international calling services in 2011 was Won 416.5 billion. SK Telink plans to strengthen its existing business, including international and long-distance calling services, while satisfying customers' diverse needs for new services such as the VOIP and value-added services.

[Other Business]

A. Industry Characteristics

As the number of smartphone subscribers in Korea exceeds 23 million, 92% of total economically active population uses smartphones. The growth in smartphones and other mobile devices has made a service provider with strong platform business the dominant force in the ICT market. Platform business acts as an intermediary among various customer groups and thereby generating new values, attracting subscribers and users and creating an ecosystem with certain lock-in effects. A platform can exist in various forms, including technological standard (iOS, Android OS), subscriber-based service platforms (Facebook, Twitter) or a marketplace (Amazon, T store). Platform business is evolving and expanding globally.

Platform business has strong growth potential due to its connectivity with related services and ease of global expansion. Apple has become the world's leading smartphone producer based on its innovative design and the competitive strength of its AppStore platform. Amazon has created a new ecosystem of long-tail advertisement by attracting millions of third parties to its advertising platform, as well as showing strong growth in mobile markets with its competitive platform based on Android OS. Facebook has grown significantly into a platform business by introducing platforms such as Facebook Connect, Social Graph and Like.

B. Growth Potential

Our company expects that the scope and value generated by the platform business, including application and content marketplaces and other services, will increase, as smartphones and tablet PCs become more popular and the bandwidth and speed of network infrastructure improve.

Contents

Smartphone and Tablet Sales Forecast>	(in million units)							
	2008	2009	2010	2011	2012	2013	2014	2015
	252	285	269	366	455	555	670	774
			18	70	108	160	223	294

(Source: Gartner, April 2011)

Smartphone and Tablet Subscriber Forecast>	(in ten thousand subscribers)					
	2010	2011	2012	2013	2014	2015
	733	1,883	2,706	3,324	3,820	4,213
	18	180	383	563	744	982

(Source: Korea Communications Commission, December 2010)

As the wireless network evolves to the fourth generation (4G) LTE, business opportunities for the platform business are growing. These include multimedia streaming, N-screen service based on cloud technology and high-definition location based services. Since the platform business realizes profit by connecting with advertisement or commerce after building a critical mass of subscriber and user base, recent growth in advertisement and commerce markets is expected to present an opportunity for platform businesses.

C. Domestic and Overseas Market Conditions

(1) Competition

Application Marketplace

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

Global Application Marketplace>	2008	2009	2010	2011	2012
(US\$ million)	807	4,002	6,107	10,108	15,805
(in millions)	505	2,516	4,501	8,001	14,001

Contents

(Source: Korea Electronics Technology Institute, February 2010)

Competitive Environment among Application Marketplaces, May 2011>

Application Marketplace	App Store	Android Market	Ovi Store	GetJar
Launched	Apple	Google	Nokia	GetJar
Launched	July 2008	October 2008	May 2009	2004
Available Applications	425,000	238,000	84,000	68,000
Estimated Downloads (in billions)	15.0	5.0	1.8	0.6

(Source: ComScore, Distismo, June 2011)

e-commerce Markets

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

Korea Commerce Market>

Application Marketplace	2010	2011(F)	2012(F)	2014(F)
Commerce Markets	197.0	223.0	238.0	252.0
Commerce	24.8	29.6	34.1	45.2
Department Stores and Supermarkets	57.2	60.1	63.7	75.1
Online shopping	5.2	5.9	6.3	7.2
Convenience Stores	7.0	7.8	8.8	11.2
Other Stores	101.0	103.3	119.2	113.3

(Source: National Statistical Office, 2010)

Advertisement market is expected to grow from Won 7.4 trillion in 2010 to Won 10.0 trillion in 2015. In particular, mobile advertisement is expected to grow rapidly to Won 0.8 trillion in 2015, primarily due to the popularity of smartphones and convergence with location based advertisement.

Contents

Advertising Market by Media> cation	2001	2005	(unit: Won trillion) 2010	2015(F)
Advertisement Market	5.5	6.3	7.4	10.0
Radio, Newspaper, Magazine	4.4	4.5	4.3	4.9
Internet	0.1	0.6	1.5	2.3
Other			0.3	0.8
(including cable television)	0.9	1.2	1.6	2.0

(Source: Frost & Sullivan, 2010, Korea Communications Commission, 2010)

Media Contents Market

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

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

(2) Market Share

World service is the largest social networking website in Korea, with 26.11 million cumulative subscribers, 16.24 million net users and a page view of 1.7 billion as of March 2012. Our Nate-On service had the largest market share of 70.9% in the instant messaging market in Korea with 10.2 million net users as of March 2012. Our Nate search portal service ranked third among search engines in Korea with a market share of 2.3% as of March 2012. (Source: Korean Click, company data).

D. Business Overview and Competitive Strengths

Based on the digital content marketplace (T store), commerce marketplace (11 Street) and location-based service (T map), the company plans to expand its platform ecosystem focusing on 'Open & Collaboration' motto. It seeks to increase its enterprise value by expanding into media platform and advertisement platform.

Contents

Digital Content Marketplace

launched in September 2009, reached 13.68 million subscribers and cumulative downloads of 720 million as of March 2012, maintaining its leadership position in the Korean application market and plans to widen its services to tablets and navigation devices.

Online Commerce (Open Market)

As an online marketplace, has continued its growth through effective marketing and customer satisfaction. Despite its later entry into the online commerce market (launched in 2008) which was already divided between Auction and G-Market, it has succeeded in reaching a comparable size with Auction vying for the second position. Future growth plans include new commerce and overseas joint ventures based on 11 Street's business expertise.

Location-based Service

T map provides map, local information, real-time traffic information and navigation services. With unique visitors of 4.32 million per month as of March 31, 2012, T map is one of the leading location based service platforms in Korea. The Company plans to further expand its map platform by initiating open services, providing services to more diverse types of devices and providing local services.

Mobile Media Platform

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

Web Search through Nate.com

The Company's web search service provided through Nate.com plans to enhance competitiveness by adding social search function. In addition, Cyworld plans to establish a worldwide service for global users.

Mobile Social Networking Service

In the first quarter 2012, SK Planet, a subsidiary of the Company, acquired Mad Smart Co., Ltd., which provides tic-toc service, in order to expand its business to mobile communication and social networking services. Mobile social networking service, still in its early stage of development, presents ample opportunities for new businesses and is expected to grow rapidly in the future. SK Planet plans to create synergies from the acquisition by combining its know-how in platform service and the strengths of tic-toc in social networking services.

Contents**2. Major Products & Services**

A. Updates on Major Products and Services

(Unit: in thousands of Won, %)

Major companies	Item	Major trademarks	Sales amount (ratio)
	Mobile Phone Service,		
SK Telecom Co., Ltd., PS&Marketing Corporation, Service Ace Co., Ltd., Service Top Co. Ltd., Network O&S Co., Ltd.	Wireless Data Service, Information Telecommunication Service	T, NATE and others	3,222,915,848(81%)
SK Broadband Co., Ltd., Broadband D&M Co., Ltd., Broadband Media Co., Ltd., Broadband CS Co., Ltd., SK Telink Co., Ltd.	Fixed-line Phone, High Speed Internet, Data and Network Lease Service	B tv, 00700 international call and others	535,996,050(13%)
SK Planet Co., Ltd, Commerce Planet Co., Ltd, SK Communications Co., Ltd., PAXNet Co., Ltd., Loen Entertainment, Inc., SKT Americas, Inc., SK Telecom China Holdings Co., Ltd.	Internet Portal Service, Game Service	11 th Street, T-Store, T-map, NATE, Cyworld and others	226,656,807(6%)
			3,985,568,705(100%)

B. Price Fluctuation Trend of Major Products and Services

[Mobile Business]

As of March 31, 2012, based on the Company's Basic Plan for monthly subscription, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds and based on the Company's Standard Plan, basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of March 31, 2012, based on the Company's Standard Plan, basic service fee was Won 11,000 per month and the usage fee was Won 1.8 per 1 second.

[Fixed Line Business]

Broadband provides broadband Internet access service, telephony, TV, corporate data services and other services for both individual and corporate customers. For the quarter ended March 31, 2012, broadband Internet and TV services comprised 47.0% of Broadband's revenue, telephony service 24.9%, corporate data services 19.6% and other telecommunications services 8.5%.

[Other Business]

Search engine display advertisements are priced at Won 15 to 70 million per day. Search advertisements are priced variably depending on the search keyword using cost per click and cost per time methods. Cyworld revenues are generated through sale of cyber items at a price of Won 300 to 700 per item per week.

Contents**3. Investment Status**

[Mobile Business]

A. Investment in Progress

(Unit: in 100 millions of Won)

	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
Common	Upgrade/ New installation	2012	Network, systems and others	Capacity increase and quality improvement; systems improvement	To be determined	4,820	To be determined
					To be determined	4,820	To be determined

B. Future Investment Plan

(Unit: in 100 millions of Won)

	Expected investment amount Asset type	Amount	Expected investment for each year			Investment effect
			2012	2013	2014	
Common	Network, systems and others	23,000	23,000	To be determined	To be determined	Upgrades to the existing services and provision of new services
		23,000	23,000	To be determined	To be determined	Upgrades to the existing services and provision of new services

[Fixed Line Business]

A. Investment in Progress

(Unit: in 100 millions of Won)

	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
Internet				Expand subscriber networks and facilities		107	
	Upgrade/ New installation	2012	Backbone and subscriber network / others		387	5 131 130	To be determined

ata

Increase leased-line
and integrated
information system

Expand networks

14

387

26

Contents**4. Revenues**

Sales type	Item	(Unit: in millions of Won)			
		For the quarter ended March 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010	
	Export	8,379	1,331	599	
Services	Mobile communication	Domestic	3,214,537	13,100,614	12,919,663
	Subtotal		3,222,916	13,101,945	12,920,262
	Export		7,209	28,070	30,883
Services	Fixed line, B2B data, High speed Internet, TV	Domestic	528,787	2,134,498	2,196,424
	Subtotal		535,996	2,162,568	2,227,307
	Export		442	12,036	12,000
Services		Domestic	226,215	711,729	439,726
	Display and Search ad., Content	Subtotal	226,657	723,765	451,726
	Export		16,029	41,437	43,482
		Domestic	3,969,539	15,946,841	15,555,813
	Total		3,985,569	15,988,278	15,599,295

(Unit: in thousands of Won)						
March 31,	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation
	3,442,511,586	690,664,846	400,488,770	4,533,665,202	-548,096,497	3,985,568,705
	219,595,738	154,668,795	173,831,964	548,096,497	-548,096,497	
	3,222,915,848	535,996,050	226,656,807	3,985,568,705		3,985,568,705
(loss)	459,432,534	-1,341,845	-5,774,690	452,315,999		452,315,999
	344,914,154	-18,476,142	-244,976	326,193,036	-25,812,203	300,380,833
	23,537,231,130	3,442,233,461	3,294,059,817	30,273,524,408	-3,726,622,809	26,546,901,599
	11,642,534,707	2,152,590,940	819,822,185	14,614,947,832	-460,036,340	14,154,911,492

5. Derivative Transactions

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

The Company has entered into a currency and interest rate swap contract with Credit Agricole Corporate & Investment Bank to hedge foreign currency risk and the interest rate risk of U.S. dollar denominated floating rate long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of March 31, 2012, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 3,317,536,000 (excluding tax effect of Won 559,011,000 and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 18,980 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including HSBC in order to hedge foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds (56-2) with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of March 31, 2012, in connection with this unsettled currency and interest rate swap contracts, an accumulated gain on valuation of derivatives amounting to Won 2,711,443,000 (excluding tax effect of Won 862,401,000 and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling Won 68,536,652,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency swap contract with six banks including Morgan Stanley to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (with face amounts totaling US\$400,000,000) issued on July 20, 2007, and has applied cash flow risk hedge accounting to this foreign currency swap contract starting from May 12, 2010. Accordingly, as of March 31, 2012, in connection with this unsettled foreign currency swap contract, an accumulated loss on valuation of currency swap of Won 50,902,415,000 that has accrued since May 12, 2010 (excluding tax effect totaling Won 16,251,159,000 and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling Won 2,363,941,000) was accounted for as accumulated other comprehensive loss. Meanwhile, a gain on valuation of currency swap of Won 129,806,021,000 incurred prior to the date of applying cash flow risk hedge accounting was charged to current operations.

The Company has entered into a currency and interest rate swap contract with two banks including DBS in order to hedge the foreign currency risk and the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$220,000,000 issued on October 14, 2009, and has applied cash flow risk hedge accounting to this swap contract starting from October 14, 2011. Accordingly, as of March 31, 2012, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives of Won 938,665,000 that has accrued since October 14, 2011 (excluding tax effect totaling Won 299,679,000 and foreign exchange translation gain arising from this floating rate foreign currency bonds totaling Won 4,434,269,000) was accounted for as accumulated other comprehensive loss.

Contents

Company has entered into a currency and interest rate swap contract with two banks including DBS in order to hedge the foreign currency risk and the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$250,000,000 issued on March 15, 2011. As of March 31, 2012, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives of Won 6,279,558,000 (excluding tax effect totaling Won 2,004,819,000 and foreign exchange translation gain arising from this floating rate foreign currency bonds totaling Won 5,116,051,000) was accounted for as accumulated other comprehensive gain.

Company has entered into a currency and interest rate swap contract with United Overseas Bank in order to hedge the foreign currency risk and the interest rate risk of floating rate foreign currency bonds with face amounts totaling SGD 65,000,000 issued on March 15, 2011. As of March 31, 2012, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives of Won 278,165,000 (excluding tax effect totaling Won 88,807,000 and foreign exchange translation gain arising from this floating rate foreign currency bonds totaling Won 1,319,602,000) was accounted for as accumulated other comprehensive loss.

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

Subject of Risk	Contract Period	(Unit: Won in thousands)		
		Fair Value of Derivative Instruments		Total
Hedge		Designated as Hedging Instrument	Not Designated as Hedging Instrument	
Unguaranteed Japanese Yen-denominated Bonds (face amount of JPY 12,500,000,000)	From Nov. 13, 2007 to Nov. 13, 2012	70,385,694		70,385,694
Floating-rate Long-term Borrowing (principal amount of USD 100,000,000)	From Oct. 10, 2006 to Oct. 10, 2013	15,103,453		15,103,453
Unguaranteed Foreign Currency Bonds (face amount of USD 400,000,000)	From Jul. 20, 2007 to Jul. 20, 2027	60,288,506		60,288,506
Floating-rate Foreign Currency Bonds (face amount of USD 250,000,000)	From Dec. 15, 2011 to Dec. 12, 2014	3,168,327		3,168,327
Floating-rate Foreign Currency Bonds (face amount of SGD 65,000,000)	From Dec. 15, 2011 to Dec. 12, 2014	952,631		952,631

Contents

Subject of Risk	Hedge	Contract Period	(Unit: Won in thousands)		
			Fair Value of Derivative Instruments		
			Designated as Hedging Instrument	Not Designated as Hedging Instrument	Total
Right (Asset)	Convertible Bonds (Available-for-sale Securities)(*) (face amount of Won 50,000,000 thousand)	From Sep. 1, 2009 to Aug. 31, 2014		974,723	974,723
Derivative assets:			149,898,611	974,723	150,873,334
Swap (Liability)	Floating-rate Foreign Currency Bonds (face amount of USD 220,000,000)	From Apr. 29, 2009 to Apr. 29, 2012	5,672,614		5,672,614
Derivative liabilities:			5,672,614		5,672,614

Contents

air value of Won 974,723,000 of the conversion rights of the convertible bonds held by SK Communications, a subsidiary Company, was recognized as non-current derivative asset.

6. Major Contracts

[SK Telecom]

Vendor	Start Date	Completion Date	Contract Title	Contract Amount (Won in 100 million)
SK Planet Co., Ltd.	January 1, 2012	December 31, 2012	B2B contents contract for 2012 with SK Planet (T-map, T-Gift, Nate FZ, T-Cloud)	6,167
				6,167

[SK Broadband]

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

	Contract Contents	Contract Period	Note
Communication service	Interconnection among telecommunication service providers		Interconnection among telecommunication service providers
	Provision of electric facilities	From Dec. 2004 until terminated	Use of electricity poles

Contents

	Contract Contents	Contract Period	Note
Railway	Use of telecommunication line conduits	From Jan. 2009 to Dec. 2012	Use of railway telecommunication conduit
	Use of telecommunication line conduits	From May 2010 to May 2013	Use of railway telecommunication conduit
Portation Corporation	Use of telecommunication line conduits	From July 2009 to July 2012	Use of railway telecommunication conduit
ty Railway	Use of telecommunication line conduits	From Sep. 2010 to Dec. 2012	Use of railway telecommunication conduit [SK Planet]

	Contract Contents	Contract Period	Amount
Communications	Operation of shopping business at Nate.com website	From Jul. 1, 2011 to Dec. 31, 2013	Variable depending on the NATE shopping revenues and other factors
<p>Agreements with SK Communications Co., Ltd. have been transferred from SK Telecom to SK Planet in connection with the spin-off of SK Planet on Oct. 5, 2011.</p> <p>[SK Communications]</p>			

	Purpose	Contract Period	Contract Amount
Area	Agency agreement for search advertisement		Amount determined based on the number of clicks
tion Co., Ltd.	Construction of Pangyo Office Building	23 months	Won 61.9 billion
o., Ltd.	Operation of shopping business at nate.com website	From Jul. 1, 2011 to Dec. 31, 2013	Minimum guarantee of Won 18.4 billion for the period from Jul. 1, 2011 to Dec. 31, 2011; Amounts for 2012 and 2013 are to be determined depending on the NATE shopping revenues and other factors.
munications	Business and service cooperation regarding search advertisement		Revenues are allocated in accordance with certain set percentages.

Contents

agreements with SK Planet Co., Ltd. have been transferred from SK Telecom to SK Planet in connection with the spin-off of SK Planet on Oct. 5, 2011.

7. R&D Investments

	(Unit: in million Won)			
	For the quarter ended	For the year ended	For the year ended	Remarks
	March 31, 2012	December 31, 2011	December 31, 2010	
ial	5	45	41	
	20,545	48,656	49,441	
n	36,810	149,850	143,131	
ned service	1,568	40,257	98,545	
	8,175	57,118	64,755	
costs	67,103	295,927	355,913	
Sales and administrative expenses	66,544	289,979	352,186	
Development expenses (Intangible assets)	559	5,948	3,727	
sales amount ratio (Total R&D costs / es amount×100)	1.69%	1.85%	2.28%	

Contents

8. Other information relating to investment decisions

[SK Telecom]

A. Trademark Policies

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

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

B. Business-related Intellectual Properties

Company holds 3,419 Korean registered patents, 228 U.S. registered patents, 107 Chinese registered patents (all including patents shared with other companies) and more patents with other countries. The Company holds 811 Korean registered trademarks and intellectual property rights to the design of alphabet T. The designed alphabet T is registered in all business categories for trademarks (total of 45) and is being used as the primary brand of the Company.

[SK Broadband]

Broadband holds 320 Korean registered patents relating to high-speed Internet, telephone and IPTV service. In addition, SK Broadband has applied for a patent relating to two-way broadcasting system. SK Broadband also holds a number of trademarks and service marks relating to its service and brand.

[SK Planet]

As of March 31, 2012, SK Planet held 1,733 Korean registered patents, 91 registered design marks, 739 registered trademarks and one trademark (including those held jointly with other companies). It also holds 20 U.S. registered patents, 30 Chinese registered patents, 8 U.S. registered patents, 13 E.U. registered patents (all including patents held jointly with other companies) and more patents with other countries.

[SK Communications]

As of March 31, 2012, SK Communications held 58 Korean registered patents, 26 registered design rights and 694 registered trademarks.

Contents**III. FINANCIAL INFORMATION****Summary Financial Information (Consolidated)****Summary Financial Information (Consolidated)**

	(Unit: in thousand Won)		
Classification/Fiscal Year	As of March 31, 2012	As of December 31, 2011	As of December 31, 2010
Current Assets	5,555,731,817	6,117,478,958	6,653,991,923
Cash and Cash Equivalent	1,769,391,447	1,650,793,876	659,404,935
Accounts Receivable Trade	1,744,497,858	1,823,169,889	1,949,397,279
Accounts Receivable Other	741,298,879	908,836,454	2,531,847,155
Others	1,300,543,633	1,734,678,739	1,513,342,554
Non-Current Assets	20,991,169,782	18,248,557,471	16,478,397,157
Long Term Investment	1,466,734,560	1,537,945,216	1,680,582,091
Investments in Associates	4,685,821,635	1,384,605,401	1,204,691,805
Property and Equipment	8,696,455,542	9,030,998,201	8,153,412,683
Intangible Assets	2,940,927,120	2,995,803,300	1,884,955,652
Goodwill	1,740,203,341	1,749,932,878	1,736,649,137
Others	1,461,027,584	1,549,272,475	1,818,105,789
Total Assets	26,546,901,599	24,366,036,429	23,132,389,080
Current Liabilities	6,582,580,262	6,673,589,809	6,202,170,452
Non-Current Liabilities	7,572,331,230	4,959,737,573	4,522,219,358
Total Liabilities	14,154,911,492	11,633,327,382	10,724,389,810
Controlling Shareholders' Equity	11,342,733,441	11,661,880,863	11,329,990,900
Capital	44,639,473	44,639,473	44,639,473
Share Premium	(290,688,346)	(285,347,419)	(78,952,875)
Retained Earnings	11,359,342,076	11,642,525,267	10,721,249,327
Reserves	229,440,238	260,063,542	643,054,975
Non-controlling Interests	1,049,256,666	1,070,828,184	1,078,008,370
Total Stockholders' Equity	12,391,990,107	12,732,709,047	12,407,999,270
Number of Companies Consolidated	30	31	32

Classification/Fiscal Year	For the quarter ended March 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenue	3,985,568,705	15,988,277,642	15,599,162,033
Operating Income (or Loss)	452,315,999	2,131,457,658	2,285,911,094
Income (or Loss) From Continuing Operation Before Income Tax	381,984,403	2,182,858,121	2,318,090,573
Consolidated Total Net Income	300,380,834	1,582,073,280	1,766,834,754
Net Income (or Loss) Attributable to Controlling Interests	306,424,089 (6,043,255)	1,612,889,086 (30,815,806)	1,841,612,790 (74,778,036)

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Net Income (or Loss) Attributable to Non-controlling Interests			
Net Income Per Share (Won)	4,397	22,848	25,598
Diluted Net Income Per Share (Won)	4,300	22,223	24,942
	35		

Contents**Summary Financial Information (Non-Consolidated)**

Classification/Fiscal Year	(Unit: in thousand Won)		
	As of March 31, 2012	As of December 31, 2011	As of December 31, 2010
Current Assets	3,615,332,854	3,948,077,706	5,316,976,799
Cash and Cash Equivalent	1,163,682,631	895,557,654	357,469,908
Accounts Receivable Trade	1,287,862,447	1,282,233,900	1,453,060,673
Accounts Receivable Other	526,980,498	774,221,266	2,499,969,010
Others	636,807,278	996,064,886	1,006,477,208
Non Current Assets	19,491,357,493	16,572,449,699	14,410,149,512
Long Term Investment	1,265,922,974	1,312,437,834	1,517,029,011
Investments in Associates	7,956,912,187	4,647,505,583	3,584,394,790
Property and Equipment	6,026,043,707	6,260,168,675	5,469,747,495
Intangible Assets	2,334,965,118	2,364,795,182	1,424,968,542
Goodwill	1,306,236,299	1,306,236,299	1,308,422,097
Others	601,277,208	681,306,126	1,105,587,577
Total Assets	23,106,690,347	20,520,527,405	19,727,126,311
Current Liabilities	5,087,269,776	4,467,005,877	4,561,013,611
Non Current Liabilities	6,324,291,206	4,087,219,816	3,585,155,050
Total Liabilities	11,411,560,982	8,554,225,693	8,146,168,661
Capital	44,639,473	44,639,473	44,639,473
Share Premium	(236,016,201)	(236,016,201)	(24,643,471)
Retained Earnings	11,592,034,419	11,837,184,788	10,824,355,758
Reserves	294,471,674	320,493,652	736,605,890
Total Shareholders' Equity	11,695,129,365	11,966,301,712	11,580,957,650
Classification/Fiscal Year	For the quarter ended March 31, 2012	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenue	3,016,446,714	12,575,129,190	12,550,496,552
Operating Income (or Loss)	457,701,670	2,086,648,941	2,355,027,851
Income (or Loss) From Continuing Operation Before Income Tax	433,836,583	2,274,421,557	2,503,637,367
Net Income (or Loss)	344,971,971	1,694,363,093	1,947,007,919
Net Income Per Share (Won)	4,950	24,002	27,063
Diluted Net Income Per Share (Won)	4,835	23,343	26,366

Contents

3. K-IFRS preparation, impact to financial statements, changes in accounting principle implemented

Transition to K-IFRS
 The Company prepares its financial statements in accordance with K-IFRS starting from the fiscal year 2011 which commenced on January 1, 2011. The Company's financial statements in previous periods were prepared in accordance with Korean GAAP. The Company's financial statements for the fiscal year 2010 presented for comparison were prepared in accordance with K-IFRS with January 1, 2010 as the transition date and pursuant to K-IFRS 1101 First-time Adoption of Korean International Financial Reporting Standards.

IV. AUDITOR'S OPINION

1. Auditor (Consolidated)

Quarter ended March 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
KPMG Samjong Accounting Corp.	Deloitte Anjin LLC	Deloitte Anjin LLC

2. Audit Opinion (Consolidated)

Term	Auditor's opinion	Issues noted
Quarter ended March 31, 2012		
Year ended December 31, 2011	Unqualified	
Year ended December 31, 2010	Unqualified	

3. Auditor (Non-Consolidated)

Quarter ended March 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
KPMG Samjong Accounting Corp.	Deloitte Anjin LLC	Deloitte Anjin LLC

4. Audit Opinion (Non-Consolidated)

Term	Auditor's opinion	Issues noted
Quarter ended March 31, 2012		
Year ended December 31, 2011	Unqualified	
Year ended December 31, 2010	Unqualified	

Contents**5. Remuneration for Independent Auditors for the Past Three Fiscal Years**

A. Audit Contracts

		(Unit: in thousands of Won / hour)	
Auditors	Contents	Fee	Total hours
	Semi-annual review		
31, 2012	KPMG Samjong Accounting Corp.		
	Quarterly review		
	Non-consolidated financial statements audit	1,220,000	16,160
	Consolidated financial statements audit		
	English financial statements review and other audit task		
	Semi-annual review		
31, 2011	Deloitte Anjin LLC		
	Quarterly review		
	Non-consolidated financial statements audit	1,364,000	14,033
	Consolidated financial statements audit		
	English financial statements review and other audit task		
	Semi-annual review		
31, 2010	Deloitte Anjin LLC		
	Quarterly review		
	Non-consolidated financial statements audit	1,563,770	16,810
	Consolidated financial statements audit		

IFRS-based financial statements review

English financial statements review and other audit task

B. Non-Audit Services Contract with External Auditors

		(Unit: in thousands of Won)	
Contract date	Service provided	Service duration	Fee
ended 2012			
31, 2011	April 11, 2011	Tax consulting	30 days 45,000
	April 28, 2011	Tax consulting	30 days 45,000
	July 20, 2010	Management consulting	4 days 5,000
	July 28, 2010	Tax consulting	15 days 18,000
	July 28, 2010	Tax consulting	5 days 6,600
31, 2010	July 28, 2010	Tax consulting	30 days 40,000
	July 28, 2010	Tax consulting	20 days 23,100
	December 23, 2010	Tax consulting	3 days 7,700
	December 23, 2010	Tax consulting	20 days 24,600
	December 29, 2010	Tax consulting	15 days 17,000

Contents

6. Change of Independent Auditors

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

V. MANAGEMENT DISCUSSION AND ANALYSIS

Omitted in quarterly and half-year reports in accordance with Korean disclosure rules.

Contents

VI. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS AND AFFILIATED COMPANIES

1. Board of Directors

A. Overview of Board of Directors Composition

Company's Board of Directors is comprised of eight members: five independent directors and three inside directors. Within the Board are five Committees: Independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

Inside directors

Independent directors

Sung Min Ha, Young Tae Kim, Dong Seob Jee

Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho

At the 28th General Shareholders Meeting held on March 23, 2012, Young Tae Kim and Dong Seob Jee were elected as inside directors, Hyun Chin Lim was re-elected as an independent director, and Hyun Chin Lim was re-elected as a member of the audit committee.

B. (1) Significant Activities of the Board of Directors

Date	Agenda	Approval
	Financial Statements as of and for the year ended December 31, 2011	Approved as proposed
	Annual Business Report as of and for the year ended December 31, 2011	Approved as proposed
February 9, 2012	Management Plan for 2012	Approved as proposed
	Transaction of goods, services and assets with SK Planet	Approved as proposed
	Report for Internal Accounting Management System	
	Report for Subsequent Events following 4Q 2011	
February 23, 2012	Convocation of the 28th Annual General Meeting of Shareholders	Approved as proposed
	Result of Internal Accounting Management System Evaluation	

Contents

	Date	Agenda	Approval
		Election of Chairman of the Board of Directors	Approved as proposed
		Amendment to the Company's internal rules	Approved as proposed
Meeting of	March 23, 2012	Election of committee members	Approved as proposed
		Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
		Donation to Happiness Sharing Institute	Approved as proposed
		Adoption of internal compliance rules and the appointment of chief compliance officer	Approved as proposed
Meeting of	April 26, 2012	Amendment of board regulations	Approved as proposed
		Issuance of overseas bonds	Approved as proposed
		Report for Subsequent Events following 1Q 2012	

Items that do not show approval are for reporting purpose only.

C. Committees within Board of Directors

(1) Committee Structure (As of April 30, 2012)

a) Compensation Review Committee

Members

Inside Directors

Independent Directors

Task

Dal Sup Shim, Rak Yong Uhm, Hyun Chin
Lim, Jay Young Chung, Jae Ho Cho

Review CEO remuneration system and amount.

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

b) Capex Review Committee

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Inside Directors	Members	Task
Dong Seob Jee	Independent Directors Dal Sup Shim, Rak Yong Uhm, Jay Young Chung, Jae Ho Cho	Review major investment plans and changes thereto.

41

Contents

Internal Audit Review Committee is a committee established by the resolution of the Board of Directors.

c) Corporate Citizenship Committee

Inside Directors	Members Independent Directors	Task
Dong Seob Jee	Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung	Review guidelines on Corporate Social Responsibility (CSR) programs, etc.

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

d) Independent Director Nomination Committee

Inside Directors	Members Independent Directors	Task
Sung Min Ha	Rak Yong Uhm, Jae Ho Cho	Nomination of independent directors

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

e) Audit Committee

Inside Directors	Members Independent Directors	Task
	Dal Sup Shim, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho	Review financial statements and supervise independent audit process, etc.

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

2. Audit System

The Company's Audit Committee consists of four independent directors, Dal Sup Shim, Hyun Chin Lim, Jae Ho Cho and Jay Young Chung.

Contents

Major activities of the Audit Committee are as follows.

	Date	Agenda	Approval	Remarks
st F 2012	February 1, 2012	Preparation for audit report for the 28 th Annual General Meeting of Shareholders		
		Business-to-business contract with SK Telink	Approved as proposed	
		Construction of Mobile Phone Facilities for 2012	Approved as proposed	
nd F 2012	February 8, 2012	Construction of Network Facilities for 2012	Approved as proposed	
		Evaluation of Internal Accounting Controls based on the Opinion of the Members of the Audit Committee	Approved as proposed	
		2 nd half 2011 Management Audit Results and Management Audit Plan for 2012		
		Reports on Internal Accounting Management System		
rd F 2012	February 22, 2012	Reports on 2011 IFRS Audit Report on Review of 2011 Internal Accounting Management System Evaluation of Internal Accounting Management System Operation	Approved as proposed	
		Auditor's Report for Fiscal Year 2011 Agenda and Document Review for the 28 th Annual General Meeting of Shareholders	Approved as proposed	
		Purchase of Mobile Phone Relay Devices for 2012	Approved as proposed	
		Purchase of Mobile Phone Transmission Devices for 2012	Approved as proposed	
		2012 IT SM contract	Approved as proposed	
		Engagement of Independent Auditing Firm for 2012 to 2014	Approved as proposed	
rth F 2012	March 22, 2012	2012 2Q Transactions with SK C&C Co., Ltd.	Approved as proposed	

Asset Management Transaction with Affiliated Company (SK Securities)

Month	Date	Description	Approval
April 2012	April 26, 2012	Election of Chairman Jae Ho Cho	Approved as proposed
		Remuneration of outside auditor for the Fiscal Year 2012	Approved as proposed
		Outside auditor service plan for the Fiscal Year 2012	Approved as proposed
		Audit plan for the Fiscal Year 2012	Approved as proposed
May 2012	May 23, 2012	Purchase of maintenance, repair and operations items from Happy Narae Co., Ltd.	Approved as proposed
		Construction of Mobile Phone Facilities for 2012	Approved as proposed
		Construction of Network Facilities for 2012	Approved as proposed
		Service contract for handset customer service for 2012	Approved as proposed

Items that do not show approval are for reporting purpose only.

Contents

3. Shareholders Exercises of Voting Rights

A. Voting System and Exercise of Minority Shareholders Rights

the Articles of Incorporation as shown below, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

	Description
corporation 32 (3) (Election of Directors)	Cumulative voting under Article 382-2 of the Korean Commercial Code will not be applied for the election of directors.
the 12 th Supplement to Articles of Incorporation (Prim Regulation)	Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003. Also, neither written or electronic voting system nor minority shareholder rights is applicable.

Contents

4. Affiliated Companies

A. Capital Investments between Affiliated Companies

(31, 2012)

	Invested companies									
	SK Corporation	SK Innovation	SK Energy	SK Global Chemical	SK Telecom	SK Networks	SKC	SK E&C	SK Shipping	SK Securities
Company		33.4%		100/0%	100/0%	25.2%	39.1%	42.5%	40.0%	83.1%
Chemical										22.7%
is						0.02%		25.4%		
	31.8%									
ications										
g & Company										
Engineering										
ed companies	31.8%	33.4%	100/0%	100.0%	25.2%	39.2%	42.5%	65.4%	83.1%	22.7%

	Invested companies									
	SK E&S	SK Gas	DOPCO	CCE	YN Energy	Daehan City (Gas)	SK Sci-tech	SK Telink	Busan City Gas	Jeonnam City Gas
Company	94.1%		41.0%							
Chemical										
is		45.5%					50.0%	83.5%		
	5.9%									
ications				100.0%	100.0%	82.2%			40.0%	100.0%
g & Company										
t										

eeering

ed companies 100.0% 45.5% 41.0% 100.0% 100.0% 82.2% 50.0% 83.5% 40.0% 100.0%

45

Contents

	Invested companies									
	Gangwon City Gas	JBES	M & Service	SK Wyverns	Infosec	Happynarae (formerly, MRO Korea)	SK Telesys	Encar network	F&U Credit Info	Paxnet
Company Information						42.5%				
Chemical Products				100.0%		42.5%		0.0%		50.0%
Communications and Engineering							47.5%			
Invested companies	100.0%	100.0%			100.0%	5.0% 5.0%		91.7%		
Engineering			100.0%							59.7%
Invested companies	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	47.5%	91.7%	50.0%	59.7%

	Invested companies									
	SK D&D	Natruck	Loen Entertainment	SK Independence	SK Mobile Energy	SK Petrochemical	SK Communications	SKN Internet	SKC Air Gas	SKN service
Company Information					100.0%					
Chemical Products		92.4%				100.0%				85.0%
Communications and Engineering								100.0%	80.0%	
Invested companies	45.0%			100.0%						
Engineering			67.6%				64.6%			
Invested companies	45.0%	92.4%	67.6%	100.0%	100.0%	100.0%	64.6%	100.0%	80.0%	85.0%

Contents

	Invested companies									
	Commerce Planet	Real Vest	SKC Solmics Co., Ltd.	SK Broadband	SK M&C	Broadband Media	Broadband D&M	Broadband CS	UBcare	PyongTaek Energy Service
Company Information					50.0%					
Chemicals				50.6%	50.0%				44.0%	
Services		100.0%	53.7%							
Communications and Media						100.0%	100.0%	100.0%		100.0%
Engineering & Company	100.0%									
Engineering										
Invested companies	100.0%	100.0%	53.7%	50.6%	100.0%	100.0%	100.0%	100.0%	44.0%	100.0%

	Invested companies									
	WS Commerce	Incyto	Namwon Sarang Electric Power	Jeju United FC	MKS Guarantee	PS&Marketing	SK Forest	Green Biro	SK Lubricants	Zicos
Company Information				100.0%					100.0%	
Chemicals	100.0%					100.0%				
Services		100.0%					100.0%	100.0%		
Communications and Media										
Engineering & Company			100.0%		100.0%					100.0%
Engineering										
Invested companies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Contents

	Invested companies									
	SK Seentec	Daejeon Pure Water	Gwangju Pure Water	SKW	Television Media Korea	Network O&S	Service Ace	Service Top	SK Pinx	U base Manufacturing Asia
Company Information										
Chemicals	100.0%								100.0%	
Services		32.0%	42.0%	65.0%		100.0%	100.0%	100.0%		
Communications and										
Engineering & Company										100.0%
Engineering					51.0%					
Invested companies	100.0%	32.0%	42.0%	65.0%	51.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	Invested companies									
	Natruck Friends	Ulsan Aromatics	SK Biofarm	Service In	SKC Lighting	Gimcheon Energy	SKSM	PMP	LC&C	Speed Motor
Company Information			100.0%							
Chemicals	50.0%									
Services		50.0%								
Communications and										
Engineering & Company										
Engineering										
Invested companies	50.0%	50.0%	100.0%	100.0%	65.0%	50.0%	100.0%	100.0%	79.6%	100.0%

Contents

	Invested companies									
	SK Planet	Highway Star	SK Hynix	Hynix Engineering	HYTECH	HYLogitec	Hynix Human Resources	QRT Semiconductor	Silicon File	Ami Power
Company										
ion										
on										
Chemical		100.0%								
s	100.0%		21.1%							
s										
ications										
nd										
g & Company										
t										
earing				99.6%	99.6%	99.6%	99.6%		29.7%	99.6%
								100.0%		
ed companies	100.0%	100.0%	21.1%	99.6%	99.6%	99.6%	99.6%	100.0%	29.7%	99.6%

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

March 31, 2012)

		(Unit: Shares, %)				
		Number of shares owned and ownership ratio				
		Beginning of Period		End of Period		
Relationship	Type of share	Number of shares	Ownership ratio	Number of shares	Ownership ratio	
Largest Shareholder	Common share	20,363,452	25.22	20,363,452	25.22	
Officer of affiliated company	Common share	100	0.00	100	0.00	
Officer of affiliated company	Common share	2,000	0.00	2,000	0.00	
Officer of affiliated company	Common share	738	0.00	738	0.00	
Officer of affiliated company	Common share	200	0.00	0	0.00	
	Common share	20,366,490	25.22	20,366,290	25.22	

on January 31, 2012.

B. Overview of the Largest Shareholder

SK Corporation is a holding company and as of March 31, 2012, has eight subsidiaries: SK Innovation Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK Shipping Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd. and SK Biofarm Co., Ltd. SK Biofarm Co., Ltd. spun off from SK Corporation on April 1, 2011.

Details of SK Corporation's subsidiaries are as follows:

(Unit: in millions of Won)				
Share Holdings	Book Value (million Won)	Industry	Description	
33.4%	3,944,657	Energy and Petrochemical	Publicly Listed	
25.2%	3,091,125	Telecommunication	Publicly Listed	
39.1%	1,165,759	Trading, Energy Sale	Publicly Listed	
		Synthetic Resin		
42.5%	254,632	Manufacturing	Publicly Listed	
40.0%	485,171	Construction	Privately Held	
83.1%	607,643	Ocean Freight	Privately Held	
		Gas Company Holdings		
94.1%	1,026,307	and Power Generation	Privately Held	
100.00%	228,702	Biotechnology	Privately Held	

Contents

Shareholdings are based on common stock holdings as of March 31, 2012.

SK Corporation is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 1 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Corporation is required to report key management activities of its subsidiaries in accordance with Article 8 of KOSPI Market Disclosure Regulation.

SK Corporation is not applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets based on financial statements as of December 31, 2011. SK Innovation Co., Ltd., SK Telecom Co., Ltd. and SK Networks Co., Ltd. are three such subsidiaries.

In 2011, SK E&S Co., Ltd. acquired K-Power Co., Ltd. SK E&S that is engaged in distribution of gas and energy business to create synergy by merging with K-Power that is engaged in power generation and plans to seek new growth opportunities in overseas gas business and power generation.

2. Changes in shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(As of March 31, 2012)

(Unit: Shares, %)

Date of the change in the largest shareholder/ Date of change in shareholding	Shares Held	Holding Ratio	Remarks
March 7, 2008	18,751,260	23.09	Purchased 1,085,325 shares from SK Networks on March 7, 2008
March 13, 2009	18,751,360	23.22	At the 25 th General Meeting of Shareholders, elected the CEO, Man Won Jung (who owned 100 shares of the Company stock)
December 30, 2009	18,755,260	23.23	Man Won Jung, the CEO, purchased 3,900 shares.
May 26, 2010	18,756,760	23.23	Man Won Jung, the CEO, purchased 1,500 shares
July 20, 2010	18,756,860	23.23	Man Won Jung, the CEO, purchased 100 shares
September 17, 2010	18,757,360	23.23	Dal Sup Shim, an Independent Director, purchased 500 shares
March 11, 2011	18,750,490	23.22	Man Won Jung, SK Telecom's CEO, resigned

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Shin Bae Kim, SK C&C's CEO, resigned

April 5, 2011	18,749,990	23.22	Dal Sup Shim, an Independent Director, disposed 500 shares
July 8, 2011	18,749,990	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
August 5, 2011	18,750,490	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
August 23, 2011	18,751,490	23.22	Shin Won Chey, SKC's Chairman, purchased 500 shares
December 21, 2011	20,366,490	25.22	SK Corporation purchased 1,615,000 shares
January 31, 2012	20,366,290	25.22	Bang Hyung Lee, an officer of an affiliated company with 200 shares, resigned

Contents

ld are the sum of shares held by SK Corporation and its related parties.

3. Distribution of Shares

A. Shareholders with ownership of 5% or more and others

As of December 31, 2011)

(Unit: shares, %)

Rank	Name (title)	Common share	
		Number of shares	Ownership ratio
1	Citibank ADR	21,711,446	26.89
2	SK Corporation	20,363,452	25.22
3	SK Telecom	11,050,712	13.69
	Shareholdings under the Employee Stock Ownership Program *	290,155	0.36

rch 31, 2012

B. Shareholder Distribution

ber 31, 2011)

(Unit: shares, %)

	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
Priority shareholders	40,558	99.98	24,843,976	30.76	

Contents**4. Share Price and Trading Volume in the Last Six Months**

A. Domestic Securities Market

	(Unit: Won, shares)					
	March 2012	February 2012	January 2012	December 2011	November 2011	October 2011
Highest	146,000	145,500	143,000	156,000	165,000	161,500
Lowest	131,500	136,000	134,500	145,000	148,000	140,500
Transaction volume	4,037,305	3,970,688	4,221,433	5,442,574	5,958,443	4,319,905

B. Foreign Securities Market

	(Unit: US\$, ADR)					
	March 2012	February 2012	January 2012	December 2011	November 2011	October 2011
Highest	14.60	14.45	14.08	15.41	15.99	18.83
Lowest	13.51	13.40	12.90	14.14	13.53	15.21
Transaction volume	40,978,400	30,905,000	30,029,400	49,489,960	44,012,672	36,305,704

VIII. EMPLOYEES AND MANAGEMENT COMPENSATION**EMPLOYEES**

	(Unit: persons, in millions of Won)							Remarks
	Number of employees				Average service year	Aggregate wage for the quarter ended March 31, 2011	Average wage per person	
	Regular employees	Contract employees	Others	Total				
31, 2012)	3,363	40		3,403	13.1	64,905	19	
	509	70		579	10.7	8,135	14	
	3,872	110		3,982	12.7	73,040	18	

Contents

2. Management Compensation

A. Amount Approved at the Shareholders Meeting

Classification	Number of Directors	(Unit: Won million)
		Aggregate Amount Approved
Directors	8	12,000

2. Amount Paid

Classification	Number of Directors	Aggregate Amount Paid	(Unit: Won million)
			Average Amount Paid Per Director
Insider Directors	3	8,452	2,817
Independent Directors	1	22	22
Audit Committee Members	4	81	20
Total	8	8,555	1,069

Contents**IX. TRANSACTIONS WITH PARTIES WITH INTERESTS****1. Loans to the Largest Shareholder and Related Persons**

		(Unit: in millions of Won)					
Corporate name)	Relationship	Account category	Change details		Ending	Accrued interest	Remarks
		Long-term and	Beginning	Increase	Decrease		
	Affiliated company	short-term loans	1,832			1,832	

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

None.

B. Transfer of Assets

		(Units: in millions of Won)					
Corporate Name)	Relationship	Transferred Objects	Purpose of Transfer	Date of Transfer	Amount Transferred From Largest Shareholder	Amount Transferred to Largest Shareholder	Remarks
ork Co., Ltd.	Affiliated Company	Used car sale	not in use	March 14, 2012		60	
						60	

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

		(Unit: in millions of Won)						
Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
		Long-term and		Increase	Decrease			
	Agency	short-term loans	118,919	48,808	51,956	115,771		

		(Unit: in millions of Won)						
Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
		Long-term and		Increase	Decrease			
nggun BcN Co., Ltd.	Investee	Long-term loans	22,102			22,102		

X. OTHER INFORMATION RELATING TO THE PROTECTION OF INVESTORS

1. Developments in the Items Mentioned in Prior Reports on Important Business Matters

A. Status and Progress of Major Management Events

None.

55

Contents

B. Summary Minutes of the General Meeting of Shareholders

	Agenda	Resolution
	1. Approval of the Financial Statements for the year ended December 31, 2007	Approved (Cash dividend, Won 8,400 per share)
Year	2. Amendment to Articles of Incorporation	Approved
s	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors	
	Election of inside directors	Approved (Shin Bae Kim, Young Ho Park)
2008)	Election of independent directors	Approved (Rak Yong Uhm, Jay Young Chung)
	Election of independent directors as Audit Committee member	Approved (Jae Ho Cho)
	1. Approval of the financial statements for the year ended December 31, 2008	Approved (Cash dividend, Won 8,400 per share)
Year	2. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
s	3. Amendment to Company Regulation on Executive Compensation	Approved
	4. Election of Directors	
	Election of inside directors	Approved (Jae Won Chey, Man Won Jung)
2009)	Election of independent directors	Approved (Hyun Chin Lim)
	Election of independent directors as Audit Committee member	Approved (Hyun Chin Lim)
	1. Approval of the financial statements for the year ended December 31, 2009	Approved (Cash dividend, Won 8,400 per share)
Year	2. Amendment to Articles of Incorporation	Approved
s	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors	
	Election of inside directors	Approved (Ki Haeng Cho)
2010)	Election of independent directors	Approved (Dal Sup Shim)
	Election of independent directors as Audit Committee member	Approved (Dal Sup Shim, Jay Young Chung)
	1. Approval of the financial statements for the year ended December 31, 2010	Approved (Cash dividend, Won 8,400 per share)
Year	2. Approval of Remuneration Limit for Directors	Approved
s	3. Amendment to Company Regulation on Executive Compensation	Approved (Won 12 billion)
	4. Election of Directors	
	Election of inside directors	Approved (Sung Min Ha, Jin Woo So)
2011)	Election of independent directors	Approved (Rak Young Uhm, Jay Young Chung, Jae Ho Cho)
	Election of independent directors as Audit Committee member	Approved (Jay Young Chung, Jae Ho Cho)
ary	1. Approval of the Spin-off Plan	Approved (Spin-off of SK Planet)
s		
2011)	2. Election of Directors	Approved (Jun Ho Kim)
	1. Approval of the financial statements for the year ended December 31, 2011	Approved (Cash dividend, Won 8,400 per share)
Year	2. Amendment to Articles of Incorporation	Approved
s	3. Election of Directors	
	Election of inside directors	Approved (Young Tae Kim)
2012)	Election of inside directors	Approved (Dong Seob Jee)

Election of independent directors	Approved (Hyun Chin Lim)
4. Election of an independent director as Audit Committee member	Approved (Hyun Chin Lim)
5. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)

Contents

2. Contingent Liabilities

[SK Telecom]

A. Material Legal Proceedings

(1) Claim for Copyright License Fees regarding Coloring Services

On May 7, 2010, Korea Music Copyright Association (KOMCA) filed a lawsuit with the court demanding that the Company pay DMCA license fees for the Company's Coloring services. The court rendered a judgment against the Company ordering the Company to pay Won 570 million to KOMCA, which was affirmed by the appellate court on October 26, 2011. The Company appealed to the Supreme Court on November 8, 2011. The Company plans to vigorously defend itself in the Supreme Court by presenting legal analysis relating to the interpretation of legal actions. While the Company does not expect immediate impact on its operations and financial condition from the litigation because the judgment amount is Won 570 million and the final outcome of the litigation has not been decided, the Company may be required to pay on-going license fees in the future if it loses in the final judgment.

Contents

impact on the Company's business and financial condition from the litigation may be different from the Company's position stated above.

B. Other Matters

(1) Pledged Assets and Covenants

1, SK Broadband, a consolidated subsidiary of the Company, pledged its real estate and short term financial instruments as collateral for one year in connection with the borrowing by Broadband Media, another consolidated subsidiary. As of March 31, 2012, the amount of real estate provided as collateral was as follows: Won 65 billion to Hana Bank, Won 78 billion to IBK Capital and Won 20 billion to Kookmin Bank; the amount of short term financial instruments provided as collateral was as follows: Won 60 billion to Kookmin Bank, Won 35 billion to Hana Bank, Won 39 billion to National Agricultural Cooperative Federation and Won 20 billion to Woori Bank.

tion, in 2011, SK Broadband, a consolidated subsidiary of the Company, pledged its real estate as collateral for one year in connection with the borrowing by Broadband CS, another consolidated subsidiary. As of March 31, 2012, the amount of real estate provided as collateral was Won 16.9 billion to Kookmin Bank.

and, a consolidated subsidiary of the Company, has also provided geun mortgage amounting to Won 15.3 billion to others, including Ilsan Guksa, on a part of its buildings in connection with the leasing of the buildings.

& Marketing, a consolidated subsidiary of the Company, entered into a loan agreement to borrow up to Won 60 billion of capital from Shinhan Bank. In connection with the loan agreement, it pledged Won 78 billion of its inventories to Shinhan Bank as collateral.

ch 31, 2012, SKY Property Mgmt, Ltd. pledged CNY800 million of its buildings and land-use rights as collateral to Korea Bank and China Merchants Bank in connection with a long-term borrowing of CNY560 million. In the first quarter of 2012, SKY Property Mgmt, Ltd. newly borrowed long-term loans of US\$30 million and HKD 234 million from Standard Chartered Bank (HK) Ltd. and pledged its interests in its subsidiary, Shanghai Fujita Tianshan Housing Development Co., Ltd., as collateral.

(2) Payment Guarantee by the Company

Company is participating in the tactical aeronautics project of the Defense Acquisition Program Administration of Korea (the DAPA), together with Joint Defense Corporation. The Company has guaranteed the payment of Won 4.2 billion that the DAPA has prepaid to Joint Defense Corporation.

Contents**[SK Broadband]**

A. Material Legal Proceedings

(1) SK Broadband as the Plaintiff

(Unit: thousand won)

	Date of Commencement		
of Proceedings		Amount of Claim	Status
of Proceedings			
Cancellation of Korea Fair Trade Commission's Penalty	September 2009	1,810,000	Pending before Supreme Court
ing to Gangnamgu District Office Cable-Burying Project	March 2010	345,271	Pending before Supreme Court
ive Proceeding relating to Gangnamgu District Office	April 2010	703,440	Pending before Administrative Court
ales Price by Sambo Motors	April 2011	321,200	Pending before Appellate Court
aims against Golden Young and Others	April 2011	454,267	Pending before District Court
aim relating to Hyundai Construction	December 2010	561,282	Pending before Appellate Court
s and proceedings		240,814	
		4,436,275	

(2) SK Broadband as the Defendant

(Unit: thousand won)

	Date of Commencement		
of Proceedings		Amount of Claim	Status
of Proceedings			
im by Sun Technology and One Other	October 2011	1,006,429	Pending before Appellate Court
eturn of Unfair Benefit from One Call	October 2010	471,302	Pending before Appellate Court
aim from Jin Man Cho and One Other	January 2011	200,000	Pending before Appellate Court
ommission by i-Media Valley and Five Other Companies	July 2010	313,764	Pending before Appellate Court
ommission by Vialty and Four Other Companies	November 2010	125,000	Pending before District Court
im by On-nuri Co., Ltd.	December 2011	101,000	Pending before District Court

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Claim by Mac Telecom and Five Other Companies	January 2012	606,000	Pending before District Court
Costs and proceedings		62,309	
		2,885,804	

59

Contents

management believes that the final results of the litigations listed above would not have a material impact on the company's financial statements. In addition, in 2011, SK Broadband partly lost in a litigation relating to the leak of personal information at the district court, which ordered SK Broadband to pay damages of Won 4,469 million (out of the plaintiffs' claims of Won 24,689 million), and recognized such damage order as other accounts payable.

(3) Broadband Media as the Defendant

Legal Proceedings	Date of Commencement of Proceedings	Amount of Claim	Status
Commission by i-Media Valley and Five Other	July 2010	300,868	Pending before Appellate Court
		300,868	

[SK Communications]

A. Material Legal Proceedings

As of March 31, 2012, the aggregate amount of claim was Won 4,187 million. The management cannot reasonably forecast the outcome of the pending cases.

3. Status of sanctions, etc.

[SK Telecom]

Due to the Company's ineffective measures taken with respect to phone numbers that are used for sending illegal unsolicited bulk text messages, the Korea Communications Commission, on April 8, 2009, ordered the Company to improve its work procedures.

On September 2, 2009, the Korea Communications Commission ordered the Company to improve its work procedures in a case relating to the obstruction of subscribers' utilization of wireless Internet services. The Company completed the improvement of the work procedures in consultation with the Korea Communications Commission by December 2009.

On October 13, 2009, the Korea Communications Commission imposed on the Company a fine of Won 140 million and a newspaper advertisement in a case relating to the subscription for mobile telephone services using national identification numbers of the deceased subscribers due to the Company's failure to verify the required documents. The Company implemented the improved work procedures to strengthen the identification process at the time of subscription for mobile telephone services in January 2010.

Contents

On October 10, 2010, the Korea Communications Commission imposed on the Company a fine of Won 2 billion and issued a correctional order for hurting subscribers' interests relating to USIM uses. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by September 2010.

On November 24, 2010, the Korea Communications Commission imposed on the Company a fine of Won 12.9 billion and issued a correctional order for providing discriminatory subsidy to subscribers. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by January 2011.

On December 2, 2010, the Korea Communications Commission imposed on the Company a fine of Won 6.2 billion and issued a correctional order in a case relating to the obstruction of subscribers' utilization of wireless Internet services. The Company paid the fine and completed the improvement of the procedures in consultation with the Korea Communications Commission by March 2011.

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

On January 21, 2009, the Company was sanctioned for unfair business practices with a fine of Won 1,268 million by the Fair Trade Commission of Korea along with a correctional order of its policy of restricting certain rate plan subscribers from using internet portal contents. The Company has paid the fine and has taken efforts to educate applicable divisions of the issue and to raise the level of the voluntary compliance program to comply with fair trade laws to prevent a repeat of the same violation.

On August 13, 2010, the Company received a correctional order from the Fair Trade Commission of Korea for a violation of the Act on Consumer Protection and Advertising relating to 11th Street (the Company's online shopping mall). In response thereto, the Company has been making efforts to prevent a repetitive violation including thorough pre-review of the advertisement and marketing activities of 11th Street and appropriate education for relevant employees.

On May 10, 2011, the Company received a correctional order from the Fair Trade Commission of Korea for violation of Article 21 of the Electronic Commerce Act and was imposed a fine of Won 5 million. The Company paid the fine and filed a suit disputing the order of the Fair Trade Commission. The suit is currently pending.

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

Contents

On January 14, 2012, the Company received a correctional order from the Fair Trade Commission of Korea for an alleged violation of Article 38 of the Fair Trade Act relating to the handset subsidy practice and distribution of handsets and was imposed a fine of Won 54 million. The Company plans to review its legal options after receiving an official statement from the Fair Trade Commission.

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

A Trial of a former director of the Company is pending with respect to the Company's past transactions.

[SK Broadband]

(1) Violation of Accounting Rules

Date: January 20, 2012

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 54 million from the Korea Communications Commission.

Reason and the Relevant Law: Business report for 2010 violated accounting rules under Article 49 of the Telecommunication Business Act.

Status of Implementation: Paid the fine.

Company's Plan: Will improve accounting management system.

(2) Violation of the Telecommunication Business Act

Date: November 23, 2011

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a fine of Won 30 million from the Korea Communications Commission.

Reason and the Relevant Law: Violated Telecommunication Business Act by allocating 060 number without prior review and charging fees for the service usage.

Status of Implementation: Paid the fine, stopped the prohibited practice, improved operating procedures and reported the results.

62

Contents

Company's Plan: Will improve operating procedures.
(3) Violation of the Act on Facilitation of the Use of Information Network and Protection of Information

Date: July 14, 2011

Subject: SK Broadband and a former officer of SK Broadband

Sanction: SK Broadband was imposed a fine of Won 15 million and the former officer was imposed a fine of Won 5 million.

Reason and the Relevant Law: Violated Articles 24 and 62 of the Act on Facilitation of the Use of Information Network and Protection of Information by providing subscribers' personal information to telemarketers without subscribers' consents.

Status of Implementation: Paid the fine.

Company's Plan: Provide education to officers and employees and strengthen internal regulations.
(4) Violation of the Telecommunication Business Act

Date: February 21, 2011

Subject Company: SK Broadband

Sanction: SK Broadband was imposed a correction order and a fine of Won 3.2 billion from the Korea Communications Commission.

Reason and the Relevant Law: Improperly discriminated subscribers with respect to the fee reduction in the process of acquiring high-speed Internet subscribers. Violated Article 50 of the Telecommunication Business Act and Article 42 of the Enforcement Decree.

Status of Implementation: Paid the fine, stopped the prohibited practice, published the sanction on newspapers, improved operating procedures and amended the terms of services.

Company's Plan: Continue to monitor marketing networks, improve marketing procedures, distribute incentive items directly and reduce incentive items.
(5) Violation of the Act on Facilitation of the Use of Information Network and Protection of Information

Date: June 10, 2010

Subject Company: SK Broadband

Penalty: SK Broadband was imposed a fine of Won 10 million.

Reason and the Relevant Law: Violated Articles 49 and 62 of the Act on Facilitation of the Use of Information Network and Protection of Information by providing subscribers' personal information to telemarketers without subscribers' consents.

Status of Implementation: Paid the fine.

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

Contents

[SK Communications]

In 2008, SK Communications was imposed a fine of Won 125 million by the Fair Trade Commission of Korea in connection with its preparation for the Fair Trade Commission's field inspection. SK Communications has paid the fine and has taken efforts to prevent a repeat of the same violation, including education of the relevant personnel.

4. Important Matters That Occurred After March 31, 2012

[SK Communications]

SK Communications is pursuing a public sale of its equity shares of Etoos Education (15.58%) and remaining convertible bonds in the principal amount of Won 5 billion, as disclosed on February 24, 2012.

5. Use of Proceeds

A. Use of Proceeds from Public Offerings

Won million					
	Closing Date	Proceeds	Use of Proceeds disclosed in the Prospectus	Actual Use of Proceeds	Reasons for Change
SK Communications (61-1)	December 27, 2011	110,000	Working Capital	Working Capital	
SK Communications (61-2)	December 27, 2011	190,000	Working Capital	Working Capital	

B. Use of Proceeds from Private Offerings

Won million					
	Closing Date	Proceeds	Planned Use of Proceeds	Actual Use of Proceeds	Reasons for Change
SK Communications Bonds	April 7, 2009	437,673	Refinancing of convertible bonds issued in May 2004	Refinancing and working capital	
SK Communications Note	December 15, 2011	347,088	Refinancing of floating rate notes issued in April 2009	Refinancing and working capital	

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Interim Financial Statements

(Unaudited)

March 31, 2012

(With Independent Auditors' Review Report Thereon)

Contents

Contents

	Page
<u>Independent Auditors' Review Report</u>	1
<u>Consolidated Statements of Financial Position</u>	3
<u>Consolidated Statements of Income</u>	5
<u>Consolidated Statements of Comprehensive Income</u>	6
<u>Consolidated Statements of Changes in Equity</u>	7
<u>Consolidated Statements of Cash Flows</u>	9
<u>Condensed Consolidated Interim Financial Statements</u>	11

Contents

Independent Auditors' Review Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders

SK Telecom Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of SK Telecom Co., Ltd. and its subsidiaries (the Group), expressed in Korean won, which comprise the condensed consolidated statement of financial position as of March 31, 2012, the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

We have also reviewed the financial statements of SK Broadband Co., Ltd., a domestic subsidiary, two other domestic subsidiaries and an investment company, whose financial statements constitute 25.5% of consolidated total assets as of March 31, 2012 and 15.2% of consolidated operating revenue for the three-month period ended March 31, 2012. Those financial statements were reviewed by other auditors. Their reports have been furnished to us, and our report, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of those other auditors.

Management's responsibility for the Condensed Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS) No.1034 *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is inherently less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not presented fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

The accompanying condensed consolidated interim financial statements as of March 31, 2012 and December 31, 2011 and for the three-month periods ended March 31, 2012 and 2011 have been translated into United States dollars solely for the convenience of the users. We have reviewed the translation and, in our opinion, the condensed consolidated interim financial statements expressed in Korean won have been translated into dollars on the basis set forth in note 2 to the condensed consolidated interim financial statements.

Contents

Other Considerations

Condensed consolidated statements of income, comprehensive income, changes in equity and cash flows of the Group for the month period ended March 31, 2011 were reviewed by other auditors and their report thereon, dated May 27, 2011, stated that it came to their attention that causes them to believe that the condensed consolidated interim financial statements referred to above were not presented fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

In addition, the condensed consolidated statement of financial position of the Group as of December 31, 2011, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, not accompanying this report, were audited by other auditors and their report thereon, dated March 13, 2012, expressed an unqualified opinion. The accompanying condensed consolidated statement of financial position of the Group as of December 31, 2011, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

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

KPMG Samjong Accounting Corp.

Seoul, Korea

May 16, 2012

This report is effective as of May 16, 2012, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Financial Position

As of March 31, 2012 and December 31, 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		March 31, 2012 (In millions)	December 31, 2011	March 31, 2012 (In thousands)	December 31, 2011
Assets:					
Cash equivalents	28,29	(Won) 1,769,391	1,650,794	\$ 1,563,896	1,459,072
Financial instruments	5,28,29,31	567,513	979,564	501,603	865,798
Investment securities	8,28,29	163,713	94,829	144,700	83,815
Receivable - trade, net	6,28,29,30	1,744,498	1,823,170	1,541,893	1,611,428
Loans, net	6,28,29,30	96,802	100,429	85,559	88,765
Receivable - other, net	6,28,29,30	741,299	908,836	655,205	803,285
Prepaid expenses		107,440	118,200	94,962	104,472
Financial assets	19,28,29	70,386	148,038	62,211	130,845
Other assets	7,31	184,070	219,590	162,693	194,087
Payments and other	6,8,28,29,30	110,619	74,029	97,771	65,432
Investment Assets		5,555,731	6,117,479	4,910,493	5,406,999
Current Assets:					
Financial instruments	5,28,29,31	7,631	7,628	6,745	6,742
Investment securities	8,28,29	1,466,735	1,537,945	1,296,389	1,359,329
Equity in associates	9	4,685,822	1,384,605	4,141,614	1,223,798
Plant and equipment, net	10,30,31	8,696,456	9,030,998	7,686,455	7,982,144
Property	11	265,085	271,086	234,298	239,602
	12	1,740,203	1,749,933	1,538,097	1,546,697
Intangible assets	13	2,940,927	2,995,803	2,599,370	2,647,873
Loans, net	6,28,29,30	91,258	95,565	80,660	84,466
Accounts receivable - other	6,28,29	2,837	5,393	2,508	4,767
Prepaid expenses	31	556,623	567,762	491,977	501,823
Deposits	6,28,29,30	234,585	245,218	207,340	216,739
Derivative financial assets	19,28,29	80,488	105,915	71,140	93,614
Other assets	26	199,278	227,578	176,134	201,147
Current assets	6,28,29	23,242	23,128	20,543	20,442
Current Assets		20,991,170	18,248,557	18,553,270	16,129,183
Total Assets		(Won) 26,546,901	24,366,036	\$ 23,463,763	21,536,182

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Financial Position, Continued

As of March 31, 2012 and December 31, 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		March 31, 2012 (In millions)	December 31, 2011	March 31, 2012 (In thousands)	December 31, 2011
Equity					
Liabilities:					
Borrowings	14,28,29	(Won) 1,139,571	700,713	\$ 1,007,222	619,333
Payable - trade	28,29,30	148,816	195,391	131,532	172,698
Payable - other	28,29,30	1,817,571	1,507,877	1,606,480	1,332,754
Leases	28,29	627,979	496,860	555,046	439,155
Provisions	28,29,31	864,786	744,673	764,350	658,187
Payable	26	347,662	293,725	307,285	259,612
Revenue		275,873	290,791	243,834	257,019
Financial liabilities	19,28,29	5,673	4,645	5,014	4,106
	16	632,736	657,198	559,251	580,872
Amortization of long-term debt, net	14,15,17,28,29	606,889	1,662,841	536,405	1,469,720
Receipt and other	30	115,024	118,876	101,665	105,068
Current Liabilities		6,582,580	6,673,590	5,818,084	5,898,524
Non-current Liabilities:					
Net	14,28,29	3,942,317	3,229,009	3,484,459	2,853,994
Borrowings	14,28,29	2,373,127	323,852	2,097,514	286,240
Payables - other	15,28,29,30	710,310	847,496	627,815	749,068
Unearned revenue		200,837	212,172	177,512	187,530
Lease liabilities	17,28,29	36,553	41,940	32,308	37,069
Benefit obligation	18	93,135	85,941	82,319	75,960
Provisions	16	143,251	142,361	126,614	125,827
Current liabilities	28,29,30	72,801	76,966	64,345	68,029
Current Liabilities		7,572,331	4,959,737	6,692,886	4,383,717
Liabilities		14,154,911	11,633,327	12,510,970	10,282,241
Assets					
Goodwill	1,20	44,639	44,639	39,455	39,455
Intangible assets	20,21	(290,688)	(285,347)	(256,928)	(252,207)
Investments	22	11,359,342	11,642,525	10,040,076	10,290,371
Other assets	23	229,440	260,064	202,793	229,860
Attributable to owners of the company		11,342,733	11,661,881	10,025,396	10,307,478
Minority interests		1,049,257	1,070,828	927,397	946,462
Equity		12,391,990	12,732,709	10,952,793	11,253,941

ilities and Equity

(Won) 26,546,901 24,366,036 \$ 23,463,763 21,536,182

See accompanying notes to the condensed consolidated interim financial statements.

4

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Income

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions except for per share data)	2011	2012 (In thousands except for per share data)	2011
Revenue:					
	4,30				
Operating income	24	(Won) 3,969,973	3,901,012	\$ 3,508,903	3,447,951
		15,596	7,849	13,785	6,938
		3,985,569	3,908,861	3,522,688	3,454,889
Expense:					
	30				
Depreciation and amortization		355,533	313,585	314,241	277,166
Interest paid		1,418,911	1,360,036	1,254,120	1,202,082
Goodwill impairment and amortization		588,919	575,146	520,523	508,349
Interconnection		296,151	318,741	261,757	281,723
		118,935	113,894	105,122	100,667
		69,903	55,275	61,784	48,856
		106,876	99,271	94,464	87,742
Dividends sold		271,436	186,474	239,912	164,817
Operating expenses	24	306,589	272,101	270,981	240,498
		3,533,253	3,294,523	3,122,904	2,911,900
Income	4	452,316	614,338	399,784	542,989
Income	25	68,205	268,851	60,284	237,627
Losses	25	(110,954)	(103,477)	(98,068)	(91,459)
Related to investments in affiliates, net	1,9	(27,583)	(10,811)	(24,379)	(9,556)
Income before income tax		381,984	768,901	337,621	679,601
Expense	26	81,603	231,633	72,126	204,731
Income for the period	4	(Won) 300,381	537,268	\$ 265,495	474,870
Income attributable to:					
SK Telecom Co., Ltd.		306,424	542,534	270,836	479,525
Noncontrolling interests		(6,043)	(5,266)	(5,341)	(4,655)
Earnings per share	27	(Won) 4,397	7,631	\$ 3.89	6.74
Earnings per share	27	(Won) 4,312	7,302	\$ 3.81	6.45

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions) (Won)	2011	2012 (In thousands) \$	2011
for the period		300,381	537,268	265,495	474,870
Comprehensive income (loss)					
Change in fair value of available-for-sale financial assets	23	(14,232)	(85,330)	(12,579)	(75,420)
Change in other comprehensive income of investments in					
Equity securities	9,23	6,435	(3,808)	5,688	(3,365)
Derivatives	19,23	(17,981)	38,570	(15,892)	34,090
Currency translation differences for foreign operations	23	(10,319)	(13,408)	(9,121)	(11,851)
Gains on defined benefit obligations	18,22	(3,691)	(3,593)	(3,263)	(3,175)
		(39,788)	(67,569)	(35,167)	(59,721)
Comprehensive income		(Won) 260,593	469,699	\$ 230,328	415,149
Comprehensive Income Attributable to:					
The Parent Company		271,631	477,908	240,084	422,404
Noncontrolling interests		(11,038)	(8,209)	(9,756)	(7,255)
		(Won) 260,593	469,699	230,328	415,149

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2012 and 2011

(In millions of won)

	Share capital	Share premium	Controlling Interest Retained earnings	Reserves	Sub-total	Non-controlling interest	Total equity
January 1,	(Won) 44,639	(78,953)	10,721,249	643,056	11,329,991	1,078,008	12,407,999
Comprehensive			(597,198)		(597,198)		(597,198)
Comprehensive loss			542,534		542,534	(5,266)	537,268
Subsidiaries			(3,810)	(60,817)	(64,627)	(2,942)	(67,569)
		6,452			6,452	65	6,517
March 31,	(Won) 44,639	(72,501)	10,662,775	582,239	11,217,152	1,069,865	12,287,017
January 1,	44,639	(285,347)	11,642,525	260,064	11,661,881	1,070,828	12,732,709
Comprehensive			(585,438)		(585,438)	(1,956)	(587,394)
Comprehensive loss			306,424		306,424	(6,043)	300,381
Subsidiaries			(4,169)	(30,624)	(34,793)	(4,995)	(39,788)
		(5,341)			(5,341)	(8,577)	(13,918)
March 31,	(Won) 44,639	(290,688)	11,359,342	229,440	11,342,733	1,049,257	12,391,990

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Changes in Equity, Continued

For the three-month periods ended March 31, 2012 and 2011

(In thousands of U.S. dollars) (note 2)

	Share capital	Share premium	Controlling Interest Retained earnings	Reserves	Sub-total	Non-controlling interest	Total equity
January 1, 2011	\$ 39,455	(69,783)	9,476,091	568,371	10,014,134	952,809	10,966,943
Ends			(527,840)		(527,840)		(527,840)
Comprehensive income			479,525		479,525	(4,655)	474,870
Comprehensive loss			(3,367)	(53,754)	(57,121)	(2,600)	(59,721)
Subsidiaries		5,702			5,702	58	5,760
March 31, 2011	\$ 39,455	(64,081)	9,424,409	514,617	9,914,400	945,612	10,860,012
January 1, 2012	39,455	(252,207)	10,290,371	229,860	10,307,479	946,462	11,253,941
Ends			(517,446)		(517,446)	(1,729)	(519,175)
Comprehensive income			270,836		270,836	(5,341)	265,495
Comprehensive loss			(3,685)	(27,067)	(30,752)	(4,415)	(35,167)
Subsidiaries		(4,721)			(4,721)	(7,580)	(12,301)
March 31, 2012	\$ 39,455	(256,928)	10,040,076	202,793	10,025,396	927,397	10,952,793

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions)	2011	2012 (In thousands)	2011
from operating activities:					
Net cash provided from operating activities					
for the period	(Won)	300,381	537,268	\$ 265,495	474,870
Changes for income and expenses	32	825,200	724,483	729,362	640,342
Changes in assets and liabilities related to operating	32	144,288	297,982	127,530	263,375
		1,269,869	1,559,733	1,122,387	1,378,587
Net cash received		30,335	40,880	26,812	36,132
Net cash paid		22,333	26,473	19,740	23,399
		(97,361)	(101,287)	(86,054)	(89,524)
		(4,008)	(19,220)	(3,543)	(16,988)
Net cash provided by operating activities		1,221,168	1,506,579	1,079,342	1,331,606
from investing activities:					
Net cash from investing activities:					
Net cash from short-term financial instruments, net		403,106	10,608	356,289	9,376
Net cash from short-term investment securities, net			65,000		57,451
Net cash from short-term loans		54,153	48,962	47,864	43,276
Net cash from disposal of long-term investment		28,780	220,379	25,438	194,784
Net cash from disposal of investments in associates		1,850	2,257	1,635	1,995
Net cash from disposal of property and equipment		2,137	2,445	1,889	2,161
Net cash from disposal of intangible assets		1,792	596	1,584	526
Net cash from long-term loans		3,416	5,514	3,019	4,873
Net cash from deposits		3,378		2,985	
Net cash from disposal of other non-current assets		41	145	37	129
Net cash from disposal of a subsidiary		88,602		78,312	
		587,255	355,906	519,052	314,571
Net cash from investing activities:					
Net cash from short-term investment securities, net		45,000		39,774	
Net cash from short-term loans		49,466	88,303	43,721	78,048
Net cash from long-term loans		793	2,086	701	1,844
Net cash from long-term financial instruments, net		3		3	
Net cash from disposal of long-term investment securities		16,228	232,485	14,344	205,484
Net cash from investments in associates		3,068,050	29,411	2,711,729	25,995
Net cash from disposal of property and equipment		530,977	285,856	469,310	252,657
Net cash from disposal of intangible assets		32,706	17,040	28,907	15,060
Net cash from deposits		6,375		5,634	
Net cash from other non-current assets					
Net cash due to the exclusion from scope of					
Net cash from investing activities		11,867		10,489	

	3,761,465	655,181	3,324,611	579,088
ed in investing activities	(Won) (3,174,210)	(299,275)	\$ (2,805,559)	(264,517)

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Consolidated Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Note	Korean won		Translation into U.S. dollars (note 2)	
	2012 (In millions)	2011	2012 (In thousands)	2011
from financing activities:				
from financing activities:				
from short-term borrowings	(Won) 642,989	407,951	\$ 568,313	360,572
of debentures	318,696	49,798	281,683	44,014
from long-term borrowings	2,054,944	12,162	1,816,284	10,750
from settlement of derivatives	1,517		1,340	
cash from the consolidated capital transaction		7,589		6,708
	3,018,146	477,500	2,667,620	422,044
payments for financing activities:				
of short-term borrowings	202,317	250,717	178,820	221,599
of current portion of long-term debt	95,446	180,239	84,361	159,306
of debentures	634,398	502,160	560,719	443,839
of long-term borrowings	2,693	7,458	2,381	6,592
from settlement of derivatives	3,157	15,690	2,790	13,869
of finance lease liabilities	4,993		4,413	
to non-controlling interests	1,025		906	
	944,029	956,264	834,390	845,205
provided by (used in) financing activities	2,074,117	(478,764)	1,833,230	(423,161)
change in cash and cash equivalents	121,075	728,540	107,013	643,928
cash equivalents at beginning of the period	1,650,794	659,405	1,459,072	582,822
exchange rate changes on cash and cash	(2,478)	(2,919)	(2,189)	(2,580)
cash equivalents at end of the period	(Won) 1,769,391	1,385,026	\$ 1,563,896	1,224,170

See accompanying notes to the condensed consolidated interim financial statements.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Reporting Entity

(1) General

SK Telecom Co., Ltd. (the Parent Company) was incorporated in March 1984 under the laws of Republic of Korea (Korea) to engage in providing cellular telephone communication services in Korea. The Parent Company mainly provides wireless telecommunications services. The Parent Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange, the New York Stock Exchange and the London Stock Exchange. As of March 31, 2012, the Parent Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Holdings Co., Ltd.	20,363,452	25.22
Tradewinds Global Investors, LLC	4,050,518	5.02
POSCO Corp.	2,341,569	2.90
Institutional investors and other minority stockholders	42,939,460	53.17
Treasury stock	11,050,712	13.69
Total number of shares	80,745,711	100.00

The condensed consolidated interim financial statements comprise the Parent Company and its subsidiaries (together referred to as the Group) and individuals as Group entities).

(2) List of subsidiaries

The list of subsidiaries as of March 31, 2012 and December 31, 2011 is as follows:

	Location	Primary business	Ownership(%)	
			March 31, 2012	December 31, 2011
SK Telecom Co., Ltd.	Korea	Telecommunication service	83.5	83.5
SK Communications Co., Ltd.	Korea	Internet website services	64.6	64.6
SK Planet Co., Ltd.	Korea	Internet website services	59.7	59.7
SK Entertainment, Inc.	Korea	Release of music disc	67.6	67.6
SK Bridge Cinema Fund	Korea	Investment association	57.0	57.0
SK Soft Co., Ltd.	Korea	Game software production		63.7
SK E-commerce Planet Co., Ltd.		Online shopping mall		
	Korea	operation agency	100.0	100.0
SK Broadband Co., Ltd.		Telecommunication		
	Korea	services	50.6	50.6
SK Broadband D&M Co., Ltd.		Base station maintenance		
	Korea	service	100.0	100.0
SK Broadband Media Co., Ltd.	Korea		100.0	100.0

		Multimedia TV portal service		
band CS Co., Ltd.		Customer Q&A and Service	100.0	100.0
Culture and Contents Venture Fund	Korea	Investment association	59.0	59.0
Focus Limited Partnership II	Korea	Investment association	66.7	66.7
Innovation Fund	Korea	Investment association	98.9	98.9
Marketing Corporation		Communications device retail business		
	Korea	Customer center	100.0	100.0
e Ace Co., Ltd.		management service		
	Korea		100.0	100.0

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investing Entity, Continued

(2) List of subsidiaries, Continued

Investing Entity	Location	Primary business	Ownership(%)	
			March 31, 2012	December 31, 2011
SK Telecom Top Co., Ltd.	Korea	Customer center management service	100.0	100.0
SK Telecom O&S Co., Ltd.	Korea	Base station maintenance service	100.0	100.0
SK Telecom Co., Ltd.	Korea	Internet website services	100.0	100.0
SK Telecom e-In Co., Ltd.	Korea	Database & on-line information service	100.0	100.0
SK Telecom Net Co., Ltd.	Korea	Telecommunication service and new media business	100.0	100.0
SK Telecom China Holdings Co., Ltd.	China	Equity investment	100.0	100.0
SK Telecom Property Mgmt. Ltd.	China	Real Estate Investment	60.0	60.0
SK Telecom Men E-eye High Tech Co., Ltd.	China	Manufacturing	65.5	65.5
SK Telecom China Real Estate Co., Ltd.	Hong Kong	Real Estate Investment	99.4	99.4
SK Telecom Vietnam PTE. Ltd.	Singapore	Telecommunication service	73.3	73.3
SK Telecom Americas, Inc.	USA	Information gathering and consulting	100.0	100.0
SK Telecom Investment Ltd.	Cayman	Investment Association	100.0	100.0
SK Telecom Investment	Cayman	Investment Association	100.0	100.0
SK Telecom Technology Innovation Partners, LP	Cayman	Investment Association	100.0	100.0
SK Telecom China Fund I L.P.	Cayman	Investment Association	100.0	100.0

In accordance with the accounting policy relating to the scope of consolidation, small-sized subsidiaries including IM Shopping Inc. are excluded from the list of subsidiaries as the effects on the financial statements are not material considering both individual and quantitative and qualitative effects, although the Company has ownership interests of more than 50% on those subsidiaries.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Reporting Entity, Continued

(3) Financial information of subsidiaries

Financial information of subsidiaries as of and for the three-month period ended March 31, 2012 is as follows:

(in million won)

	Total assets	Total liabilities	Total equity	Revenue	Net income (loss)
Co., Ltd.	(Won) 408,480	214,669	193,811	87,213	5,211
Communications Co., Ltd.	315,501	86,634	228,867	51,903	(4,663)
Co., Ltd.	33,820	11,199	22,621	9,464	121
ainment, Inc.	167,057	55,734	111,323	43,992	6,990
Cinema Fund	20,862	190	20,672	53	2,665
Planet Co., Ltd.	35,362	36,765	(1,403)	12,615	(126)
and Co., Ltd.	2,939,424	1,563,454	1,375,970	552,668	5,887
D&M Co., Ltd.	11,566	6,805	4,761	10,065	319
Media Co., Ltd.	76,973	349,590	(272,617)	17,895	(5,787)
CS Co., Ltd.	7,101	18,675	(11,574)	18,764	180
re and Contents Venture Fund	45,306		45,306		(235)
s Limited Partnership II	21,453	249	21,204		(377)
ation Fund	44,483	383	44,100		(184)
ing Corporation	288,497	149,505	138,992	321,041	(6,051)
Co., Ltd.	42,579	17,953	24,626	35,301	2,884
Co., Ltd.	35,829	20,768	15,061	33,759	1,323
&S Co., Ltd.	42,315	21,426	20,889	35,688	1,786
Ltd.	27,977	9,857	18,120	8,867	886
Co., Ltd.	3,147	682	2,465	2,487	(22)
Co., Ltd.	1,558,494	301,754	1,256,740	244,583	2,913
China Holdings Co., Ltd.	34,546	1,233	33,313	5,521	233
ty Mgmt. Ltd.(*1)	812,058	314,432	497,626	15,505	605
-eye High Tech Co., Ltd.	23,017	2,147	20,870	1,929	1,262
m PTE. Ltd.	41,312	9,580	31,732		(595)
cas, Inc.	36,481	846	35,635	2,536	(5,238)
ment Ltd.	50,530		50,530		
ment(*2)	49,143	672	48,471		(964)

Financial information of Sky Property Mgmt. Ltd. includes the financial information of SK China Real Estate Co., Ltd., a subsidiary of Sky Property Mgmt. Ltd.

Financial information of Atlas Investment includes financial information of Technology Innovation Partners, L.P. and SK China Fund I L.P., subsidiaries of Atlas Investment.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Reporting Entity, Continued

(3) Financial information of subsidiaries, Continued

Financial information of subsidiaries as of and for the year ended December 31, 2011 is as follows:

(in million won)

	Total assets	Total liabilities	Total equity	Revenue	Net income (loss)
Co., Ltd.	(Won) 420,829	228,687	192,142	419,131	35,269
Communications Co., Ltd.	319,948	84,282	235,666	260,573	(5,041)
Co., Ltd.	33,949	11,461	22,488	33,004	(2,347)
ainment, Inc.	157,104	48,386	108,718	167,273	21,398
Cinema Fund	18,506	196	18,310	21	1,069
Co., Ltd.	37,529	17,304	20,225	56,029	8,707
Planet Co., Ltd.	49,729	51,057	(1,328)	75,038	(556)
nd Co., Ltd.	3,318,699	1,945,825	1,372,874	2,285,845	19,272
D&M Co., Ltd.	11,872	7,399	4,473	46,433	(49)
Media Co., Ltd.	89,915	356,816	(266,901)	66,526	(32,214)
CS Co., Ltd.	6,948	18,744	(11,796)	74,104	63
re and Contents Venture Fund	48,057	16	48,041		(113)
s Limited Partnership II	21,663	285	21,378		(10,358)
ation Fund	44,716	432	44,284		(427)
ing Corporation	289,062	143,883	145,179	1,078,925	(31,820)
Co., Ltd.	43,447	21,669	21,778	130,102	1,365
Co., Ltd.	37,165	23,255	13,910	123,366	1,829
&S Co., Ltd.	80,249	61,555	18,694	199,653	5,646
Ltd.	28,631	11,397	17,234	17,860	1,877
Co., Ltd.	3,247	759	2,488	6,225	(12)
Co., Ltd.	1,677,730	423,903	1,253,827	279,466	11,014
China Holdings Co., Ltd.	36,810	2,442	34,368	26,944	(232)
ty Mgmt. Ltd.(*1)	820,639	317,038	503,601	51,204	6,386
-eye High Tech Co., Ltd.	23,569	3,744	19,825	14,703	2,007
m PTE. Ltd.	42,539	9,769	32,770	5,519	205
cas, Inc.	42,681	1,280	41,401	18,468	(14,604)
ment Ltd.	51,218		51,218		
ment(*2)	50,643	530	50,113		(2,056)

Financial information of Sky Property Mgmt. Ltd. includes the financial information of SK China Real Estate Co., Ltd., a subsidiary of Sky Property Mgmt. Ltd.

Financial information of Atlas Investment includes financial information of Technology Innovation Partners, L.P. and SK China Fund I L.P., subsidiaries of Atlas Investment.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Reporting Entity, Continued

(4) Changes in subsidiaries

of subsidiaries that were newly acquired during the three-month period ended March 31, 2012 and the list of subsidiary that is newly excluded during the same period is as follows:

Subsidiary	Reason
Soft Co., Ltd.	The Parent Company sold its investment during the period.
The Parent Company sold 2,064,970 shares (ownership interest of 63.7%) of investment in the above subsidiary to NCsoft Corporation and recognized gain on disposal of (Won) 66,006 million during the three- month period ended March 31, 2012.	

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

of Preparation

Any consolidated financial statements are stated in Korean won, the functional currency of the Parent Company and the primary economic environment in which the Group is incorporated and operates. The translation of Korean won into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of 1,131.40 to USD 1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for such purposes by the Federal Reserve Bank of New York on the last business day of the three-month period ended March 31, 2011. Such translations into U.S. dollars do not comply with K-IFRS and should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

(1) Statement of compliance

The condensed consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034 *Interim Financial Reporting*. They do not include all of the disclosures required for full annual financial statements.

(2) Use of estimates and judgments

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2011.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Accounting Policies

Accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2011.

Reporting Segments

The Group's segments are classified at the business unit level, at which the Group generates separately identifiable revenue and costs. Detailed information is reported to the chief operating decision maker for the purpose of resource allocation and assessment of performance. The Group's reportable segments are: 1) cellular services, which include cellular voice service, wireless data and wireless internet services, 2) fixed-line telecommunication services, which include telephone services, internet services, leased line services and 3) other, which include the Group's Internet portal services, game development and other operations.

(1) Details of the segments as of and for the three-month period ended March 31, 2012 are as follows:

(in million won)

	Cellular services	Fixed-line Telecommunication services	Other	Subtotal	Consolidation adjustments	Consolidated amount
	(Won) 3,442,512	690,665	400,488	4,533,665	(548,096)	3,985,569
	219,596	154,669	173,831	548,096	(548,096)	
	3,222,916	535,996	226,657	3,985,569		3,985,569
Income (loss)	459,433	(1,342)	(5,775)	452,316		452,316
(loss)	319,102	(18,476)	(245)	300,381		300,381
	23,537,231	3,442,233	3,294,060	30,273,524	(3,726,623)	26,546,901
ies	11,642,535	2,152,591	819,822	14,614,948	(460,037)	14,154,911

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

(2) Details of the segments as of and for the three-month period ended March 31, 2011 are as follows:

(in million of won)

	Cellular services	Fixed-line Telecommunication services	Other	Subtotal	Consolidation adjustments	Consolidated amount
	(Won) 3,433,060	666,566	154,456	4,254,082	(345,221)	3,908,861
	198,386	123,403	23,432	345,221	(345,221)	
	3,234,674	543,163	131,024	3,908,861		3,908,861
	595,952	7,235	11,151	614,338		614,338
	550,772	(19,428)	5,924	537,268		537,268
	19,959,640	3,529,803	1,536,786	25,026,229	(2,089,010)	22,937,219
	8,242,458	2,246,844	369,500	10,858,802	(208,600)	10,650,202

The Group principally operates wireless and fixed-line business in its domestic market in Korea, therefore does not generate geographical information.

Restricted Deposits

Deposits which are restricted in use as of March 31, 2012 and December 31, 2011 are summarized as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Short-term financial instruments(*1)	(Won) 232,903	232,462
Long-term financial instruments(*2)	7,589	7,589
	(Won) 240,492	240,051

Short-term financial instruments include financial instruments restricted in use in relation to the various charitable contributions payment guarantee for borrowings which are non-cancellable until maturity.

Long-term financial instruments include charitable contributions which are non-cancellable until maturity.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Trade and Other Receivables

(1) Details of trade and other receivables as of March 31, 2012 and December 31, 2011 are as follows:

(in millions of won)

	Gross amount	March 31, 2012 Allowances for impairment	Carrying amount
Current assets:			
Accounts receivable - trade	(Won) 1,986,825	(242,327)	1,744,498
Short-term loans	98,789	(1,987)	96,802
Accounts receivable - other	804,216	(62,917)	741,299
Accrued income	27,706	(142)	27,564
Others	954		954
	2,918,490	(307,373)	2,611,117
Non-current assets:			
Long-term loans	122,108	(30,849)	91,258
Long-term accounts receivable - other	2,837		2,837
Guarantee deposits	234,584		234,585
Long-term accounts receivable - trade	12,989		12,989
	372,518	(30,849)	341,669
Total	(Won) 3,291,008	(338,222)	2,952,786

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Trade and Other Receivables, Continued*(In millions of won)*

	December 31, 2011		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
Accounts receivable - trade	(Won) 2,063,611	(240,441)	1,823,170
Short-term loans	102,693	(2,264)	100,429
Accounts receivable - other	953,821	(44,985)	908,836
Accrued income	21,989	(142)	21,847
Others	462		462
	3,142,576	(287,832)	2,854,744
Non-current assets:			
Long-term loans	126,553	(30,988)	95,565
Long-term accounts receivable - other	5,393		5,393
Guarantee deposits	245,218		245,218
Long-term accounts receivable - trade	12,471		12,471
	389,635	(30,988)	358,647
Total	(Won) 3,532,211	(318,820)	3,213,391

The movement in allowance for doubtful accounts in respect of trade and other receivables during the three-month periods ended March 31, 2012 and 2011 was as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Balance at January, 1	(Won) 318,820	327,382
Increase of bad debt	26,944	20,933
Reversal of allowance for doubtful accounts	(5,654)	(1,305)
Write-off	(4,806)	(174)
Others(*)	2,918	(213)
Balance at March, 31	(Won) 338,222	346,623

include collection of receivables written-off, net exchange difference and changes in consolidation scope.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Details of trade and other receivables, overdue but not impaired, and impaired accounts receivable as of March 31, 2012 and December 31, 2011 are as follows:

(in millions of won)

	March 31, 2012		December 31, 2011	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
Accounts receivable	(Won) 1,382,415	901,861	1,417,574	1,287,607
Overdue but not impaired accounts receivable	64,723	4,862	34,030	32,144
Impaired accounts receivable	552,676	384,471	624,478	136,378
	1,999,814	1,291,194	2,076,082	1,456,129
Provision for doubtful accounts	(242,327)	(95,895)	(240,441)	(78,379)
	(Won) 1,757,487	1,195,299	1,835,641	1,377,750

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Accounts Receivable and Other Receivables, Continued

Company establishes allowance for doubtful accounts based on the likelihood of recoverability of accounts receivable based on the aging of accounts receivables at the end of the period, past customer default experience and their credit status, and economic and industrial factors.

The aging of overdue but not impaired accounts receivable as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won)

	March 31, 2012		December 31, 2011	
	Accounts receivable - trade	Accounts receivable - other	Accounts receivable - trade	Accounts receivable - other
Less than 1 month	(Won) 20,486	1,228	9,125	15,384
1 to 3 months	13,664	370	8,063	3,147
3 to 6 months	13,691	2,154	4,124	713
More than 6 months	16,882	1,110	12,718	12,900
	(Won) 64,723	4,862	34,030	32,144

Inventories

Details of Inventories as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won)

	March 31, 2012			December 31, 2011		
	Acquisition cost	Write-down of inventory	Carrying amount	Acquisition cost	Write-down of inventory	Carrying amount
Raw materials	(Won) 179,685	(3,543)	176,142	216,452	(4,551)	211,901
Finished goods	3,506	(508)	2,998	3,371	(547)	2,824
Work in process	603		603	286		286
Tools and supplies	4,381	(54)	4,327	4,630	(51)	4,579
	(Won) 188,175	(4,105)	184,070	224,739	(5,149)	219,590

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investment Securities

(1) Details of short-term investment securities as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Beneficiary certificates(*)	(Won) 153,097	91,539
Current portion of long-term investment securities	10,616	3,290
	(Won) 163,713	94,829

Distributions arising from beneficiary certificates as of March 31, 2012 were accounted for as accrued income.

Details of long-term available-for-sale financial assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Equity securities:		
Marketable equity securities	(Won) 1,108,970	1,100,847
Unlisted equity securities	69,937	97,397
Equity investments	217,463	281,877
	1,396,370	1,480,121
Debt securities:		
Public bonds(*1)	421	413
Investment bonds(*2)	80,560	60,701
	80,981	61,114
Total	1,477,351	1,541,235
Less current portion of long-term investment securities	(10,616)	(3,290)
Long-term investment securities	(Won) 1,466,735	1,537,945

Maturities of maturity for the public bonds as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Less than 1 year	(Won) 45	45
1 ~ 5 years	376	368
	(Won) 421	413

Group classified convertible bonds of NanoEnTek, Inc. (carrying amount as of March 31, 2012: (Won) 15,977 million), were acquired during the year ended December 31, 2011, as financial assets at fair value through profit or loss. The difference between acquisition cost and fair value is accounted for as finance income (loss).

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates

Investments in associates accounted for using the equity method as of March 31, 2012 and December 31, 2011 are as follows:

(in million of won, except for share data)

	March 31, 2012			December 31, 2011	
	Number of shares	Ownership (%)	Acquisition cost	Carrying amount	Carrying amount
SK Telecom & Company Co., Ltd.	5,000,000	50.0	(Won) 190,000	131,223	128,320
SK Telecom Company Ltd.	720,000	22.5	49,529	47,809	48,488
SK Telecom Co.	49	49.0	3,184	4,569	4,534
SK Telecom for Limited Partnership IV	2,500	49.7	25,000	24,140	24,907
SK Telecom Information Co., Ltd.	300,000	50.0	2,410	4,148	3,565
SK Telecom Ltd.(*1)	190	63.3	190,000	226,975	230,980
SK Telecom Investment Corporation	691,680	25.5	4,150	4,150	4,008
SK Telecom Technology	78,550	29.5	13,456	4,284	4,760
SK Telecom Ltd.(*2)	701,000	15.6	18,993	12,258	13,928
SK Telecom Culture and Contents Venture Fund	100	39.8	10,000	8,430	8,415
SK Telecom Development Co., Ltd.(*2)	382,000	19.1	1,967		1,124
SK Telecom Cultural Contents Fund		25.0	2,500	2,325	2,326
SK Telecom 2 Daisy Entertainment Investment		20.0	2,000	1,157	1,165
SK Telecom Expert Fund	135	46.6	13,500	14,268	13,926
SK Telecom Ltd.	57,647,058	49.0	400,000	401,410	396,553
SK Telecom Media Korea Ltd.(*3)	18,564,000	51.0	18,568	14,603	15,262
SK Telecom Co., Ltd. (formerly PREGM Co., Ltd.)	11,010,280	28.9	26,334	11,804	11,814
SK Telecom, Inc.(*2)	1,807,130	9.3	11,000	9,769	10,470
SK Telecom (Singapore) Information Technology Co., Ltd.	49	49.0	3,475	6,120	5,886
SK Telecom Indonesia	4,900,000	49.0	6,492	5,123	5,326
SK Telecom Network	1,151,556	28.2	137,751	98,981	103,408
SK Telecom Key Venture, LLC		50.0	12,762	952	982
SK Telecom Technology Innovation Company		49.0	85,873	73,478	75,974
SK Telecom Ltd Inc.(*2)	3,387,916	3.3	72,096		49,441
SK Telecom Co.(*4)	146,100,000	21.1	3,374,726	3,344,805	
SK Telecom Investment B.V.(*5)		32.1	14,485	14,485	
SK Telecom Investment and others			278,675	218,556	219,043
			(Won) 4,968,926	4,685,822	1,384,605

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

Investment in Korea IT Fund was classified as investment in associates as the Group has less than 50% of voting rights, and the Group does not have control over Korea IT Fund under the agreement.

The Group classified the investments in Etoos Co., Ltd., Wave City Development Co., Ltd., NanoEnTek, Inc., and Square Inc., as investments in associates as the Group can exercise significant influence on these investees through participation of their board of directors even though the Group has less than 20% of equity interests in those investees.

The Group classified the investments in Television Media Korea Ltd. as investments in associates as the entity is considered a joint venture.

The Group acquired 146,100,000 shares (ownership interest of 21.1%) of SK hynix Inc. through purchase of existing shares and subscription of new shares at February 14, 2012.

The Group acquired 32.1% of ownership interest of SK MENA Investment B.V. during the three-month period ended March 31,

The market price of investments in listed associates as of March 31, 2012 and December 31, 2011 are as follows:

(in million won, except for share and per share data)

	March 31, 2012			December 31, 2011		
	Market value per share	Number of shares	Market price	Market value per share	Number of shares	Market price
Television Media Co., Ltd. (formerly PREGM)	(Won) 1,175	11,010,280	12,937	1,435	11,010,280	15,800
SK hynix, Inc.	3,935	1,807,130	7,111	4,160	1,807,130	7,518
SK MENA Investment B.V.	29,250	146,100,000	4,273,425			

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

The condensed financial information of the investees as of and for the three-month periods ended March 31, 2012 and 2011 is as follows:

(in million of won)

As of and for the three-month period ended March 31, 2012

	Total assets	Total liabilities	Total equity	Revenue	Net income (loss) for the period
SK Telecom & Company Co., Ltd.	(Won) 691,993	429,546	262,447	155,853	4,178
SK Telecom Company, Ltd.	227,290	14,176	213,114	8,684	(1,829)
SK Telecom Co., Ltd.	20,788	11,463	9,325	4,080	(2,312)
SK Telecom for Limited Partnership IV	48,759	423	48,336	407	(16)
SK Telecom Information Co., Ltd.	13,470	6,006	7,464	15,366	1,377
SK Telecom and SK Telecom	358,538		358,538		63
SK Telecom Investment Corporation	16,470	12,454	4,016	3,889	904
SK Telecom Technology Co., Ltd.	14,710	4,461	10,249	1,373	(1,636)
SK Telecom Co., Ltd.	97,569	77,666	19,903	23,789	(2,662)
SK Telecom Cultural and Contents Venture Fund	21,317	157	21,160	199	38
SK Telecom Development Co., Ltd.	123,969	132,163	(8,194)		(435)
SK Telecom Cultural Contents Fund	9,359	61	9,298	51	(7)
SK Telecom 2 Daisy Entertainment Investment Fund	5,834	50	5,784	11	(42)
SK Telecom Expert Fund	30,794	145	30,649	879	734
SK Telecom Co., Ltd.	10,719,220	9,991,725	727,495	254,708	10,227
SK Telecom Media Korea Ltd.	33,072	4,910	28,162	2,685	(1,273)
SK Telecom Media Co., Ltd. (formerly PREGM Co., Ltd.)	27,925	7,566	20,359	3,515	(204)
SK Telecom Inc.	49,736	21,485	28,251	2,768	(959)
SK Telecom (Beijing) Information Technology Co., Ltd.	22,392	9,986	12,406	4,932	596
SK Telecom Indonesia	11,097	988	10,109	195	(317)
SK Telecom Network	274,774	186,074	88,700	29,256	(12,593)
SK Telecom Key Venture, LLC	2,095	207	1,888	46	(27)
SK Telecom Technology Innovation Company	149,956		149,956		(1,433)
SK Telecom Co., Ltd. Inc.	4,484,505	3,125,885	1,358,620	8,343	(162,631)
SK Telecom Co., Ltd. (*)	19,264,360	9,366,111	9,898,249	2,388,389	(271,223)
SK Telecom Investment B.V.	44,380	1	44,379		5

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

Financial information of SK hynix Inc. used when applying the equity method represents financial information after the acquisition date, February 14, 2012 and revenue and net loss for the period recognized from the acquisition date to March 31, 2012 are (Won) 1,436,477 million and (Won) 183,976 million, respectively.

(in million of won)

	As of and for the year ended December 31, 2011				Net income (loss) for the period
	Total assets	Total liabilities	Total equity	Revenue	
SK Telecom & Company Co., Ltd.	(Won) 753,508	496,867	256,641	652,749	21,543
SK Telecom Company, Ltd.	281,579	58,124	223,455	43,526	4,542
SK Telecom Co.	20,184	10,932	9,252	10,623	(2,133)
SK Telecom for Limited Partnership IV	50,357	478	49,879		(1,717)
SK Telecom Information Co., Ltd.	13,511	7,303	6,208	50,554	110
SK Telecom and SK Telecom	364,706		364,706		10,502
SK Telecom Investment Corporation	17,467	14,424	3,043	17,722	407
SK Telecom Technology	15,507	3,622	11,885	11,790	651
SK Telecom Ltd.	69,994	67,889	2,105	107,174	(743)
SK Telecom Cultural and Contents Venture Fund	21,288	166	21,122	187	(621)
SK Telecom Development Co., Ltd.	129,768	123,882	5,886	431	(1,399)
SK Telecom Cultural Contents Fund	9,387	82	9,305	638	106
SK Telecom 2 Daisy Entertainment Investment Fund	5,877	51	5,826	92	(1,518)
SK Telecom Expert Fund	30,068	153	29,915	4,690	1,019
SK Telecom Card Co., Ltd.	9,810,720	9,094,326	716,394	849,719	25,593
SK Telecom Media Korea Ltd.	34,606	5,150	29,456	4,919	(6,481)
SK Telecom Media Co., Ltd. (formerly PREGM Co., Ltd.)	25,978	5,588	20,390	27,494	(5,650)
SK Telecom, Inc.	52,649	20,379	32,270	13,088	(8,809)
SK Telecom (Beijing) Information Technology Co., Ltd.	20,401	8,388	12,013	16,028	1,202
SK Telecom Indonesia	12,112	1,242	10,870	803	(1,860)
SK Telecom Network	269,362	197,049	72,313	99,918	(72,307)
SK Telecom Key Venture, LLC	2,191	227	1,964	6,294	1,189
SK Telecom Technology Innovation Company	159,745	4,695	155,050		(11,556)
SK Telecom Ltd Inc.	4,647,136	3,125,885	1,521,251	33,374	(669,558)

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

Details of changes in investments in associates accounted for using the equity method for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Beginning balance	For the three-month period ended March 31, 2012					Ending balance
		Acquisition	Disposal	Share of profits (losses)	Other comprehensive income	Impairment loss	
ng & o., Ltd.	(Won) 128,320			3,149	(246)		131,223
company,	48,488			(614)	(65)		47,809
c.	4,534			(988)	1,024		4,570
or Limited	24,907			(8)	(759)		24,140
IV information	3,565			583			4,148
nd inment	230,980			(4,787)	782		226,975
	4,008			200	(58)		4,150
nology	4,760			(477)			4,283
.td.	13,928			(1,670)			12,258
l Culture s Venture	8,415			15			8,430
Development	1,124			(1,124)			
Cultural nd	2,326			(2)			2,324
2 Daisy nt	1,165			(8)			1,157
Fund e Expert	13,926			342			14,268
rd Co., Ltd.	396,553			4,406	452		401,411
Media Korea	15,262			(659)			14,603
ia Co., Ltd. REGM Co.,	11,814			400	(410)		11,804
, Inc.	10,470			(788)	87		9,769
ing)	5,886			507	(274)		6,119
Technology							

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Indonesia	5,326		(77)	(126)				5,123
Network	103,408		(5,248)	821				98,981
Key Venture,								
	982		(16)			(13)		953
ogy								
Company	75,974		(1,451)	(1,045)				73,478
d Inc.	49,441		(10,571)	1,513	(40,383)			
c.		3,374,726	(34,588)	4,668				3,344,806
Investment								
		14,485						14,485
ment and								
	219,043	1,502	(1,850)	268	10		(418)	218,555
	(Won) 1,384,605	3,390,713	(1,850)	(53,206)	6,374	(40,383)	(431)	4,685,822

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

(in million of won)

	Beginning balance	For the three-month period ended March 31, 2011					Ending balance
		Acquisition	Disposal	Share of profits (losses)	Other comprehensive income	Other increase (decrease)	
SK Telecom & Company Co.,	(Won) 117,905			(86)			117,819
SK Telecom Company, Ltd.	46,573			(215)	(1,310)		45,048
SK Telecom Co., Ltd.	5,972			(376)	(149)		5,447
SK Telecom for Limited Partnership							
	24,953			(159)	(217)		24,577
SK Telecom Information Co., Ltd.	4,529			159			4,688
SK Telecom and	226,633			6,013	1,144		233,790
SK Telecom Investment Corporation	4,150			172			4,322
SK Telecom Technology	4,410			(201)			4,209
SK Telecom Ltd.	14,339			(770)			13,569
SK Telecom Cultural Culture and Contents							
SK Telecom and	8,925			(303)			8,622
SK Telecom Development Co., Ltd.	1,392			(17)			1,375
SK Telecom Cultural Contents Fund	2,292			10			2,302
SK Telecom 2 Daisy Entertainment							
Fund	2,008			(550)			1,458
SK Telecom Expert Fund	13,977			(348)			13,629
SK Telecom Card Co., Ltd.	386,417			(2,037)	153		384,533
SK Telecom Media Korea Ltd.	18,568			(97)			18,471
SK Telecom Media Co., Ltd. (formerly							
SK Telecom Media Co., Ltd.)	19,313			(422)	8		18,899
SK Telecom Media, Inc.		11,000					11,000
SK Telecom (Singapore) Information							
Co., Ltd.	4,714			159	(120)		4,753
SK Telecom Indonesia	6,210			2	26		6,238
SK Telecom Network	116,160			(6,859)	(577)		108,724
SK Telecom Key Venture, LLC	3,206			(219)		(87)	2,900
SK Telecom Technology Innovation							
	25,052			(347)	(692)		24,013
SK Telecom Ltd Inc.	72,096			(4,528)	(1,153)		66,415
SK Telecom Ltd.		18,411					18,411
SK Telecom Baseball Club Co.,							
Members	74,898		(2,187)	139	(921)	(277)	71,652
	(Won) 1,204,692	29,411	(2,187)	(10,880)	(3,808)	(364)	1,216,864

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Investments in Associates, Continued

As the Group discontinued the application of the equity method due to the carrying amount of the Group's share being reduced to zero, the unrecognized accumulated equity losses as of March 31, 2012 are as follows:

(In millions of won)

	Unrealized loss	Unrealized change in equity
SK Wyverns Baseball Club Co., Ltd.	(Won) 1,099	
ULand Company Limited	496	50
Cyworld Holdings Hong Kong and others	2,937	333
	(Won) 4,532	383

There is no unrealized change in equity which has not been recognized for the three-month period ended March 31, 2012.

Property and Equipment

Property and equipment as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012			December 31, 2011	
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount	Carrying Amount
	(Won) 730,591			730,591	730,361
	1,516,967	(539,104)		977,863	989,079
	585,853	(293,343)		292,510	301,115
	21,412,457	(16,123,068)	(1,818)	5,287,571	5,493,572
	1,674,866	(931,063)	(12)	743,791	711,461
Under construction	667,559		(3,429)	664,130	805,410
	(Won) 26,588,293	(17,886,578)	(5,259)	8,696,456	9,030,998

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Changes in property and equipment for the three-month periods ended March 31, 2012 and 2011 are as follows:

(Won)

For the three-month period ended March 31, 2012

Beginning balance	Acquisition	Disposal	Transfer	Depreciation	Impairment	Change of consolidation scope	Ending balance
(Won) 730,361	1		229				730,591
989,079	259		1,793	(13,268)			977,863
301,115	8	(1)	132	(8,744)			292,510
5,493,572	20,853	(2,393)	202,538	(426,999)			5,287,571
711,461	411,481	(728)	(346,612)	(30,257)		(1,554)	743,791
805,410	98,375		(236,226)		(3,429)		664,130
(Won) 9,030,998	530,977	(3,122)	(378,146)	(479,268)	(3,429)	(1,554)	8,696,456

Property and Equipment, Continued

(Won)

For the three-month period ended March 31, 2011

in progress

Beginning balance	Acquisition	Disposal	Transfer	Depreciation	Ending balance
(Won) 707,970		(50)	(2,303)		705,617
1,018,508	10,909	(20)	(925)	(12,172)	1,016,300
242,125	25		1,060	(7,836)	235,374
5,167,143	3,439	(2,578)	264,218	(416,640)	5,015,582
570,187	238,762	(717)	(171,056)	(24,402)	612,774
447,480	32,721		(35,332)		444,869
(Won) 8,153,413	285,856	(3,365)	55,662	(461,050)	8,030,516

Investment Property

Investment property as of March 31, 2012 and December 31, 2011 are as follows:

ions of won)

ngs

	March 31, 2012		December 31, 2011	
	Acquisition cost	Accumulated depreciation	Carrying amount	Carrying amount
	(Won) 23,193		23,193	23,153
	291,083	(49,191)	241,892	247,933
	(Won) 314,276	(49,191)	265,085	271,086

31

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Changes in investment property for the three-month periods ended March 31, 2012 and 2011 are as follows:

(Amounts in millions of won)

	For the three-month period ended March 31, 2012			
	Beginning balance	Transfer	Depreciation	Ending balance
Investment property	(Won) 23,153	40		23,193
Goodwill	247,933	(4,199)	(1,842)	241,892
	(Won) 271,086	(4,159)	(1,842)	265,085

(Amounts in millions of won)

	For the three-month period ended March 31, 2011			
	Beginning balance	Transfer	Depreciation	Ending balance
Investment property	(Won) 29,179	1,798		30,977
Goodwill	168,128	272	(2,511)	165,889
	(Won) 197,307	2,070	(2,511)	196,866

Investment Property, Continued

Details of fair value of investment property as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won)

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment property	(Won) 23,193	40,609	23,153	40,540
Goodwill	241,892	268,175	247,933	272,794
	(Won) 265,085	308,784	271,086	313,334

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

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Goodwill

Goodwill as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Goodwill related to acquisition of Shinsegi Telecomm, Inc.	(Won) 1,306,236	1,306,236
Goodwill related to acquisition of SK Broadband Co., Ltd.	358,443	358,443
Other goodwill	75,524	85,254
	(Won) 1,740,203	1,749,933

Details of changes in goodwill for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Beginning balance	(Won) 1,749,933	1,736,649
Decrease upon disposal of business	(9,684)	
Other decrease(*)	(46)	(92)
	(Won) 1,740,203	1,736,557

(*) Other decrease represents effects of exchange rate change in relation to the foreign subsidiaries.

Intangible Assets

Intangible assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
--	-----------------------	--------------------------

	Acquisition cost	Accumulated depreciation	Accumulated impairment	Carrying amount	Carrying amount
use rights	(Won) 2,837,385	(975,166)		1,862,219	1,889,102
ht	38,956	(20,761)		18,195	19,327
ht	88,168	(26,662)		61,506	59,473
nt costs	171,865	(146,205)	(6,526)	19,134	20,961
ge right	138,765	(71,209)		67,556	69,491
lations	124,181	(3,600)		120,581	141,819
s(*1)	118,849			118,849	117,711
	2,256,420	(1,579,298)	(4,235)	672,887	677,919
	(Won) 5,774,589	(2,822,901)	(10,761)	2,940,927	2,995,803

erships are classified as intangible assets with indefinite useful life and are not amortized.

ntangible assets consist of computer software and usage rights to a research facility which the Group built and donated to
ersity which in turn the Group is given rights-to-use for a definite number of years.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Details of changes in intangible assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

(in million of won)

	For the three-month period ended March 31, 2012						Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Change of consolidation scope	
Use rights	(Won) 1,889,102	16,659			(43,542)		1,862,219
Right	19,327	613	(80)		(1,665)		18,195
Right	59,473	2,946		310	(1,175)	(48)	61,506
Int costs	20,961	58			(1,885)		19,134
Image right	69,491	131	(38)		(2,028)		67,556
Relations	141,819	61			(21,299)		120,581
Others	117,711	2,028	(106)			(784)	118,849
	677,919	18,219	(1,568)	53,126	(73,100)	(1,709)	672,887
	(Won) 2,995,803	40,715	(1,792)	53,436	(144,694)	(2,541)	2,940,927

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Intangible Assets, Continued

(in million of won)

	Beginning balance	For the three-month period ended March 31, 2011					Ending balance
		Acquisition	Disposal	Transfer	Amortization	Impairment	
Use rights	(Won) 709,043			(469)	(33,211)		675,363
Right	17,551	262			(1,315)		16,498
Right	60,740	338		323	(914)		60,487
Int costs	26,470	594	(510)		(2,275)		24,279
Right	73,760	86	(3)	24	(1,979)	(777)	71,111
Relations	226,940	38			(23,073)		203,905
	111,736	1,851	(39)				113,548
	658,716	13,871	(34)	41,672	(83,747)	(162)	630,316
	(Won) 1,884,956	17,040	(586)	41,550	(146,514)	(939)	1,795,507

The carrying amount and residual useful lives of major intangible assets as of March 31, 2012 are as follows:

(in million of won)

	Amount	Description	Residual useful lives
W-CDMA license	(Won) 461,726	Frequency use rights relating to W-CDMA service	(*1)
W-CDMA license	77,477	Frequency use rights relating to W-CDMA service	(*2)
3.5G license	375,032	Frequency use rights relating to CDMA and LTE service	(*3)
4G license	928,203	Frequency use rights relating to LTE service	(*4)
WiBro license	294	WiBro service	(*5)
WiBro license	16,463	WiBro service	(*6)
DMB license	3,024	DMB service	4 years and 3 months
Customer relationships related to SK Broadband Co., Ltd.	110,981	Customer relationships	1 year and 6 months

The Group purchased the W-CDMA license from Korea Communication Commission (KCC) on December 4, 2001. The amortization of the W-CDMA license commenced once the Group began its commercial W-CDMA services on December 29, 2001, and is being amortized on a straight-line basis over the remaining useful life of the license. The W-COMA license will expire in December 2005.

35

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Intangible Assets, Continued

The Group purchased the additional W-CDMA license from KCC in May 2010. Amortization of the additional W-CDMA license commenced once the Group started its related commercial W-CDMA services on October 7, 2010, under a straight-line basis over the remaining useful life of the W-CDMA license. The additional W-CDMA license will expire in December 2016.

The Group purchased 800MHz license from KCC in June 2011. Amortization of the 800MHz license commenced once the Group started its related commercial CDMA and LTE services on July 1, 2011, under a straight-line basis over the remaining useful life of the 800MHz license. The 800MHz license will expire in June 2021.

The Group purchased 1.8GHz license from KCC in December 2011. Amortization of the 1.8GHz license will commence when the Group starts its related commercial LTE services in the second half of year 2012, under a straight-line basis over the remaining useful life of the 1.8GHz license. The 1.8GHz license will expire in December 2021.

The Group purchased a WiBro license from KCC on March 30, 2005. The license period is 7 years from the purchase date. Amortization of the WiBro license commenced when the Group started its commercial WiBro services on June 30, 2006, under a straight-line basis over the remaining useful life.

The Group additionally purchased WiBro license in March 2012. Amortization of this WiBro license commenced when the Group started its commercial WiBro services on March 30, 2012, under a straight line basis over the remaining useful life. This license will expire in March 2019.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Borrowings and Debentures

Short-term borrowings as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won and thousands of U.S. dollars)

	Lender	Annual interest rate (%)	March 31, 2012	December 31, 2011
Commercial Paper	Woori Bank, etc.	3.78~3.85	(Won) 200,000	200,000
Short-term borrowings (in won)	Kookmin Bank, etc.	4.29~8.03	902,592	394,033
Short-term borrowings (in foreign currency)			36,979	106,680
	SK China Company, Ltd.		(USD 32,500)	(USD 92,500)
			(Won) 1,139,571	700,713

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Long-term Borrowings and Debentures, Continued

Long-term borrowings as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in thousands of U.S. dollars, thousands of Chinese yuan and thousands of Hong Kong dollars)

Lender	Annual interest rate (%)	Maturity	March 31,	December 31,
			2012	2011
			(Won) 34,134	34,599
of Communications(*1,2)	6M Libor + 0.29	Oct. 10, 2013	(USD 30,000)	(USD 30,000)
				23,066
			22,756	
of China(*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 20,000)	(USD 20,000)
				28,833
			28,445	
ank(*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 25,000)	(USD 25,000)
				28,833
			28,445	
(*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 25,000)	(USD 25,000)
				65,893
			65,076	
Merchants Bank	5.35	Jan. 27, 2018	(CNY 360,000)	(CNY 360,000)
				31,116
			30,730	
Exchange Bank	5.18	Jan. 28, 2015	(CNY 170,000)	(CNY 170,000)
				86,498
			85,335	
Bank HK(*3)	3M Libor + 3.2	Mar. 3, 2014	(USD 75,000)	(USD 75,000)
			34,134	
ank HK(*3)	3M Libor + 3.3	Nov. 3, 2014	(USD 30,000)	
			34,291	
ank HK(*3)	3M Libor + 3.3	Nov. 3, 2014	(HKD 234,000)	
in Bank and 13 others	4.48	Feb. 14, 2015	2,000,000	
in Bank	3.55	Jun. 15, 2012	988	1,977
Development Bank	3.55	Jun. 17, 2013	4,407	5,288
Development Bank	3.55	Jun. 16, 2014	7,414	8,237
n Bank	3.55	Jun. 15, 2015	10,273	10,273
in Bank	3.55	Jun. 15, 2016	9,749	9,749
Total			2,396,177	334,362
			(12,673)	

Present value discount on term borrowings		2,383,504	334,362
Current portion of long-term borrowings		(10,377)	(10,510)
Term borrowings	(Won)	2,373,127	323,852

March 31, 2012, 6M Libor rate is 0.73%.

March 31, 2012, the Group's lender is Bank of Communications as Credit Agricole transferred the loans to Bank of Communications during the three-month period ended March 31, 2012.

March 31, 2012, 3M Libor rate is 0.47%.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Dividends and Debentures, Continued

(3) Debentures as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in thousands of U.S. dollars, thousands of Japanese Yen, and thousands of Singapore dollars)

	Purpose	Maturity	Annual interest rate (%)	March 31, 2012	December 31, 2011
Private bonds	Refinancing	2016	5.00	(Won) 200,000	200,000
Private bonds	fund	2013	4.00	200,000	200,000
Private bonds		2014	5.00	200,000	200,000
Private bonds(*1)				172,593	185,645
		2012	3M Euro Yen Libor + 0.55	(JPY 12,500,000)	(JPY 12,500,000)
Private bonds	Other fund	2015	5.00	200,000	200,000
Private bonds		2018	5.00	200,000	200,000
Private bonds		2013	6.92	250,000	250,000
Private bonds		2016	5.54	40,000	40,000
Private bonds					44,555
		2012	3M Euro Yen Libor + 2.50		(JPY 3,000,000)
Private bonds		2016	5.92	230,000	230,000
Private bonds					74,258
		2012	3M Euro Yen Tibor + 2.50		(JPY 5,000,000)
Private bonds	Operating	2016	3.95	110,000	110,000
Private bonds	fund	2021	4.22	190,000	190,000
Private bonds(*2)		2014	4.86	50,000	50,000
Private bonds(*2)		2015	4.62	50,000	50,000
Private bonds(*3)		2013	3.99	150,000	150,000
Private bonds(*3)		2014	4.53	290,000	290,000
Private bonds(*3)		2014	4.40	100,000	100,000
Private bonds(*3)		2015	4.09	110,000	
Private bonds(*3)		2015	4.14	110,000	
Private bonds(*3)		2017	4.28	100,000	
Global bonds				455,120	461,320
		2027	6.63	(USD 400,000)	(USD 400,000)
Global bonds					576,650
		2012	7.00		(USD 500,000)
Global bonds(*6,7)				401,619	397,886
	Refinancing	2014	1.75	(USD 332,528)	(USD 332,528)
	fund				

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Notes(*4)			250,316	253,726
	2012	3M Libor + 3.15	(USD 220,000)	(USD 220,000)
Notes(*4)			284,450	288,325
	2014	3M Libor + 1.60	(USD 250,000)	(USD 250,000)
Notes(*5)			58,793	57,618
	2014	SOR rate + 1.20	(SGD 65,000)	(SGD 65,000)
Interest on bonds			4,402,891	4,799,983
			(37,879)	(39,095)
Portion of bonds			4,365,012	4,760,888
			(422,695)	(1,531,879)
		(Won)	3,942,317	3,229,009

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Borrowings and Debentures, Continued

March 31, 2012, 3M EURO Yen Libor rate is 0.19%.

Secured private bonds were issued by SK Telink Co., Ltd., a subsidiary of the Parent Company.

According to covenant provision of the related borrowings, SK Broadband Co., Ltd., a subsidiary of the Parent Company, is required to maintain its debt ratio lower than 1,000 percent and cannot dispose of its property and equipment more than twenty percent of equity or (Won) 10 trillion in any given fiscal year.

March 31, 2012, 3M Libor rate is 0.47%.

March 31, 2012, SOR rate is 0.36%.

As of March 31, 2012, exchangeable bonds are classified as financial liabilities at fair value through profit or loss. As of December 31, 2011, the exchangeable bonds were classified as current as the bond holders would be eligible to redeem their bonds at 100% of the principal amount on April 7, 2012. However, as of March 31, 2012, the exchangeable bonds are reclassified as non-current liabilities as the bond holders have not exercised and have lost their early redemption right.

On April 7, 2009, the Group issued exchangeable bonds with a maturity of five years in the principal amount of USD 326,800 for USD 326,397,463 with a coupon rate of 1.75%. As of March 31, 2012, fair value of the exchangeable bonds is USD 325,978,472. The exchange price could be adjusted and the exchange price is (Won) 199,280 with the exchange rate of 1,383.40 per USD 1.

The Group may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the exchange price during a predetermined period. On the other hand, the bond holders may redeem their notes at 100% of the principal amount on or before April 7, 2012 (3 years from the issuance date). The exchange right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares that can be exchanged as of March 31, 2012 is 2,308,406 shares.

Exchange rights of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Group's voting stock. If such 49% ownership restriction is violated due to the exercise of exchange rights, the Group will pay the bond holder a cash settlement which will be determined at the average price of one day after a holder exercises its exchange right or the weighted average price for the following twenty business days. Unless either previously redeemed or exchanged, the notes are redeemable at 100% of the principal amount at maturity.

As a result of a resolution of the Board of Directors on February 9, 2012, the exchange price has changed from (Won) 209,853 to 199,280 and the number of common shares that can be exchanged was changed from 2,192,102 shares to 2,308,406 shares due to the payment of periodic dividends. During the three-month period ended March 31, 2012, no exchange was made.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Borrowings and Debentures, Continued

Details of issuance or repayments of borrowings and debentures for the three-month period ended March 31, 2012 are as follows:

(in thousands of U.S. dollars, thousands of Japanese Yen, and thousands of Hong Kong dollars)

	Lender	Annual interest rate (%)	Maturity	Coupon value (Won)	Carrying amount
2012				5,835,058	5,795,962
Borrowings	Kookmin Bank and other	4.29~6.50	2013	642,989	642,989
Borrowings	Kookmin Bank and other	4.48	2015	2,000,000	2,000,000
				34,134	34,134
	SCB Bank HK	3M Libor + 3.3	2014	(USD 30,000)	(USD 30,000)
				34,291	34,291
	SCB Bank HK	3M Libor + 3.3	2014	(HKD 234,000)	(HKD 234,000)
					(12,673)
		4.09	2015	110,000	109,581
		4.14	2015	110,000	109,576
		4.28	2017	100,000	99,605
Borrowings	Hana Bank and other	4.94~6.87		(202,317)	(202,317)
Borrowings	Korea Development Bank and other	3.55		(2,693)	(2,693)
Private bonds				(44,555)	
		3M Euro Yen Libor + 2.50	2012	(JPY 3,000,000)	(44,555)
Private bonds				(74,258)	
		3M Euro Yen Libor + 2.50	2012	(JPY 5,000,000)	(74,258)
Global bond				(576,650)	
		7.00	2012	(USD 500,000)	(576,650)
Translation gain (loss)					
				(27,359)	(24,904)

012

(Won) 7,938,640 7,888,088

translation gain (loss) and others represent changes from foreign translation gain (loss) of foreign currency borrowings
ventures and amortization of bond discount.

41

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Long-term Payables - other

Long-term payables as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Payables related to acquisition of W-CDMA licenses	(Won) 705,491	840,974
Other (*)	4,829	6,522
Total	(Won) 710,310	847,496

Consists of vested compensation claims of employees who have rendered long-term service.

As of March 31, 2012 and December 31, 2011, long-term payables consist of payables related to acquisition of W-CDMA licenses for 2.1GHz, 800MHz, 1.8GHz and 2.3GHz frequency and other details are as follows:

(In millions of won)

	2.1GHz	800MHz	1.8GHz	2.3GHz	Total
	2012~2014	2013~2015	2012~2021	2014~2016	
Interest rate	3.58%	3.51%	3.00%	3.00%	
Effective interest rate(*2)	5.89%	5.69%	5.25%	5.80%	
Present value	(Won) 52,600	208,250	746,250	8,650	1,015,750
Present value discount on long-term payables - other	(3,237)	(11,060)	(66,797)	(641)	(81,735)
Present value of long-term payables - other					
Present value of acquisition	49,363	197,190	679,453	8,009	934,015
Present value discount on long-term payables - other	52,600	208,250	746,250		1,007,100
Present value discount on long-term payables - other	(3,237)	(11,060)	(66,797)		(81,094)
Present value of long-term payables - other	(17,533)		(74,625)		(92,158)
Present value of amortization of present value					
December 31, 2011	2,065	1,925	3,136		7,126
Present value of amortization of present value as of December 31, 2011	33,895	199,115	607,964		840,974
				8,650	8,650
				(641)	(641)

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the discount on long-term						
other						
of present value discount on						
payables - other	68	964	876	1	1,909	
portion of long-term payables	(16,812)	(65,466)	(63,123)		(145,401)	
Amount at March 31, 2012	(Won)	17,151	134,613	545,717	8,010	705,491

42

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Long-term Payables - other, Continued

Group applied an annual interest rate equal to the previous year average lending rate of public funds financing account

Group estimated the discount rate based on its credit ratings and corporate bond yield rate as there is no market interest rate available for long-term account payable-other.

The repayment schedule of long-term payables - other as of March 31, 2012 is as follows:

(In millions of won)

	Amount
2013	(Won) 161,575
2014	164,458
2015	146,925
2016 and thereafter	450,633
	(Won) 923,591

Provisions

The provisions for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	For the three-month period ended March 31, 2012			As of March 31, 2012		
	Beginning balance	Increase	Utilization	Ending balance	Current	Non- current
Handset subsidy	(Won) 762,238	169,931	(195,806)	736,363	627,946	108,417
Point programs	639	24		663		663
Restoration	36,378	2,688	(288)	38,778	4,738	34,040
Warranty	154		(23)	131		131
Sales return	81	15	(44)	52	52	
Provisions	69		(69)			
	(Won) 799,559	172,658	(196,230)	775,987	632,736	143,251

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

(In millions of won)

	For the three-month period ended March 31, 2011				As of March 31, 2011	
	Beginning balance	Increase	Utilization	Ending balance	Current	Non-current
Handset subsidy	(Won) 732,042	200,315	(213,463)	718,894	633,447	85,447
Point programs	87			87		87
Restoration	32,522	832		33,354		33,354
Warranty	140		(3)	137		137
Sales return	48		(17)	31	31	
Others	11	1	(2)	10	10	
	(Won) 764,850	201,148	(213,485)	752,513	633,488	119,025

Handset Subsidies, Continued

The Group has provided handset subsidy for the subscribers who purchase handsets on an installment basis and recognized provision for handset subsidy in accordance with the payment duration as of period end.

Finance Lease Liabilities

The Group has leased certain telecommunication equipment under the finance lease agreement with Cisco Capital Korea. Finance lease liabilities as of March 31, 2012, December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Finance Lease Liabilities		
Current portion of long-term finance lease liabilities	(Won) 28,415	31,308
Long-term finance lease liabilities	36,553	41,940
	(Won) 64,968	73,248

The Group's related interest and principal as of March 31, 2012, December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
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	Minimum lease payment	Present value	Minimum lease payment	Present value
an 1 year	(Won) 29,404	28,415	34,198	31,308
ars	40,004	36,553	44,119	41,940
al	69,408	64,968	78,317	73,248
t portion of long-term finance lease liabilities		(28,415)		(31,308)
erm finance lease liabilities		36,553		41,940

44

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Defined Benefit Liabilities

Details of defined benefit liabilities as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Present value of defined benefit obligations	(Won) 195,667	188,120
Fair value of plan assets	(102,532)	(102,179)
	(Won) 93,135	85,941

Principal actuarial assumptions as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012	December 31, 2011
Discount rate for defined benefit obligations	3.95%~6.15%	4.11%~6.15%
Inflation rate	3.00%	3.00%
Expected rate of return on plan assets	3.50%~7.00%	2.00%~8.11%
Expected rate of salary increase	2.00%~6.98%	3.50%~5.62%

Defined Benefit Liabilities, Continued

Discount rate for defined benefit obligation is determined based on the Group's credit ratings and yield rate of corporate bonds with maturities for estimated payment term of defined benefit obligation. Expected rate of return on plan assets represent weighted average rate of market value of the individual assets on the plan. Expected rate of return on plan assets is determined based on the historical yield rate and current market conditions. Expected rate of salary increase is determined based on the Group's historical salary increase index, inflation rate and salary increase ratio in accordance with salary agreement. Inflation rate is determined based on inflation data declared by Bank of Korea.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Changes in defined benefit obligations for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Beginning balance	(Won) 188,120	160,363
Current service cost	19,367	15,588
Interest cost	2,005	2,133
Actuarial gain or loss	5,488	3,248
Benefit paid	(15,862)	(9,301)
Others(*)	(3,451)	807
Ending balance	(Won) 195,667	172,838

include effects of changes in consolidation scope of (-) (Won) 4,185 million in relation to the disposal of Ntreev Soft Co., and transfer to construction in progress during the three-month period ended March 31, 2012

Changes in plan assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Beginning balance	(Won) 102,179	92,493
Expected return on plan assets	949	1,056
Actuarial gain or loss	243	(323)
Contributions by employer directly to plan assets	1,388	
Benefit paid	(2,229)	(3,386)
Others	2	(49)
Ending balance	(Won) 102,532	89,791

Expenses recognized in profit and loss for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Current service cost	(Won) 19,367	15,588
Interest cost	2,005	2,133
Expected return on plan assets	(949)	(1,056)

(Won) 20,423

16,665

46

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Benefit Obligation, Continued

Details of plan assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Equity instruments	(Won) 98	
Debt instruments	25,925	12,455
Short-term financial instruments, etc.	76,509	89,724
	(Won) 102,532	102,179

Change in plan assets for the three-month periods ended March 31, 2012 and 2011 amounted to (Won) 1,191 million and (Won) 733 million, respectively.

Derivative Instruments**(1) Currency swap contracts under cash flow hedge accounting**

The Group has entered into a floating-to-fixed cross currency swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling USD 400,000,000 borrowed on October 10, 2006. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied since May 12, 2010, an accumulated loss on valuation of derivatives amounting to (Won) 3,318 million (net of tax effect totaling (Won) 559 million and foreign currency translation loss arising from U.S. dollar denominated long-term borrowings totaling (Won) 18,980 million) is accounted for as accumulated other comprehensive loss.

In addition, the Group has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of its unguaranteed Japanese yen denominated bonds with face amounts totaling JPY 100,000,000 issued on November 13, 2007. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to (Won) 862 million (net of tax effect totaling (Won) 862 million and foreign currency translation loss arising from unguaranteed Japanese yen denominated bonds totaling (Won) 68,537 million) is accounted for as accumulated other comprehensive income.

In addition, the Group has entered into a fixed-to-fixed cross currency swap contract with Morgan Stanley and five other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 400,000,000 at a fixed interest rate of 6.63% issued on July 20, 2007. As of March 31, 2012, in connection with unsettled foreign currency swap contract to which cash flow hedge accounting is applied since May 12, 2010, an accumulated loss on valuation of derivatives amounting to (Won) 50,902 million (net of tax effect totaling (Won) 16,251 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 2,364 million) is accounted for as other comprehensive loss. In connection with the currency swap contract, gain on valuation of currency swap which was incurred before application of hedge accounting, amounting to (Won) 129,806 million was recognized in profit or loss.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Derivative Instruments, Continued

In addition, on October 14, 2011, the Group has entered into a floating-to-fixed cross currency swap contract with DBS and Citicorp Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of its unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 220,000,000 issued on April 29, 2009. As of March 31, 2012, in connection with this floating-to-fixed cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to (Won) 939 million (net of tax effect totaling (Won) 300 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 4,434 million) is accounted for as other comprehensive loss.

In addition, on December 15, 2011, the Group has entered into a floating-to-fixed cross currency swap contract with DBS Bank and Citi Bank to hedge the foreign currency risk and the interest rate risk of its U.S. dollar denominated bonds with face amounts totaling USD 250,000,000 issued on December 15, 2011. As of March 31, 2012, in connection with this floating-to-fixed cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to (Won) 6,280 million (net of tax effect totaling (Won) 2,005 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 5,116 million) is accounted for as accumulated other comprehensive income.

In addition, on December 15, 2011, the Group has entered into a floating-to-fixed cross currency swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of March 31, 2012, in connection with this floating-to-fixed cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to (Won) 278 million (net of tax effect totaling (Won) 89 million and foreign currency translation loss arising from unguaranteed Singapore dollar denominated bonds totaling (Won) 1,320 million) is accounted for as accumulated other comprehensive income.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

As of March 31, 2012, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(in million, thousands of U.S. dollars, Japanese yen, and Singapore dollars)

	Hedged item	Amount	Duration of Contract	Designated as Cash Flow Hedge	Fair value Not Designated	Total
Assets:						
fixed cross swap	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007~ Nov. 13, 2012	(Won) 70,386		70,386
assets:						
fixed cross swap	U.S. dollar denominated long-term borrowings	USD 100,000	Oct. 10, 2006~ Oct. 10, 2013	15,103		15,103
cross currency	U.S. dollar denominated bonds	USD 400,000	Jul. 20, 2007~ Jul. 20, 2027	60,289		60,289
fixed cross swap	U.S. dollar denominated bonds	USD 250,000	Dec. 15, 2011~ Dec. 12, 2014	3,168		3,168
fixed cross swap	Singapore dollar denominated bonds	SGD 65,000	Dec. 15, 2011~ Dec. 12, 2014	953		953
option	Convertible bonds(*)	KRW 50,000	Sep. 01, 2009~ Aug. 31, 2014		974	974
				(Won) 149,899	974	150,873
Liabilities:						
fixed interest	U.S. dollar denominated bonds	USD 220,000	Apr. 29, 2009~ Apr. 29, 2012	5,673		5,673
				(Won) 5,673		5,673

The fair value of the conversion option of convertible bonds held by SK Communications Co., Ltd., a subsidiary, amounting to (Won)975 million was accounted for as non-current derivative financial assets.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Capital and Share Premium

Parent Company's outstanding share capital consists entirely of common stock with a par value of (Won) 500. The number of issued and outstanding common shares and share premium as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won, except for share data)

	March 31, 2012	December 31, 2011
Authorized shares	(Won) 220,000,000	220,000,000
Issued shares(*1)	80,745,711	80,745,711
Share capital		
Common stock	44,639	44,639
Share premium:		
Paid-in surplus	2,915,887	2,915,887
Treasury stock	(2,410,451)	(2,410,451)
Loss on disposal of treasury stock	(18,855)	(18,855)
Others(*2)	(777,269)	(771,928)
	(Won) (290,688)	(285,347)

During the years ended December 31, 2003, 2006 and 2009, the Parent Company retired 7,002,235 shares, 1,083,000 shares and 1,000 shares, respectively, of treasury stock which reduced its retained earnings before appropriation in accordance with the Commercial Law. As a result, the Parent Company's outstanding shares have decreased without change in the share

represent effects of changes in consolidation scope due to the disposal of Ntreeve Soft Co., Ltd.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Treasury Stock

In 2009, the Parent Company acquired 8,400,712 shares of treasury stock in the open market for (Won) 1,992,083 million to pay cash dividends, issue new stocks, merge with Shinsegi Telecom, Inc. and SK IMT Co., Ltd., increase shareholder value, and to stabilize its stock prices when needed.

In addition, the Parent Company acquired 1,250,000 shares of treasury stock for (Won) 210,356 million from July 26, 2010 to August 20, 2010 and 1,400,000 shares of treasury stock for (Won) 208,012 million from July 21, 2011 to September 28, 2011, in accordance with the resolution of the Board of Directors on July 22, 2010 and July 19, 2011, respectively.

As a result of aforementioned treasury stock transactions, as of March 31, 2012 and December 31, 2011, the Parent Company has 11,050,712 shares of treasury stock at (Won) 2,410,451 million.

Retained Earnings

Retained earnings as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Appropriated:		
Legal reserve	(Won) 22,320	22,320
Reserve for research & manpower development	220,000	535,595
Reserve for business expansion	9,106,138	8,009,138
Reserve for technology development	1,901,300	1,524,000
	11,249,758	10,091,053
Unappropriated	109,584	1,551,472
	(Won) 11,359,342	11,642,525

Legal reserve
 The Korean Commercial Code requires the Parent Company to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to share capital.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

reserve for research & manpower development
 for research and manpower development were appropriated in order to recognize certain tax deductible benefits through the
 recognition of future expenditure for tax purposes. These reserves will be reversed from appropriated and retained earnings in
 accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

res

(1) Details of reserves as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Net change in fair value of available-for-sale financial assets	(Won) 341,650	354,951
Net change in other comprehensive income of associates	(87,213)	(93,598)
Losses on valuation of derivatives	(41,271)	(25,099)
Foreign currency translations differences for foreign operations	16,274	23,810
	(Won) 229,440	260,064

res, Continued

change in reserves for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	Net change in fair value of available-for- sale financial assets	Net change in other comprehensive income of investment in associates	Losses on valuation of derivatives	Foreign currency translation differences for foreign operations	Total
January 1, 2011	(Won) 793,645	(91,413)	(56,862)	(2,314)	643,056
	(112,722)	(3,810)	50,221	(9,679)	(75,990)
	27,380	(630)	(11,577)	0	15,173
March 31, 2011	708,303	(95,853)	(18,218)	(11,993)	582,239
January 1, 2012	354,951	(93,598)	(25,099)	23,810	260,064
	(17,436)	6,317	(20,745)	(7,536)	(39,400)

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	4,135	68	4,573	8,776	
March 31, 2012	(Won) 341,650	(87,213)	(41,271)	16,274	229,440

52

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Operating Income and Expenses

Details of other operating income and expenses for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Other Operating Income:		
Reversal of allowance for doubtful accounts	(Won) 5,654	1,305
Gain on disposal of property and equipment and intangible assets	1,010	1,102
Others	8,932	5,442
	(Won) 15,596	7,849
Other Operating Expenses:		
Communication expenses	(Won) 17,327	13,382
Utilities	44,451	39,220
Taxes and dues	31,121	10,983
Repair	60,780	64,397
Research and development	66,544	59,365
Training	6,076	5,121
Bad debt for accounts receivable - trade	7,257	17,218
Travel	7,084	6,536
Supplies and others	21,894	21,068
Loss on disposal of property and equipment and intangible assets	1,994	2,011
Loss on impairment of property and equipment and intangible assets	3,429	939
Loss on disposal of other investment assets		149
Loss on impairment of other investment assets	1	
Donations	12,908	23,981
Bad debt for accounts receivable - other	19,687	3,715
Others	6,036	4,016
	(Won) 306,589	272,101

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Finance Income and Costs

Details of finance income and costs for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Finance Income:		
Interest income	(Won) 32,396	48,647
Dividends	22,333	20,675
Gain on foreign currency transactions	1,953	1,373
Gain on foreign currency translation	819	24,240
Gain on valuation of financial asset at fair value through profit or loss		2,776
Gain on disposal of long-term investment securities	6,412	158,674
Reversal of loss on impairment of investment assets		10
Gain on valuation of derivatives		1,263
Gain on settlement of derivatives	4,292	
Gain on valuation of financial liability at fair value through profit or loss		11,193
	(Won) 68,205	268,851
Finance Costs:		
Interest expense	(Won) 97,035	80,944
Loss on foreign currency transactions	1,182	2,500
Loss on foreign currency translation	859	1,204
Loss on valuation of financial asset at fair value through profit or loss	640	
Loss on disposal of long-term investment securities	7,505	
Loss on valuation of derivatives		15,697
Loss on settlement of derivatives		3,132
Loss on valuation of financial liability at fair value through profit or loss	3,733	
	(Won) 110,954	103,477

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Details of interest income included in finance income for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Interest income on cash equivalents and deposits	(Won) 20,789	13,499
Interest income on installment receivables and others	11,607	35,148
	(Won) 32,396	48,647

Finance Income and Costs, Continued

Details of interest expense included in finance costs for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Interest expense on bank overdrafts and borrowings	(Won) 15,547	18,217
Interest expense on debentures	52,355	54,091
Interest on finance lease liabilities	811	1,343
Others	28,322	7,293
	(Won) 97,035	80,944

Details of impairment losses for financial assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Bad debt for accounts receivable - trade	(Won) 7,257	17,218
Bad debt for accounts receivable - other	19,687	3,715
	(Won) 26,944	20,933

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Income Tax Expense

The tax expense was recognized as current tax expense adjusted to changes in estimates related to prior periods, deferred tax by origination and reversal, temporary differences, and income tax recognized in other comprehensive income. Difference in the average effective tax rate for the three-month periods ended March 31, 2012 and 2011 was caused mainly by the tax effect for changes in estimates related to prior periods.

Earnings per Share

Basic earnings per share

1) Basic earnings per share for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In millions of won, except for share data)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Net income for the period	(Won) 306,424	542,534
Weighted average number of common shares outstanding	69,694,999	71,094,999
Basic earnings per share (In Won)	(Won) 4,397	7,631

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Earnings per Share, Continued

The weighted average number of common shares outstanding for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

<i>(In shares)</i>	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common shares at January 1, 2012	80,745,711	91/91	80,745,711
Effect of treasury stock	(11,050,712)	91/91	(11,050,712)
Number of shares at March 31, 2012	69,694,999		69,694,999

<i>(In shares)</i>	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common shares at January 1, 2011	80,745,711	90/90	80,745,711
Effect of treasury stock	(9,650,712)	90/90	(9,650,712)
Number of shares at March 31, 2011	71,094,999		71,094,999

Diluted earnings per share

Diluted earnings per share for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

<i>(In millions of won, except for share data)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Diluted net income for the period	(Won) 310,486	535,042
Diluted weighted average number of common shares outstanding	72,003,405	73,272,388
Diluted earnings per share (In Won)	(Won) 4,312	7,302

Adjusted net income for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Net income	(Won) 306,424	542,534
Effect of exchangeable bonds	4,062	(7,492)
Adjusted net income	(Won) 310,486	535,042

57

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Shares per Share, Continued

Adjusted weighted average number of common shares outstanding for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In shares)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Weighted average number of common shares outstanding	69,694,999	71,094,999
Effect of exchangeable bonds(*)	2,308,406	2,177,389
Adjusted weighted average number of common shares outstanding	72,003,405	73,272,388

of exchangeable bonds represents weighted average number of common shares outstanding in respect of the exchangeable common shares of exchangeable bonds, which could be exchanged to treasury stock

Categories of Financial Instruments

Financial assets by categories as of March 31, 2012 and December 31, 2011 are as follows:

(in won)

	Financial assets at fair value through profit or loss	March 31, 2012		Derivative financial instruments designated as hedged item	Total
		Available-for-sale financial assets	Loans and receivables		
Cash equivalents	(Won)		1,769,391		1,769,391
Financial instruments			575,144		575,144
Investment securities		163,713			163,713
Investment securities(*1)	15,977	1,450,758			1,466,735
Receivable - trade			1,757,487		1,757,487
Receivables(*2)			1,195,299		1,195,299
Financial assets(*3)	974			149,899	150,873
	(Won) 16,952	1,614,471	5,297,321	149,899	7,078,643

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Categories of Financial Instruments, Continued

(in million of won)

	Financial assets at fair value through profit or loss	December 31, 2011		Derivative financial instruments designated as hedged item	Total
		Available- for-sale financial assets	Loans and receivables		
Cash equivalents	(Won)		1,650,794		1,650,794
Financial instruments			987,192		987,192
Investment securities		94,829			94,829
Investment securities(*1)	16,617	1,521,328			1,537,945
Receivable - trade			1,835,641		1,835,641
Receivables(*2)			1,377,750		1,377,750
Financial assets(*3)	1,018			252,935	253,953
	(Won) 17,635	1,616,157	5,851,377	252,935	7,738,104

A certain amount of long-term investment securities was designated as financial assets at fair value through profit or loss as the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Details of loans and receivables as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Short-term loans	(Won) 96,802	100,429
Accounts receivable - other	741,299	908,836
Accrued income	27,564	21,847
Other current assets	954	462
Long-term loans	91,258	95,565
Long-term accounts receivable - other	2,837	5,393
Guarantee deposits	234,585	245,218
	(Won) 1,195,299	1,377,750

Derivative financial assets classified as financial assets at fair value through profit or loss is the fair value of conversion right of convertible bonds held by SK Communications Co., Ltd., a subsidiary of the Parent Company.

Categories of Financial Instruments, Continued

Financial liabilities by categories as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012			
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	Total
Accounts payable - trade	(Won)	148,816		148,816
Derivative financial liabilities			5,673	5,673
Loans		3,523,075		3,523,075
Securities(*1)	401,619	3,963,393		4,365,012
Accounts payable - other and others(*2)		3,651,202		3,651,202
	(Won) 401,619	11,286,486	5,673	11,693,778

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

(In millions of won)

	December 31, 2011			
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	Total
Accounts payable - trade	(Won) 195,391			195,391
Derivative financial liabilities			4,645	4,645
Receivables		1,035,074		1,035,074
Debt securities(*1)	397,886	4,363,002		4,760,888
Accounts payable - other and others(*2)		3,312,642		3,312,642
	(Won) 397,886	8,906,109	4,645	9,308,640

The fair amount of debentures was designated as financial liabilities at fair value through profit or loss as the embedded conversion right option, which should be separated from the main contract, could not be separately measured. The amounts of accounts payable and other payables as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Accounts payable - other	(Won) 1,817,571	1,507,458
Withholdings	9,491	10,835
Accrued expenses	864,786	744,673
Current portion of long-term payables - other	173,816	120,452
Long-term payables - other	710,310	847,496
Finance lease liabilities	36,553	41,940
Other non-current liabilities	38,675	39,788
	(Won) 3,651,202	3,312,642

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management**Financial risk management**

The Group is exposed to credit risk, liquidity risk and market risk. Market risk is the risk related to the changes in market prices, such as exchange rates, interest rates and equity prices. The Group implements a risk management system to monitor and manage these specific risks.

The Group's financial assets under financial risk management consist of cash and cash equivalents, financial instruments, financial assets available-for-sale, trade and other receivables. Financial liabilities consist of trade and other payables, borrowings, and debentures.

1) Market risk

(i) Currency risk

The Group is exposed to currency risk mainly on exchange fluctuations on recognized assets and liabilities. The Group manages currency risk by currency forward, etc. if needed to hedge currency risk on business transactions. Currency risk occurs on forecasted and recognized assets and liabilities which are denominated in a currency other than the functional currency of the Group.

Monetary foreign currency assets and liabilities as of March 31, 2012 are as follows:

(in millions of won, thousands of U.S. dollars, thousands of Euros, thousands of Japanese Yen, thousands of other currencies)

	Assets		Liabilities	
	Foreign currencies	Won translation	Foreign currencies	Won translation
USD	83,032	(Won) 94,513	1,522,685	(Won) 1,735,163
EUR	321	481	1,674	2,533
JPY	152,973	2,112	12,542,732	173,183
GBP			530,002	95,634
CHF			234,245	34,327
Others	26	29	64,488	58,332
		(Won) 97,135		(Won) 2,099,172

The Group has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (Refer to Note 19)

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

As of March 31, 2012, effects on income (loss) before income tax as a result of change in exchange rate by 10% are as follows:

(in millions of won)

	If increased by 10%	If decreased by 10%
SD	(Won) (54,676)	54,676
UR	(242)	242
PY	144	(144)
NY	(9,563)	9,563
KD	(3,433)	3,433
Others	1	(1)
	(Won) (67,769)	67,769

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

(1) Financial risk management, continued

i) Equity price risk

The Group has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of March 31, 2012, available-for-sale equity instruments measured at fair value amount of (Won) 1,270,097 million.

ii) Interest rate risk

The Group's interest bearing assets are mostly fixed-interest bearing assets, as such, the Group's revenue and operating cash flow are influenced by the changes in market interest rates. However, the Group still has interest rate risk arising from borrowings and debentures.

Generally, the Group performs various analysis of interest rate risk, which includes refinancing, renewal, alternative financing and hedging instrument option, to reduce interest rate risk and to optimize its financing.

The Group's interest rate risk arises from floating-rate borrowings and payables. As of March 31, 2012, floating-rate borrowings and payables amount to (Won) 3,651,953 million and the Group has entered into interest rate swaps to hedge interest rate risk related to floating-rate borrowings and debentures. (Refer to Note 19) If interest rate only increases (decreases) by 1%, income before income tax for the three-month period ended March 31, 2012 would have been decreased (increased) by (Won) 3,829 million due to the increase (decrease) in interest expense from floating-rate borrowings and bonds payables.

iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet his/her obligations. To manage credit risk, the Group evaluates the credit worthiness of each customer or counterparty considering the customer's financial information, its own trading records and other factors; based on such information, the Group establishes credit limits for each customer or counterparty.

During the three-month period ended March 31, 2012, the Group has no trade and other receivables or loans which have indications of significant impairment loss or are overdue for a prolonged period. As a result, the Group believes that the possibility of default is minimal. Also, the Group's credit risk can rise due to transactions with financial institutions related to its cash and cash equivalents, financial instruments and derivatives. To minimize such risk, the Group has a policy to deal with high credit worthy financial institutions. The amount of maximum exposure to credit risk of the Group is the carrying amount of financial assets as of March 31, 2012.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

on, the aging of trade and other receivables that are over due at the end of the reporting period but not impaired is stated in the analysis of financial assets that are individually determined to be impaired at the end of the reporting period is stated in Note 25.

Financial Risk Management, Continued**Liquidity risk**

The Group's approach to managing liquidity is to ensure that it will always maintain sufficient cash equivalents balance and have liquidity through various committed credit lines. The Group maintains flexibly enough liquidity under credit lines through active operating activities.

Contractual maturities of financial liabilities as of March 31, 2012 are as follows:

(in million of won)	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Accounts payable - trade	(Won) 148,816	148,816	148,816		
Other financial liabilities	5,673	5,673	5,673		
	3,523,075	4,534,341	1,962,039	2,504,325	67,977
(*) 1)	4,365,012	5,366,008	603,839	3,557,744	1,204,425
Accounts payable - other and others(*2)	3,651,202	3,653,748	2,870,461	541,313	241,974
	(Won) 11,693,778	13,708,586	5,590,828	6,603,382	1,514,376

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

(*1) Includes estimated interest to be paid and excludes discounts on bonds.

(*2) Excludes discounts on accounts payable-other and others.

2) Capital management

Group manages its capital to ensure that it will be able to continue as a business while maximizing the return to shareholders and the optimization of its debt and equity balance. The overall strategy of the Group is the same as that of the group as of and for the year ended 31 December 2011.

Group monitors its debt-equity ratio as a capital management indicator. This ratio is calculated as total debt divided by total equity; the total debt and equity is extracted from the financial statements.

Debt-equity ratio as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Liabilities	(Won) 14,154,911	11,633,327
Equity	12,391,990	12,732,709
Debt-equity ratio	114.23%	91.37%

Financial Risk Management, Continued**3) Fair value**

The fair value of the financial instruments that are traded in an active market is measured based on the quoted market price at the end of the reporting date. Disclosed market price of the financial assets held by the Group is the bid price.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

ue of the financial instruments that are not traded in an active market is determined using the valuation method. The Group e various valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each ng period. Fair value of financial instruments such as long-term liabilities is measured using the various methods including estimated discounted cash flow method.

s of accounts receivable - trade, and accounts payable - trade are considered to be carrying amount less impairment and fair of financial liabilities for the disclosure purpose is estimated by discounting contractual future cash flows using the current market interest rate used for the similar financial instruments by the Group.

Interest rates used by the Group for the fair value measurement as of March 31, 2012 are as follows:

	Interest rate
Derivative instruments	3.19%~5.07%
Borrowings and debentures	4.09%

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

Fair value and carrying amount

Carrying amount and fair value of financial assets and liabilities are as follows:

(in millions of won)

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Financial assets at fair value through profit or loss	(Won) 16,952	16,952	17,635	17,635
Investment financial assets	149,899	149,899	252,935	252,935
Available-for-sale financial assets	1,270,097	1,270,097	1,129,928	1,129,928
	(Won) 1,436,948	1,436,948	1,400,498	1,400,498
Assets carried at amortized cost				
Cash and cash equivalents	1,769,391	1,769,391	1,650,794	1,650,794
Available-for-sale financial assets	344,374	344,374	486,229	486,229
Accounts receivable - trade and others	2,952,786	2,952,786	3,213,391	3,213,391
Financial instruments	575,144	575,144	987,191	987,191
	(Won) 5,641,695	5,641,695	6,337,605	6,337,605
Liabilities carried at fair value				
Financial liabilities at fair value through profit or loss	401,619	401,619	397,886	397,886
Investment financial liabilities	5,673	5,673	4,645	4,645
	(Won) 407,292	407,292	402,531	402,531
Liabilities carried at amortized cost				
Accounts payable - trade	148,816	148,816	195,391	195,391
Accrued expenses	3,523,075	3,558,187	1,035,075	1,035,075
Provisions	3,963,393	4,149,147	4,363,002	4,562,156
Accounts payable - other and others	3,651,202	3,651,202	3,312,642	3,312,642
	(Won) 11,286,486	11,507,352	8,906,110	9,105,264

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Fair value hierarchy

The different levels have been defined as follows:

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

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

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

(unobservable inputs)

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

(3) Fair value, continued

The table below analyzes financial instruments carried at fair value, by fair value hierarchy as of March 31, 2012.

(Amounts in millions of won)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	(Won) 15,977	15,977	975	16,952
Available-for-sale financial assets	1,108,970	27,697	133,430	1,270,097
Derivative financial assets		149,899		149,899
Financial liabilities at fair value through profit or loss	401,619			401,619
Derivative financial liabilities		5,673		5,673

There have been no transfers from Level 2 to Level 1 in 2012 and changes of financial assets classified as Level 3 for the three-month period ended March 31, 2012 are as follows:

(Amounts in millions of won)

	Balance at January 1	Profit(loss) for the period	Other comprehensive income	Disposal	Balance at March 31
Financial assets at fair value through profit or loss	(Won) 1,018	(43)			975
Available-for-sale financial assets	197,019		(49,505)	(14,084)	133,430

70

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties

Transactions among consolidated entities have been eliminated upon the consolidation and significant related party transactions of the Company for the three-month periods ended March 31, 2012 and 2011, and account balances as of March 31, 2012 and December 31, 2011 are as follows:

Transactions

(Amounts in million of won)

	Purchases of property and equipment		Commissions paid and other expenses		Commissions earned and other income	
	2012	2011	2012	2011	2012	2011
	For the three-month period ended March 31					
Parent Company:						
Buildings Co., Ltd.	(Won)		7,766	7,432	100	78
Subsidiaries:						
Marketing & Company Co., Ltd.	24	8	32,173	30,411	2,754	2,347
Credit information Co., Ltd.			13,195	10,139	365	420
Overseas Baseball Club Co., Ltd.			9,416	9,794		13
SK Card Co., Ltd.	135	2	76,898	44,313	47,679	17,873
SK Narae Co., Ltd.(*)	44	235	964	932	5	10
SK Ina Company, Ltd.			3,821		73	
	154		802	5,371	8	228
Associates:						
SK C Company Limited	56,228	26,005	76,542	68,397	3,364	4,009
Innovation Co., Ltd.	3		185	208	868	825
Service Co., Ltd.	14	2	3,455	2,813	529	6
Engineering and Construction Co., Ltd.	54,750	9,792	5,369	5,673	1,602	1,569
					246	352
SK Lesys Co., Ltd.	13,969	17,236	4,733	6,413	83	37,315
SK Networks Company Limited	1,923	178	301,960	280,025	4,713	4,409
SK Networks Service			15,664	11,061	51	130
SK Networks Internet, Inc.			1,024			
SK X Co., Ltd.			501	465	3	4
SK Y Co., Ltd.	102		1,980		18	
SK Zipping Co., Ltd.			600		685	831
SK Securities Co., Ltd.					780	
	46	270	3,097	23,122	1,487	808
	(Won) 127,392	53,728	560,145	506,569	65,413	71,227

of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
March 31, 2012.

71

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties, Continued

Account balances

(in millions of won)

	March 31, 2012			
	Accounts receivable	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:				
Buildings Co., Ltd.	(Won) 133		40	
Subsidiaries:				
Marketing & Company Co., Ltd.	6,237		15,866	10
Credit information Co., Ltd.	23		3,795	
Daejeon Baseball Club Co., Ltd.			121	
City Development Co., Ltd.	38,412			
K Card Co., Ltd.	7,757	14	4,726	
Keena Company, Ltd.			36,979	219
Keenion Media Korea Ltd.			949	
Keenion Co., Ltd.(*1)	1		541	
	4	10	701	
Other companies:				
EC Company Limited	1,313	438	96,975	3,585
Innovation Co., Ltd.	734	91		
Service Co., Ltd.	749		1,876	
Engineering and Construction Co., Ltd.	1,065		22,414	82
Keenion Co., Ltd.	57			
Keenion Co., Ltd.	150		17,512	
Keenion Networks Company Limited	694	1,013	174,125	896
Keenion Networks Service	10		2,708	
Keenion Energy Co., Ltd.	188		2,732	
Keenion Securities Co., Ltd.			660	
Keenion Investment Co., Ltd.(*2)	14,519			
	524		1,847	429
	(Won) 72,570	1,566	384,567	5,221

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
March 31, 2012.

amount represents remaining balance of the loans to SKY Investment Co., Ltd. as of March 31, 2012.

Transactions with Related Parties, Continued

(in millions of won)

	December 31, 2011			
	Accounts receivable	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:				
Buildings Co., Ltd.	(Won) 147			
Subsidiaries:				
Marketing & Company Co., Ltd.	9,876		36,901	10
Credit information Co., Ltd.			3,736	
Daejeon Basebal Club Co., Ltd.	3,812			
City Development Co., Ltd.	38,412			
SK Card Co., Ltd.	8,683	14	2,358	
HappyNarae BcN Co., Ltd.	20,562			
HappyNarae Co., Ltd. (*)	1		1,768	
	69		1,539	222
Other companies:				
SK Telecom Company Limited	3,330		172,047	3,585
Innovation Co., Ltd.	954	91	2	
Service Co., Ltd.	644		4,679	
Engineering and Construction Co., Ltd.	1,271		39,215	82
SK Telecom Co., Ltd.	184			
SK Telecom Sys Co., Ltd.	132		65,619	
SK Telecom Mobile energy Co., Ltd.	1		71	
SK Telecom Networks Company Limited	24,403	5,513	158,884	896
SK Telecom Networks Service	6		4,754	
SK Telecom Shipping Co., Ltd.	365			
	5,088		10,876	433
	(Won) 117,940	5,618	502,449	5,228

of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
March 31, 2012.

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

compensation for the key management

The Parent Company considers registered directors who have substantial roles and responsibility in planning, operating, and managing the business as key management. The considerations given to such key management for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Salaries	(Won) 7,991	7,156
Provision for retirement benefits	565	517
	(Won) 8,556	7,673

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Commitments and Contingencies**Collateral assets and commitments**

Broadband Co., Ltd., a subsidiary of the Parent Company, agreed to provide guarantees for Broadband Media Co., Ltd.'s loans as of March 31, 2012. For the guarantee, SK Broadband Co., Ltd. has provided its properties as collaterals as follows: (Won) 78,000 million to Hana Bank, (Won) 78,000 million to IBK Capital and (Won) 52,000 million to Kookmin Bank, respectively. SK Broadband Co., Ltd., has also provided its short-term financial instruments as collaterals as follows: (Won) 60,000 million to Korea Exchange Bank, (Won) 35,000 million to Hana Bank, (Won) 39,000 million to Nonghyup and (Won) 20,000 million to Woori Bank, respectively.

Broadband CS Co., Ltd. has provided guarantees for loans of Broadband CS Co., Ltd. For the guarantee, SK Broadband Co., Ltd. has pledged its properties as collateral in the amount of (Won) 16,900 million to Kookmin Bank as of March 31, 2012.

Broadband Co., Ltd. has pledged its properties as collateral for leases on buildings in the amount of (Won) 15,300 million as of March 31, 2012.

PS & Marketing Corporation, a subsidiary of the Parent Company, has obtained a line of credit for (Won) 60,000 million from Kookmin Bank for operational purposes. In relation to the line of credit, PS & Marketing Corporation pledged (Won) 78,000 million of inventory as collateral to Shinhan Bank as of March 31, 2012.

As of March 31, 2012, SKY Property Mgmt. Ltd., a subsidiary, has pledged CNY 800 million of building and land use right (including prepaid expenses) as collateral for its long-term borrowing amounting to CNY 560 million to Korea Exchange Bank and Kookmin Bank. In relation to the newly obtained long-term borrowings of USD 30 million and HKD 234 million during the three-month period ended March 31, 2012, the Parent Company has provided interest in SHANGHAI FUJITA TIANSHAN HOUSING DEVELOPMENT CO., LTD., a subsidiary, as collateral to Standard Chartered Bank (HK) Ltd.

Guarantee provided

As of March 31, 2012, the Parent Company has participated in Tactical Airship program of the Defense Acquisition Program Administration with Joint Defense Corporation. For an advance receipt amounting to (Won) 4,200 million, which Joint Defense Corporation received from the Defense Acquisition Program Administration, the Parent Company provides payment guarantees to the Defense Acquisition Program Administration.

Contingencies

As of March 31, 2012, the Group has recorded a provision in the amount of (Won) 4,469 million as SK Broadband Co., Ltd., a subsidiary, have partially lost the first trial relating to the violation of customer's privacy (plaintiff's claims of (Won) 24,689 million) during the year ended December 31, 2011.

As of March 31, 2012, the claim amount of pending litigations of SK Communications Co., Ltd., a subsidiary, amounts to (Won) 4,187 million and the ultimate result of these litigations cannot be reasonably estimated.

75

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Components of Cash Flows

Adjustments for income and expenses from operating activities for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Net income	(Won) (32,396)	(48,647)
and	(22,333)	(20,675)
Change in foreign currency translation	(819)	(24,240)
Change in valuation of financial assets at fair value through profit or loss		(2,776)
Change in valuation of financial liabilities at fair value through profit or loss		(11,193)
Change in disposal of long-term investments assets	(6,412)	(158,674)
Change in valuation of impairment loss on long-term investments securities		(10)
Change in valuation of derivatives		(1,263)
Change in settlement of derivatives	(4,292)	
Change related to investments in affiliates	27,583	10,811
Change in disposal of property and equipment and intangible assets	(1,010)	(1,102)
Change in allowance for doubtful accounts	(5,654)	(1,305)
Change in income	(2,193)	(2,242)
Change in tax expenses	97,035	80,944
Change in foreign currency translation	859	1,204
Change in valuation of financial assets at fair value through profit or loss	640	
Change in valuation of financial liabilities at fair value through profit or loss	3,733	
Change in disposal of long-term investments securities	7,505	
Change in valuation of derivatives		15,697
Change in settlement of derivatives		3,132
Change in tax expense	81,604	231,633
Change in provision for retirement benefits	20,423	16,665
Change in depreciation and amortization	625,804	610,075
Change in debt for accounts receivable - trade	7,257	17,218
Change in disposal of property and equipment and intangible assets	1,994	2,011
Change in impairment loss on property, equipment and intangible assets	3,429	939
Change in debt for accounts receivable - other	19,687	3,715
Change in expenses	2,756	2,566
	(Won) 825,200	724,483

Contents

SK TELECOM CO., LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three-month periods ended March 31, 2012 and 2011

Changes in Cash Flows, Continued

Changes in assets and liabilities from operating activities for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Accounts receivable - trade	(Won) 67,254	49,224
Accounts receivable - other	181,448	661,808
Accrued income	(5,653)	(17,356)
Advance payments	(13,865)	(67,315)
Prepaid expenses	12,324	26,943
Proxy paid V.A.T.	(311)	(27,983)
Inventories	17,128	(19,578)
Guarantee deposits	12,775	(650)
Accounts payable - trade	(44,706)	30,362
Accounts payable - other	(274,740)	(497,734)
Advanced receipts	(188)	1,586
Withholdings	117,747	76,573
Deposits received	(3,089)	2,493
Accrued expenses	129,735	(23,720)
Advanced V.A.T.	13,488	101,696
Unearned revenue	(26,245)	(18,271)
Provisions	(28,679)	(19)
Long-term provisions	3,718	158
Plan assets	841	3,386
Retirement benefit payment	(15,862)	(9,301)
Others	1,168	25,680
	(Won) 144,288	297,982

Significant non-cash transactions for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Transfer of other tangible assets to construction in progress	(Won) 367,439	245,444
Transfer of construction in progress to property and equipment and investment in associates	603,665	280,775

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Transfer of inventories to tangible assets account	18,344	13,790
Accounts payable - other related to acquisition of tangible assets and others	8,009	16,357
Write-off of accounts receivable-trade and others	4,807	174

77

Contents

SK TELECOM CO., LTD.

Condensed Separate Interim Financial Statements

(Unaudited)

March 31, 2012

(With Independent Auditors' Review Report Thereon)

Contents

Contents

	Page
<u>Independent Auditors' Review Report</u>	1
<u>Separate Statements of Financial Position</u>	<u>3</u>
<u>Separate Statements of Income</u>	<u>5</u>
<u>Separate Statements of Comprehensive Income</u>	<u>6</u>
<u>Separate Statements of Changes in Equity</u>	<u>7</u>
<u>Separate Statements of Cash Flows</u>	<u>9</u>
<u>Condensed Separate Interim Financial Statements</u>	<u>11</u>

Contents

Independent Auditors' Review Report

Based on a report originally issued in Korean

To The Board of Directors and Shareholders

SK Telecom Co., Ltd.:

Reviewed financial statements

We have reviewed the accompanying condensed separate interim financial statements of SK Telecom Co., Ltd. (the "Company"), issued in Korean won, which comprise the condensed separate statement of financial position as of March 31, 2012, the related separate statements of income, comprehensive income, changes in equity and cash flows for the three-month period ended March 31, 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Condensed Interim Financial Statements

Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 *Interim Financial Reporting*, and for such internal controls as management determines necessary to enable the preparation of condensed separate interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to issue a report on these condensed separate interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review consists principally of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is inherently less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of Korea and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

In our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements referred to above are not presented fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

The accompanying condensed separate interim financial statements as of March 31, 2012 and December 31, 2011 and for the three-month periods ended March 31, 2012 and 2011 have been translated into United States dollars solely for the convenience of the readers. We have reviewed the translation and, in our opinion, the condensed separate interim financial statements expressed in Korean won have been translated into dollars on the basis set forth in note 2 to the condensed separate interim financial statements.

Contents

Other Considerations

Condensed separate statements of income, comprehensive income, changes in equity and cash flows for the Company for the month period ended March 31, 2011 were reviewed by other auditors and their report thereon, dated May 27, 2011, stated that it has come to their attention that causes them to believe that the condensed separate interim financial statements referred to above were not presented fairly, in all material respects, in accordance with K-IFRS No.1034 *Interim Financial Reporting*.

In addition, the condensed separate statement of financial position of the Company as of December 31, 2011, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, which are accompanying this report, were audited by other auditors and their report thereon, dated March 13, 2012, expressed an unqualified opinion. The accompanying condensed separate statement of financial position of the Company as of December 31, 2011, presented for comparative purposes, is not different from that audited by other auditors in all material respects.

Procedures and practices utilized in the Republic of Korea to review such separate interim financial statements may differ from generally accepted and applied in other countries. Accordingly, this report and the accompanying condensed separate financial statements are for use by those knowledgeable about Korean review standards and their application in practice.

KPMG Samjong Accounting Corp.

Seoul, Korea

May 16, 2012

This report is effective as of May 16, 2012, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed separate interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Financial Position

As of March 31, 2012 and December 31, 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		March 31, 2012 (In millions)	December 31, 2011	March 31, 2012 (In thousands)	December 31, 2011
Assets:					
Cash equivalents	25,26	(Won) 1,163,683	895,558	\$ 1,028,533	791,548
Financial instruments	4,25,26	205,000	627,500	181,191	554,623
Investment securities	6,25,26	154,263	90,573	136,347	80,054
Receivable - trade, net	5,25,26,27	1,287,862	1,282,234	1,138,291	1,133,316
Loans, net	5,25,26,27	85,786	88,236	75,822	77,988
Receivable - other, net	5,25,26,27	526,980	774,221	465,777	684,304
Leases		68,610	79,668	60,644	70,415
Financial assets	16,25,26	70,386	83,708	62,211	73,987
Net		3,250	8,407	2,872	7,431
Payments and other	5,25,26	49,513	17,972	43,763	15,885
Total Assets		3,615,333	3,948,077	3,195,451	3,489,551
Intangible Assets:					
Financial instruments	4,25,26	7,569	7,569	6,690	6,690
Investment securities	6,25,26	1,265,923	1,312,438	1,118,900	1,160,012
Interests in subsidiaries and associates	7	7,956,912	4,647,506	7,032,802	4,107,748
Goodwill and equipment, net	8,27	6,026,044	6,260,169	5,326,183	5,533,117
Property	9	31,185	30,699	27,563	27,133
	10	1,306,236	1,306,236	1,154,531	1,154,531
Assets	11	2,334,965	2,364,795	2,063,784	2,090,150
Loans, net	5,25,26,27	72,295	75,282	63,899	66,538
Accounts receivable - other	5,25,26	2,837	5,393	2,508	4,767
Prepaid expenses		19,729	20,939	17,438	18,507
Deposits	5,25,26,27	141,199	155,389	124,800	137,343
Derivative financial assets	16,25,26	79,513	104,897	70,278	92,714
Intangible assets	23	245,946	280,380	217,382	247,817
Current assets		1,004	758	887	670
Current Assets		19,491,357	16,572,450	17,227,645	14,647,737
Total Assets		(Won) 23,106,690	20,520,527	\$ 20,423,096	18,137,288

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Financial Position, Continued

As of March 31, 2012 and December 31, 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		March 31, 2012 (In millions)	December 31, 2011	March 31, 2012 (In thousands)	December 31, 2011
Equity					
Liabilities:					
Borrowings	12,25,26	(Won) 500,000		\$ 441,930	
Payable - other	25,26,27	1,720,371	1,361,473	1,520,568	1,203,353
Assets	25,26	438,693	330,674	387,744	292,269
Expenses	15,25,26	587,959	468,313	519,674	413,923
Payable	23	325,604	277,836	287,788	245,568
Revenue		269,310	282,890	238,034	250,036
Financial liabilities	16,25,26	5,673	4,645	5,014	4,106
	14	632,213	656,597	558,788	580,340
Amortization of long-term debt, net	12,13,25,26	568,097	1,044,519	502,118	923,209
Receipt and other		39,350	40,059	34,780	35,407
Current Liabilities		5,087,270	4,467,006	4,496,438	3,948,211
Non-current Liabilities:					
Net	12,25,26	2,985,547	2,590,630	2,638,808	2,289,756
Borrowings	12,25,26	2,101,107	115,330	1,857,086	101,936
Payables - other	13,25,26	705,491	840,974	623,555	743,304
Unearned revenue		200,836	212,171	177,511	187,530
Benefit obligation	15	32,654	26,740	28,862	23,634
Provisions	14	135,313	134,264	119,598	118,671
Current liabilities	25,26,27	163,343	167,110	144,372	147,702
Current Liabilities		6,324,291	4,087,219	5,589,792	3,612,533
Liabilities		11,411,561	8,554,225	10,086,230	7,560,744
Retained earnings	1,17	44,639	44,639	39,455	39,455
Accumulated losses	17,18	(236,016)	(236,016)	(208,605)	(208,605)
Share-based payments	19	11,592,034	11,837,185	10,245,744	10,462,422
	20	294,472	320,494	260,272	283,272
Equity		11,695,129	11,966,302	10,336,866	10,576,544
Liabilities and Equity		(Won) 23,106,690	20,520,527	\$ 20,423,096	18,137,288

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Income

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions except for per share data)	2011 (In millions except for per share data)	2012 (In thousands except for per share data)	2011 (In thousands except for per share data)
Revenue:	27				
Operating income	21	(Won) 3,007,439	3,129,950	\$ 2,658,157	2,766,440
		9,008	2,198	7,962	1,943
		3,016,447	3,132,148	2,666,119	2,768,383
Expense:	27				
Depreciation and amortization		169,735	177,462	150,022	156,851
Interest expense		1,271,355	1,239,915	1,123,700	1,095,912
Goodwill impairment and amortization		400,956	413,655	354,389	365,614
Restructuring and other expenses		225,750	242,494	199,532	214,331
Provision for doubtful accounts		107,436	97,853	94,958	86,488
Provision for doubtful receivables		36,198	35,388	31,994	31,278
Provision for doubtful payables		80,888	79,100	71,494	69,913
Provision for doubtful investments		61,945	40,910	54,751	36,159
Provision for doubtful other assets	21	204,482	207,391	180,734	183,305
		2,558,745	2,534,168	2,261,574	2,239,851
Income		457,702	597,980	404,545	528,532
Other income	22	52,113	251,532	46,060	222,319
Other expenses	22	(84,365)	(60,595)	(74,566)	(53,558)
Disposal of investments in subsidiaries and associates	7	80,483	122	71,135	107
Loss on investments in associates	7	(72,096)		(63,723)	
Pre income tax		433,837	789,039	383,451	697,400
Expense	23	88,865	228,367	78,544	201,844
Income for the period		(Won) 344,972	560,672	\$ 304,907	495,556
Earnings per share	24	(Won) 4,950	7,886	\$ 4.38	6.97
Dividends per share	24	(Won) 4,847	7,550	\$ 4.28	6.67

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Comprehensive Income

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions) (Won)	2011	2012 (In thousands) \$	2011
for the period		344,972	560,672	\$ 304,907	495,556
Comprehensive income(loss)					
Change in fair value of available-for-sale financial assets	20	(11,699)	(85,356)	(10,340)	(75,443)
Changes on valuation of derivatives	16,20	(14,323)	38,720	(12,660)	34,223
Changes on defined benefit obligations	15,19	(4,684)	(4,079)	(4,140)	(3,605)
		(30,706)	(50,715)	(27,140)	(44,825)
Comprehensive income		(Won) 314,266	509,957	\$ 277,767	450,731

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Changes in Equity

For the three-month periods ended March 31, 2012 and 2011

	Share capital	Paid-in surplus	Treasury stock	Share Premium Loss on disposal of treasury stock	Other	Retained earnings	Reserves	Total equity
2011 ends	(Won) 44,639	2,915,887	(2,202,439)	(15,875)	(722,216)	10,824,356 (597,198)	736,606	11,580,958 (597,198)
ive						560,672		560,672
ive						(4,079)	(46,636)	(50,715)
2011 ends	(Won) 44,639	2,915,887	(2,202,439)	(15,875)	(722,216)	10,783,751	689,970	11,493,717
ive	44,639	2,915,887	(2,410,451)	(18,855)	(722,597)	11,837,185 (585,439)	320,494	11,966,302 (585,439)
ive						344,972		344,972
ive						(4,684)	(26,022)	(30,706)
2012 ends	(Won) 44,639	2,915,887	(2,410,451)	(18,855)	(722,597)	11,592,034	294,472	11,695,129

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Changes in Equity, Continued

For the three-month periods ended March 31, 2012 and 2011

of U.S. dollars) (Note 2)

	Common stock	Paid-in surplus	Treasury stock	Share Premium Loss on disposal of treasury stock	Other	Retained earnings	Reserves	Total equity
January 1,	\$ 39,455	2,577,238	(1,946,649)	(14,031)	(638,339)	9,567,223	651,057	10,235,954
ends prehensive						(527,840)		(527,840)
						495,556		495,556
prehensive						(3,605)	(41,220)	(44,825)
March 31,	\$ 39,455	2,577,238	(1,946,649)	(14,031)	(638,339)	9,531,334	609,837	10,158,845
January 1,	39,455	2,577,238	(2,130,503)	(16,665)	(638,675)	10,462,422	283,272	10,576,544
ends prehensive						(517,445)		(517,445)
						304,907		304,907
prehensive						(4,140)	(23,000)	(27,140)
March 31,	\$ 39,455	2,577,238	(2,130,503)	(16,665)	(638,675)	10,245,744	260,272	10,336,866

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions)	2011	2012 (In thousands)	2011
from operating activities:					
Net cash provided from operating activities					
for the period	(Won)	344,972	560,672	\$ 304,907	495,556
Net cash used for income and expenses	29	557,635	506,785	492,872	447,927
Net cash provided from assets and liabilities related to operating activities	29	211,427	407,037	186,872	359,764
		1,114,034	1,474,494	984,651	1,303,247
Net cash received from investing activities		20,621	35,993	18,226	31,814
Net cash received from financing activities		25,167	26,472	22,244	23,398
Net cash paid for operating activities		(59,468)	(62,177)	(52,562)	(54,956)
Net cash provided by operating activities		(1,972)	(12,431)	(1,743)	(10,988)
		1,098,382	1,462,351	970,816	1,292,515
from investing activities:					
Net cash provided from investing activities:					
from short-term investment securities, net			65,000		57,451
from short-term financial instruments, net		422,500	16,000	373,431	14,142
from short-term loans		51,956	46,288	45,922	40,912
from disposal of long-term investment securities		469	214,497	414	189,585
from disposal of investments in subsidiaries and		88,602	1,757	78,312	1,553
from disposal of property and equipment		450	343	398	303
from disposal of intangible assets		1,577	3	1,394	3
from long-term loans		2,811	3,341	2,484	2,953
from disposal of other non-current assets			119		104
		568,365	347,348	502,355	307,006
Net cash used for investing activities:					
from short-term investment securities, net		45,000		39,774	
from short-term loans		48,808	87,643	43,139	77,464
from long-term investment securities		9,469	215,006	8,369	190,035
from investments in subsidiaries and associates		3,066,547	11,000	2,710,401	9,722
from disposal of property and equipment		486,802	271,735	430,265	240,175
from disposal of intangible assets		15,939	3,508	14,087	3,101
from long-term loans			90		80
from other non-current assets		246		218	
		3,672,811	588,982	3,246,253	520,577
Net cash used in investing activities	(Won)	(3,104,446)	(241,634)	\$ (2,743,898)	(213,571)

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

	Note	Korean won		Translation into U.S. dollars (note 2)	
		2012 (In millions)	2011	2012 (In thousands)	2011
from financing activities:					
from financing activities:					
from short-term borrowings	(Won)	500,000		\$ 441,930	
from long-term borrowings		1,986,800		1,756,054	
from settlement of derivatives		1,517		1,342	
		2,488,317		2,199,326	
flows for financing activities:					
of current portion of long-term debt		92,158	170,000	81,455	150,256
of debentures		118,813	332,160	105,014	293,583
flows from settlement of derivatives		3,157	15,690	2,790	13,868
		214,128	517,850	189,259	457,707
provided by (used in) financing activities		2,274,189	(517,850)	2,010,067	(457,707)
Change in cash and cash equivalents		268,125	702,867	236,985	621,237
cash equivalents at beginning of the period		895,558	357,470	791,548	315,954
exchange rate changes on cash and cash			(5)		(5)
cash equivalents at end of the period	(Won)	1,163,683	1,060,332	\$ 1,028,533	937,186

See accompanying notes to the condensed separate interim financial statements.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Reporting Entity

SK Telecom Co., Ltd. (the Company or the Parent Company) was incorporated in March 1984 under the laws of Republic of Korea to engage in providing cellular telephone communication services in Korea. The Parent Company mainly provides wireless communications in Korea. The Parent Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea, the New York Stock Exchange and the London Stock Exchange. As of March 31, 2012, the Parent Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Holdings Co., Ltd.	20,363,452	25.22
Tradewinds Global Investors, LLC	4,050,518	5.02
POSCO Corp.	2,341,569	2.90
Institutional investors and other minority stockholders	42,939,460	53.17
Treasury stock	11,050,712	13.69
Total number of shares	80,745,711	100.00

Preparation

The accompanying separate financial statements are stated in Korean won, the functional currency of the Company and the currency of its primary economic environment in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of Korean won 1,131.40 to USD 1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for such purposes by the Federal Reserve Bank of New York on the last business day of the three-month period ended March 31, 2012. Such translations into U.S. dollars do not comply with K-IFRS and should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

Statement of compliance

These condensed separate interim financial statements were prepared in accordance with K-IFRS No. 1034 *Interim Financial Reporting*. They do not include all of the disclosures required for full annual financial statements.

These condensed interim financial statements are separate interim financial statements prepared in accordance with K-IFRS No. 1027 *Interim Financial Statements* presented by a parent, an investor in an associate or a venturer in a jointly controlled entity in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

of Preparation, Continued

use of estimates and judgments

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

In preparing these condensed separate interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as of and for the year ended December 31, 2011.

Accounting Policies

The accounting policies applied by the Company in these condensed separate interim financial statements are the same as those applied by the Company in its separate financial statements as of and for the year ended December 31, 2011.

Restricted Deposits

Deposits which are restricted in use as of March 31, 2012 and December 31, 2011 are summarized as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Short-term financial instruments (*)	(Won) 70,000	70,000
Long-term financial instruments (*)	7,569	7,569
	(Won) 77,569	77,569

Financial instruments include financial instruments restricted in use in relation to the various charitable contributions and are non-cancellable until maturity.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Trade and Other Receivables

Details of trade and other receivables as of March 31, 2012 and December 31, 2011 are as follows:

<i>(in millions of won)</i>	March 31, 2012		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
Accounts receivable - trade	(Won) 1,407,362	(119,500)	1,287,862
Short-term loans	86,912	(1,126)	85,786
Accounts receivable - other	571,784	(44,804)	526,980
Accrued income	5,110		5,110
	2,071,168	(165,430)	1,905,738
Non-current assets:			
Long-term loans	95,865	(23,570)	72,295
Long-term accounts receivable - other	2,837		2,837
Guarantee deposits	141,199		141,199
	239,901	(23,570)	216,331
Total	(Won) 2,311,069	(189,000)	2,122,069

<i>(in millions of won)</i>	December 31, 2011		
	Gross amount	Allowances for impairment	Carrying amount
Current assets:			
Accounts receivable - trade	(Won) 1,400,758	(118,524)	1,282,234
Short-term loans	89,387	(1,151)	88,236
Accounts receivable - other	802,581	(28,360)	774,221
Accrued income	5,278		5,278
	2,298,004	(148,035)	2,149,969
Non-current assets:			
Long-term loans	98,886	(23,604)	75,282
Long-term accounts receivable - other	5,393		5,393
Guarantee deposits	155,389		155,389
	259,668	(23,604)	236,064
Total	(Won) 2,557,672	(171,639)	2,386,033

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Trade and Other Receivables, Continued

The movement in allowance for doubtful accounts in respect of trade and other receivables during the three-month periods ended March 31, 2012 and 2011 was as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Balance at January, 1	(Won) 171,639	210,996
Increase of bad debt	16,249	15,053
Reversal of allowance for doubtful accounts	(4,301)	
Write-off	(256)	(174)
Collection of receivables written-off	5,669	2,615
Balance at March, 31	(Won) 189,000	228,490

Details of trade and other receivables, overdue but not impaired, and impaired accounts receivable as of March 31, 2012 and December 31, 2011 are as follows:

<i>(In millions of won)</i>	March 31, 2012		December 31, 2011	
	Accounts receivable - trade	Other receivables	Accounts receivable - trade	Other receivables
Accounts receivable	(Won) 1,002,186	799,713	944,177	1,072,199
Overdue but not impaired accounts receivable	33,716		24,880	
Impaired accounts receivable	371,460	103,994	431,701	84,715
Allowance for doubtful accounts	1,407,362	903,707	1,400,758	1,156,914
	(119,500)	(69,500)	(118,524)	(53,115)
	(Won) 1,287,862	834,207	1,282,234	1,103,799

The company establishes allowance for doubtful accounts based on the likelihood of recoverability of accounts receivable based on details of accounts receivables at the end of the period, past customer default experience and their credit status, and economic and industrial factors.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

and Other Receivables, Continued

The aging of overdue but not impaired accounts receivable as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Less than 1 month	(Won) 7,844	4,229
1 ~ 3 months	6,343	6,979
3 ~ 6 months	7,140	3,336
More than 6 months	12,389	10,336
	(Won) 33,716	24,880

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Investment Securities

Details of short-term investment securities as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Beneficiary certificates (*)	(Won) 145,387	90,287
Current portion of long-term investment securities	8,876	286
	(Won) 154,263	90,573

Distributions arising from beneficiary certificates as of March 31, 2012, were accounted for as accrued income.

Details of long-term available-for-sale financial assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Equity securities:		
Marketable equity securities	(Won) 1,107,426	1,095,747
Unlisted equity securities	15,900	15,903
Equity investments	126,505	175,466
	1,249,831	1,287,116
Debt securities:		
Public bonds (*1)	401	401
Investment bonds (*2)	24,567	25,207
	24,968	25,608
Total	1,274,799	1,312,724
Less current portion of long-term investment securities	(8,876)	(286)
Long-term investment securities	(Won) 1,265,923	1,312,438

Details of maturity for the public bonds as of March 31, 2012 and December 31, 2011 are as follows:

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(In millions of won)

	March 31, 2012	December 31, 2011
Less than 1 year	(Won) 45	45
1 ~ 5 years	356	356
	(Won) 401	401

Company classified convertible bonds of NanoEnTek, Inc. (carrying amount as of March 31, 2012: (Won) 15,977 million), were acquired during the year ended December 31, 2011, as financial assets at fair value through profit or loss. The difference between acquisition cost and fair value is accounted for as finance income (loss).

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Investments in Subsidiaries and Associates

Investments in subsidiaries and associates as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Investments in subsidiaries	(Won) 3,375,231	3,382,939
Investments in associates	4,581,681	1,264,567
	(Won) 7,956,912	4,647,506

Details of investments in subsidiaries as of March 31, 2012 and December 31, 2011 are as follows:

<i>(In millions of won)</i>	Number of shares	March 31, 2012 Ownership (%)	Carrying amount	December 31, 2011 Carrying amount
Link Co., Ltd.	1,082,272	83.5	(Won) 144,740	144,740
Soft Co., Ltd.(*)				7,708
Broadband Co., Ltd.	149,638,354	50.6	1,242,247	1,242,247
Marketing Corporation	46,000,000	100.0	213,934	213,934
ACE Co., Ltd.	4,385,400	100.0	21,927	21,927
Top Co., Ltd.	2,856,200	100.0	14,281	14,281
OS Co., Ltd.	3,000,000	100.0	15,000	15,000
Net Co., Ltd.	60,000,000	100.0	1,234,884	1,234,884
Telecom China Holdings Co., Ltd.		100.0	29,116	29,116
Property Mgmt. Ltd.	22,980	60.0	264,850	264,850
Vietnam PTE. Ltd.	180,476,700	73.3	26,264	26,264
Americas, Inc.	122	100.0	65,379	65,379
Investment Ltd.		100.0	52,123	52,123
Investment		100.0	50,486	50,486
			(Won) 3,375,231	3,382,939

During the three-month period ended March 31, 2012, the Company sold 2,064,970 shares (ownership interest of 63.7%) of investment in Ntreev Soft Co., Ltd. to NCsoft Corporation and recognized gain on disposal of (Won) 80,483 million.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Investments in Subsidiaries and Associates, Continued

Details of investments in associates as of March 31, 2012 and December 31, 2011 are as follows:

	Number of shares	March 31, 2012		December 31, 2011	
		Ownership percentage (%)	Carrying amount	Carrying amount	Carrying amount
(in millions of won)					
Marketing & Company Co., Ltd.	5,000,000	50.0	(Won) 112,531	112,531	
ina Company Ltd.	720,000	22.5	47,830	47,830	
A, Inc.	49	49.0	5,498	5,498	
Narae Co., Ltd. (*1)	680,000	42.5	12,250	12,250	
Credit information Co., Ltd.	300,000	50.0	4,481	4,481	
IT Fund (*2)	190	63.3	220,957	220,957	
City Development Co., Ltd. (*3)	382,000	19.1	1,532	1,532	
K Card Co., Ltd.	57,647,058	49.0	400,000	400,000	
n Kanggun BeN Co., Ltd.	1,461,486	29.0	8,340	8,340	
nTek, Inc. (*3)	1,807,130	9.3	11,000	11,000	
Connect Co., Ltd.	141,000	49.5	1,410	1,410	
K (Beijing) Information Technology l.	49	49.0	4,247	4,247	
ertainment		42.2	7,560	7,560	
ustrial Development China Co., Ltd.		35.0	83,691	83,691	
One Network	1,151,556	28.2	137,751	137,751	
chnology Innovation Company	9,800	49.0	85,873	85,873	
quared Inc. (*3,4)	3,387,916	3.3		72,097	
ix Inc. (*5)	146,100,000	21.1	3,374,726		
ENA Investment B.V. (*6)		32.1	14,485		
gverns Baseball Club Co., Ltd. and others			47,519	47,519	
			(Won) 4,581,681	1,264,567	

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period ended March 31, 2012.

Investment in Korea IT Fund was classified as investments in associates as the Company only has less than 50% of voting rights, and therefore does not have control over Korea IT Fund under the agreement.

Investments in these associates were classified as investments in associates as the Company has the ability to exercise significant influence on these associates through participation on their board of directors.

The Company recognized impairment loss of (Won) 72,097 million during the three-month period ended March 31, 2012.

The Company acquired 146,100,000 shares (ownership interest of 21.1%) of SK hynix Inc. through purchase of existing shares and subscription of new shares at February 14, 2012.

Investments in Subsidiaries and Associates, Continued

The Company acquired 32.1% of ownership interest of SK MENA Investment B.V. during the three-month period ended March 31, 2012.

The market price of investments in listed subsidiaries as of March 31, 2012 and December 31, 2011 are as follows:

(in million won, except for share data)

	March 31, 2012			December 31, 2011		
	Market value per share	Number of shares	Market price	Market value per share	Number of shares	Market price
SK Telecom Co., Ltd.	(Won) 3,480	149,638,354	520,741	3,460	149,638,354	517,749

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Property and Equipment

Property and equipment as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012		December 31, 2011	
	Acquisition cost	Accumulated depreciation	Carrying amount	Carrying amount
(Won)	409,427		409,427	409,696
ings	1,080,258	(413,952)	666,306	676,095
ures	585,696	(293,306)	292,390	300,995
ery	15,605,494	(12,149,080)	3,456,414	3,581,275
	1,493,692	(818,917)	674,775	640,317
uction in progress	526,732		526,732	651,791
(Won)	19,701,299	(13,675,255)	6,026,044	6,260,169

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Property and Equipment, Continued

Changes in property and equipment for the three-month periods ended March 31, 2012 and 2011 are as follows:

(in million of won)

	Beginning balance	For the three-month period ended March 31, 2012				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
	(Won) 409,696	1		(270)		409,427
	676,095	258		53	(10,100)	666,306
	300,995	8	(1)	131	(8,743)	292,390
	3,581,275	2,707	(377)	177,255	(304,446)	3,456,414
	640,317	405,401	(606)	(347,537)	(22,800)	674,775
in progress	651,791	78,427		(203,486)		526,732
	(Won) 6,260,169	486,802	(984)	(373,854)	(346,089)	6,026,044

(in million of won)

	Beginning balance	For the three-month period ended March 31, 2011				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
	(Won) 402,702		(50)	509		403,161
	686,645	10,909	(20)	3,019	(9,253)	691,300
	242,004	25		1,061	(7,836)	235,254
	3,240,001	1,340	(157)	230,392	(303,586)	3,167,990
	521,499	233,450	(567)	(170,980)	(19,208)	564,194
in progress	376,896	26,011		(28,536)		374,371
	(Won) 5,469,747	271,735	(794)	35,465	(339,883)	5,436,270

Investment Property

Investment property as of March 31, 2012 and December 31, 2011 are as follows:

(in million of won)

	March 31, 2012		December 31, 2011	
	Acquisition cost	Accumulated depreciation	Carrying amount	Carrying amount

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ings	(Won) 9,270		9,270	9,001
	44,792	(22,877)	21,915	21,698
	(Won) 54,062	(22,877)	31,185	30,699

21

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Investment Property, Continued

Changes in investment property for the three-month periods ended March 31, 2012 and 2011 are as follows:

	For the three-month period ended March 31, 2012			
	Beginning balance	Transfer	Depreciation	Ending balance
(Won) 9,001	9,001	269		9,270
21,698	21,698	541	(324)	21,915
(Won) 30,699	30,699	810	(324)	31,185

	For the three-month period ended March 31, 2011			
	Beginning balance	Transfer	Depreciation	Ending balance
(Won) 9,508	9,508	(507)		9,001
25,291	25,291	(1,350)	(1,206)	22,735
(Won) 34,799	34,799	(1,857)	(1,206)	31,736

Details of fair value of investment property as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
(Won) 9,270	9,270	53,277	9,001	51,731
21,915	21,915	22,326	21,698	21,679
(Won) 31,185	31,185	75,603	30,699	73,410

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

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Goodwill

Goodwill as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Goodwill related to acquisition of Shinsegi Telecomm, Inc.	(Won) 1,306,236	1,306,236

Intangible Assets

Intangible assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012		December 31, 2011	
	Acquisition cost	Accumulated depreciation	Carrying amount	Carrying amount
Frequency use rights	(Won) 2,837,385	(975,166)	1,862,219	1,889,103
Usage right	29,273	(17,811)	11,462	12,740
Patent right	30,527	(20,023)	10,504	8,328
Development costs	124,545	(124,004)	541	1,185
Usage right	38,289	(23,696)	14,593	15,058
Partnerships (*1)	80,580		80,580	80,606
(*2)	1,395,277	(1,040,211)	355,066	357,775
	(Won) 4,535,876	(2,200,911)	2,334,965	2,364,795

Partnerships are classified as intangible assets with indefinite useful life and are not amortized.

Intangible assets consist of computer software and usage rights to a research facility which the Company built and donated to the University which in turn the Company is given rights-to-use for a definite number of years.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Details of changes in intangible assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

(in million of won)

	For the three-month period ended March 31, 2012					Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	
Patent rights	(Won) 1,889,102	16,659			(43,542)	1,862,219
Copyright	12,740		(80)		(1,197)	11,463
Trademark	8,328	2,934			(758)	10,504
Development costs	1,185				(644)	541
Software right	15,058	131	(38)		(558)	14,593
Others	80,607		(27)			80,580
	357,775	4,225	(1,431)	28,519	(34,023)	355,065
	(Won) 2,364,795	23,949	(1,576)	28,519	(80,722)	2,334,965

Intangible Assets, Continued

(in million of won)

	For the three-month period ended March 31, 2011					Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	
Patent rights	(Won) 709,043			(469)	(33,211)	675,363
Copyright	11,130	260			(948)	10,442
Trademark	14,748	331		323	(847)	14,555
Development costs	4,898				(944)	3,954
Software right	16,702	86	(3)	24	(555)	16,254
Others	90,108					90,108
	578,340	2,831		38,464	(70,586)	549,049
	(Won) 1,424,969	3,508	(3)	38,342	(107,091)	1,359,725

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

The carrying amount and residual useful lives of frequency usage rights as of March 31, 2012 are as follows:

(in million of won)	Amount	Description	Residual useful lives
License	(Won) 461,726	Frequency use rights relating to W-CDMA service	(*1)
License	77,477	Frequency use rights relating to W-CDMA service	(*2)
License	375,032	Frequency use rights relating to CDMA and LTE service	(*3)
License	928,203	Frequency use rights relating to LTE service	(*4)
License	294	WiBro service	(*5)
License	16,463	WiBro service	(*6)
License	3,024	DMB service	4 years and 3 months
	(Won) 1,862,219		

Company purchased the W-CDMA license from Korea Communication Commission (KCC) on December 4, 2001. Amortization of the W-CDMA license commenced once the Company began its commercial W-CDMA services on October 29, 2003 under a straight-line basis over the remaining useful life of the license. The W-COMA license will expire in October 2016.

Company purchased the additional W-CDMA license from KCC in May 2010. Amortization of the additional W-CDMA license commenced once the Company started its related commercial W-CDMA services on October 7, 2010, under a straight-line basis over the remaining useful life of the W-CDMA license. The additional W-COMA license will expire in October 2016.

Company purchased 800MHz license from KCC in June 2011. Amortization of the 800MHz license commenced once the Company started its related commercial CDMA and LTE services on July 1, 2011, under a straight-line basis over the remaining useful life of the 800MHz license. The 800MHz license will expire in June 2021.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Intangible Assets, Continued

The Company purchased 1.8GHz license from KCC in December 2011. Amortization of the 1.8GHz license will commence when the Company starts its related commercial LTE services in the second half of year 2012, under a straight-line basis over the remaining useful life of the 1.8GHz license. The 1.8GHz license will expire in December 2021.

The Company purchased a WiBro license from KCC on March 30, 2005. The license period is 7 years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006, on a straight line basis over the remaining useful life.

The Company additionally purchased WiBro license in March 2012. Amortization of this WiBro license commenced when the Company started its commercial WiBro services on March 30, 2012, under a straight line basis over the remaining useful life. The WiBro license will expire in March 2019.

Short-term Borrowings and Debentures

Short-term borrowings as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won)

	Annual interest rate (%)	Maturity	March 31, 2012	December 31, 2011
Bank of Korea and Woori Bank	4.29	Feb. 14, 2013	(Won) 500,000	

Long-term borrowings as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won and thousands of U.S. dollars)

	Annual interest rate (%)	Maturity	March 31, 2012	December 31, 2011
SK Telecom of Communications (*1,2)			(Won) 34,134	34,599
SK Telecom of China (*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 30,000) 22,756	(USD 30,000) 23,066
SK Telecom Bank (*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 20,000) 28,445	(USD 20,000) 28,833
SK Telecom (*1)	6M Libor + 0.29	Oct. 10, 2013	(USD 25,000)	(USD 25,000)
	6M Libor + 0.29	Oct. 10, 2013	28,445	28,832

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in Bank and 13 others	4.48	Feb. 14, 2015	(USD 25,000) 2,000,000	(USD 25,000)
resent value discount on long-term borrowings			2,113,780 (12,673)	115,330
			(Won) 2,101,107	115,330

26

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

March 31, 2012, 6M Libor rate is 0.73%.

March 31, 2012, the Company's lender is Bank of Communications as Credit Agricole transferred the loans to Bank of Communications during the three-month period ended March 31, 2012.

Drawings and Debentures, Continued

Debentures as of March 31, 2012 and December 31, 2011 are as follows:

(in million won, thousands of U.S. dollars, thousands of Japanese Yen, thousands of other currencies)

	Purpose	Maturity	Annual interest rate (%)		March 31, 2012	December 31, 2011
Private bonds	Refinancing fund	2016	5.00	(Won)	200,000	200,000
Private bonds		2013	4.00		200,000	200,000
Private bonds		2014	5.00		200,000	200,000
Private bonds (*1)					172,593	185,645
			3M Euro Yen			
		2012	Libor + 0.55	(JPY 12,500,000)		(JPY 12,500,000)
Private bonds	Other fund	2015	5.00		200,000	200,000
Private bonds		2018	5.00		200,000	200,000
Private bonds		2013	6.92		250,000	250,000
Private bonds		2016	5.54		40,000	40,000
Private bonds						44,555
			3M Euro Yen			
		2012	Libor + 2.50			(JPY 3,000,000)
Private bonds		2016	5.92		230,000	230,000
Private bonds						74,258
			3M Euro Yen			
		2012	Tibor + 2.50			(JPY 5,000,000)
Private bonds	Operating fund	2016	3.95		110,000	110,000
Private bonds		2021	4.22		190,000	190,000
Global bonds						461,320
					455,120	
Global bonds (*4,5)		2027	6.63	(USD 400,000)	(USD 400,000)	(USD 400,000)
					401,619	397,886
	Refinancing fund	2014	1.75	(USD 332,528)	(USD 332,528)	(USD 332,528)
Notes (*2)					250,316	253,726
	Operating fund	2012	3M Libor + 3.15	(USD 220,000)	(USD 220,000)	(USD 220,000)

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Notes (*2)			284,450	288,325
	2014	3M Libor + 1.60	(USD 250,000)	(USD 250,000)
Notes (*3)			58,793	57,619
	2014	SOR rate + 1.20	(SGD 65,000)	(SGD 65,000)
Payments on bonds			3,442,891 (34,649)	3,583,334 (37,329)
Portion of bonds			3,408,242 (422,695)	3,546,005 (955,375)
		(Won)	2,985,547	2,590,630

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

March 31, 2012, 3M EURO Yen Libor rate is 0.19%.

March 31, 2012, 3M Libor rate is 0.47%.

March 31, 2012, SOR rate is 0.36%.

March 31, 2012, exchangeable bonds are classified as financial liabilities at fair value through profit or loss. As of December 31, 2011, the exchangeable bonds were classified as current as the bond holders would be eligible to redeem their principal amount on April 7, 2012. However, as of March 31, 2012, the exchangeable bonds are reclassified as non-current liabilities as the bond holders have not exercised and have lost their early redemption right.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Borrowings and Debentures, Continued

On April 7, 2009, the Company issued exchangeable bonds with a maturity of five years in the principal amount of USD 326,800 for USD 326,397,463 with a coupon rate of 1.75%. As of March 31, 2012, fair value of the exchangeable bonds is USD 325,978,472. The exchange price could be adjusted and the exchange price is (Won) 199,280 with the exchange rate of 1,383.40 per USD 1.

The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the issue price during a predetermined period. On the other hand, the bond holders may redeem their notes at 100% of the principal amount on or after April 7, 2012 (3 years from the issuance date). The exchange right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares that can be exchanged as of March 31, 2012 is 2,308,406 shares.

Restrictions on the exchange of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock. If such 49% ownership restriction is violated due to the exercise of exchange rights, the Company will pay the bond holder a cash settlement which will be determined at the average price of one day after a holder exercises its exchange right or the weighted average price for the following ten (10) business days. Unless either previously redeemed or exchanged, the notes are redeemable at 100% of the principal amount at maturity.

On February 9, 2012, with a resolution of the Board of Directors on February 9, 2012, the exchange price has changed from (Won) 209,853 to (Won) 199,280 and the number of common shares that can be exchanged was changed from 2,192,102 shares to 2,308,406 shares due to the payment of periodic dividends. During the three-month period ended March 31, 2012, no exchange was made.

Details of issuance or repayments of borrowings and debentures for the three-month period ended March 31, 2012 are as follows:

(Amounts in thousands of won, thousands of Japanese yen)

	Annual interest rate (%)	Maturity	Coupon value	Carrying amount
As of March 31, 2012			(Won) 3,698,663	3,661,334
Term borrowings	4.29	2013	500,000	500,000
Term borrowings	4.48	2015	2,000,000	2,000,000
Repayments and others				(12,673)
Debt instruments:				
Secured private bonds	3M Euro Yen Libor + 2.50	2012	(44,555) (JPY 3,000,000)	(44,555)
Secured private bonds	3M Euro Yen Libor + 2.50	2012	(74,258) (JPY 5,000,000)	(74,258)
Translation gain (loss) and others(*)			(23,179)	(20,499)
As of March 31, 2012			(Won) 6,056,671	6,009,349

translation gain (loss) and others represent changes from foreign translation gain (loss) of foreign currency borrowings
ventures and amortization of bond discount.

29

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Long-term Payables - other, Continued

The repayment schedule of long-term payables - other as of March 31, 2012 is as follows:

<i>(In millions of won)</i>	Amount
2013	(Won) 161,575
2014	164,458
2015	146,925
2016 and thereafter	450,633
	(Won) 923,591

Provisions

Change in provisions for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended March 31, 2012				As of March 31, 2012	
	Beginning balance	Increase	Utilization	Ending balance	Current	Non-current
For handset subsidy	(Won) 762,238	169,931	(195,806)	736,363	627,946	108,417
For restoration	28,623	2,606	(66)	31,163	4,267	26,896
	(Won) 790,861	172,537	(195,872)	767,526	632,213	135,313

<i>(In millions of won)</i>	For the three-month period ended March 31, 2011				As of March 31, 2011	
	Beginning balance	Increase	Utilization	Ending balance	Current	Non-current
For handset subsidy	(Won) 732,042	200,315	(213,463)	718,894	633,447	85,447
For restoration	27,740	741		28,481		28,481
	(Won) 759,782	201,056	(213,463)	747,375	633,447	113,928

Company has provided handset subsidy for the subscribers who purchase handsets on an installment basis and recognized provision for handset subsidy in accordance with the payment duration as of period end.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Defined Benefit Liabilities

Details of defined benefit liabilities as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Present value of defined benefit obligations	(Won) 100,946	95,359
Fair value of plan assets	(68,292)	(68,619)
	(Won) 32,654	26,740

Principal actuarial assumptions as of March 31, 2012 and December 31, 2011 are as follows:

	March 31, 2012	December 31, 2011
Discount rate for defined benefit obligations	4.53%	4.53%
Inflation rate	3.00%	3.00%
Expected rate of return on plan assets	3.67%	4.74%
Expected rate of salary increase	6.10%	5.62%

The discount rate for defined benefit obligation is determined based on the Company's credit ratings and yield rate of corporate bonds with maturities for estimated payment term of defined benefit obligation. Expected rate of return on plan assets represent weighted average rate of market value of the individual assets on the plan. Expected rate of return on plan assets is determined based on the yield rate and current market conditions. Expected rate of salary increase is determined based on the Company's historical salary increase index, inflation rate and salary increase ratio in accordance with salary agreement. Inflation rate is determined based on inflation data declared by Bank of Korea.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Changes in defined benefit obligations for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Beginning balance	(Won) 95,359	105,966
Current service cost	7,220	7,465
Interest cost	1,044	1,425
Actuarial gain or loss	6,458	3,777
Benefit paid	(9,530)	(5,017)
Others (*)	395	220
Ending balance	(Won) 100,946	113,836

include transfer to construction in progress.

Changes in plan assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Beginning balance	(Won) 68,619	84,584
Expected return on plan assets	618	974
Actuarial gain or loss	239	(302)
Benefit paid	(1,184)	(2,793)
Ending balance	(Won) 68,292	82,463

Defined Benefit Liabilities, Continued

Expenses recognized in profit and loss for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Current service cost	(Won) 7,220	7,465
Interest cost	1,044	1,425
Expected return on plan assets	(618)	(974)
	(Won) 7,646	7,916

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Details of plan assets as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Equity instruments	(Won) 39	
Debt instruments	16,441	
Short-term financial instruments, etc.	51,812	68,619
	(Won) 68,292	68,619

Return on plan assets for the three-month periods ended March 31, 2012 and 2011 amounted to (Won) 857 million and (Won) 672 million, respectively.

Derivative Instruments

Currency swap contracts under cash flow hedge accounting

The Company has entered into a floating-to-fixed cross currency swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling \$100,000,000 borrowed on October 10, 2006. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to (Won) 559 million (net of tax effect totaling (Won) 559 million and foreign currency translation loss arising from U.S. dollar denominated long-term borrowings totaling (Won) 18,980 million) is accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of its unguaranteed Japanese yen denominated bonds with face amounts totaling JPY 100,000 million issued on November 13, 2007. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to (Won) 862 million (net of tax effect totaling (Won) 862 million and foreign currency translation loss arising from unguaranteed Japanese yen denominated bonds totaling (Won) 68,537 million) is accounted for as accumulated other comprehensive income.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Derivative Instruments, Continued

On October 14, 2011, the Company has entered into a fixed-to-fixed cross currency swap contract with Morgan Stanley and five other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 400,000,000 at an interest rate of 6.63% issued on July 20, 2007. As of March 31, 2012, in connection with unsettled foreign currency swap contract to which cash flow hedge accounting is applied since May 12, 2010, an accumulated loss on valuation of derivatives amounting to (Won) 50,902 million (net of tax effect totaling (Won) 16,251 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 2,364 million) is accounted for as other comprehensive loss. In connection with the currency swap contract, gain on valuation of currency swap which was incurred before application of hedge accounting, amounting to (Won) 129,806 million was recognized in profit or loss.

On October 14, 2011, the Company has entered into a floating-to-fixed cross currency swap contract with DBS and Citicorp Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of its unguaranteed U.S. dollar denominated bonds with face amounts totaling USD 220,000,000 issued on April 29, 2009. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to (Won) 939 million (net of tax effect totaling (Won) 300 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 4,434 million) is accounted for as other comprehensive loss.

On December 15, 2011, the Company has entered into a floating-to-fixed cross currency swap contract with DBS Bank and Citi Bank to hedge the foreign currency risk and the interest rate risk of its U.S. dollar denominated bonds with face amounts totaling USD 250,000,000 issued on December 15, 2011. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to (Won) 6,280 million (net of tax effect totaling (Won) 2,005 million and foreign currency translation gain arising from unguaranteed U.S. dollar denominated bonds totaling (Won) 5,116 million) is accounted for as accumulated other comprehensive income.

On December 15, 2011, the Company has entered into a floating-to-fixed cross currency swap contract with United Overseas Bank to hedge the foreign currency risk and the interest rate risk of its Singapore dollar denominated bonds with face amounts totaling SGD 65,000,000 issued on December 15, 2011. As of March 31, 2012, in connection with unsettled cross currency interest rate swap contract to which cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to (Won) 278 million (net of tax effect totaling (Won) 89 million and foreign currency translation loss arising from unguaranteed Singapore dollar denominated bonds totaling (Won) 1,320 million) is accounted for as accumulated other comprehensive income.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Derivative Instruments, Continued

As of March 31, 2012, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments are as follows:

(In millions of won, thousands of U.S. dollars, Japanese yen, and Singapore dollars)

	Hedged item	Amount	Duration of Contract	Fair value Designated as Cash Flow Hedge
Assets:				
Fixed cross currency	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007 ~ Nov. 13, 2012	(Won) 70,386
Assets:				
Fixed cross currency	U.S. dollar denominated long-term borrowings	USD 100,000	Oct. 10, 2006 ~ Oct. 10, 2013	15,103
Cross currency swap	U.S. dollar denominated bonds	USD 400,000	Jul. 20, 2007 ~ Jul. 20, 2027	60,289
Fixed cross currency	U.S. dollar denominated bonds	USD 250,000	Dec. 15, 2011 ~ Dec. 12, 2014	3,168
Fixed cross currency	Singapore dollar denominated bonds	SGD 65,000	Dec. 15, 2011 ~ Dec. 12, 2014	953
				(Won) 149,899
Liabilities:				
Fixed interest rate	U.S. dollar denominated bonds	USD 220,000	Apr. 29, 2009 ~ Apr. 29, 2012	5,673
Liabilities:				
				(Won) 5,673

Capital and Share Premium

Company's outstanding share capital consists entirely of common stock with a par value of (Won) 500. The number of authorized, issued and outstanding common shares and share premium as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won, except for share data)

	March 31, 2012	December 31, 2011
Authorized shares	(Won) 220,000,000	220,000,000
Issued shares (*)	80,745,711	80,745,711
Share capital		
Common stock	44,639	44,639
Share premium:		

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Paid-in surplus	2,915,887	2,915,887	
Treasury stock	(2,410,451)	(2,410,451)	
Loss on disposal of treasury stock	(18,855)	(18,855)	
Others	(722,597)	(722,597)	
	(Won) (236,016)	(236,016)	

the years ended December 31, 2003, 2006 and 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 0 shares, respectively, of treasury stock which reduced its retained earnings before appropriation in accordance with the Commercial Law. As a result, the Company's outstanding shares have decreased without change in the share capital.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

There were no changes in share capital for the three-month period ended March 31, 2012 and for the year ended December 31, 2011.

Treasury Stock

In 2009, the Company acquired 8,400,712 shares of treasury stock in the open market for (Won) 1,992,083 million to provide for stock dividends, issue new stocks, merge with Shinsegi Telecom, Inc. and SK IMT Co, Ltd., increase shareholder value and to stabilize its stock prices when needed.

In 2010, the Company acquired 1,250,000 shares of treasury stock for (Won) 210,356 million from July 26, 2010 to October 20, 2010, and 400,000 shares of treasury stock for (Won) 208,012 million from July 21, 2011 to September 28, 2011, in accordance with the resolution of the Board of Directors on July 22, 2010 and July 19, 2011, respectively.

As a result of the aforementioned treasury stock transactions, as of March 31, 2012 and December 31, 2011, the Company has 11,050,712 shares of treasury stock at (Won) 2,410,451 million.

Retained Earnings

Retained earnings as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Appropriated:		
Legal reserve	(Won) 22,320	22,320
Reserve for research & manpower development	220,000	535,595
Reserve for business expansion	9,106,138	8,009,138
Reserve for technology development	1,901,300	1,524,000
	11,249,758	10,091,053
Unappropriated	342,276	1,746,132
	(Won) 11,592,034	11,837,185

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Legal reserve
 Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends paid for each period until the reserve equals 50% of outstanding share capital. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to share capital.

Reserve for research & manpower development
 Reserves for research and manpower development were appropriated in order to recognize certain tax deductible benefits through the recognition of future expenditure for tax purposes. These reserves will be reversed from appropriated and retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

Reserves

Details of reserves as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Net change in fair value of available-for-sale financial assets	(Won) 340,918	352,616
Losses on valuation of derivatives	(46,446)	(32,122)
	(Won) 294,472	320,494

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Change in reserves for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(in millions of won)</i>	Loss on valuation of available-for-sale financial assets	Loss on valuation of derivatives	Total
Balance at January 1, 2011	(Won) 803,075	(66,469)	736,606
Changes	(112,735)	50,296	(62,439)
Tax effect	27,379	(11,576)	15,803
Balance at March 31, 2011	717,719	(27,749)	689,970
Balance at January 1, 2012	352,616	(32,122)	320,494
Changes	(15,433)	(18,896)	(34,329)
Tax effect	3,735	4,572	8,307
Balance at March 31, 2012	(Won) 340,918	(46,446)	294,472

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Operating Income and Expenses

Details of other operating income and expenses for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Other Operating Income:		
Reversal of allowance for doubtful accounts	(Won) 4,301	
Gain on disposal of property and equipment and intangible assets	231	115
Others	4,476	2,083
	(Won) 9,008	2,198
Other Operating Expenses:		
Communication expenses	16,171	13,681
Utilities	32,000	27,770
Taxes and dues	27,410	7,421
Repair	39,237	41,914
Research and development	43,745	57,736
Training	4,759	4,204
Bad debt for accounts receivable - trade	290	11,528
Supplies and others	11,201	12,384
Loss on disposal of property and equipment and intangible assets	762	565
Donations	12,269	23,280
Bad debt for accounts receivable - other	15,959	3,525
Others	679	3,383
	(Won) 204,482	207,391

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Finance Income and Costs

Details of finance income and costs for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Finance Income:		
Interest income	(Won) 20,991	43,015
Dividends	25,167	26,472
Gain on foreign currency transactions	1,150	1,235
Gain on foreign currency translation	43	7,083
Gain on valuation of financial asset at fair value through profit or loss		2,776
Gain on disposal of long-term investment securities	470	158,495
Gain on valuation of derivatives		1,263
Gain on settlement of derivatives	4,292	
Gain on valuation of financial liability at fair value through profit or loss		11,193
	(Won) 52,113	251,532
Finance Costs:		
Interest expense	71,002	55,083
Loss on foreign currency transactions	1,375	2,208
Loss on foreign currency translation	110	173
Loss on disposal of long-term investment securities	7,505	
Loss on settlement of derivatives		3,131
Loss on valuation of financial asset at fair value through profit or loss	640	
Loss on valuation of financial liability at fair value through profit or loss	3,733	
	(Won) 84,365	60,595

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Details of interest income included in finance income for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Interest income on cash equivalents and deposits	(Won) 12,425	10,340
Interest income on installment receivables and others	8,566	32,675
	(Won) 20,991	43,015

Finance Income and Costs, Continued

Details of interest expense included in finance costs for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Interest expense on bank overdrafts and borrowings	(Won) 3,465	9,728
Interest expense on debentures	40,902	41,428
Others	26,635	3,927
	(Won) 71,002	55,083

Details of impairment losses for financial assets for the three-month periods ended March 31, 2012 and 2011 are as follows:

<i>(In millions of won)</i>	For the three-month period ended	
	March 31, 2012	March 31, 2011
Bad debt for accounts receivable - trade	(Won) 290	11,528
Bad debt for accounts receivable - other	15,959	3,525
	(Won) 16,249	15,053

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Income Tax Expense

The tax expense was recognized as current tax expense adjusted to changes in estimates related to prior periods, deferred tax by origination and reversal, temporary differences, and income tax recognized in other comprehensive income. Difference in the average effective tax rate for the three-month periods ended March 31, 2012 and 2011 was caused mainly by the tax effect for changes in estimates related to prior periods.

Earnings per Share

Basic earnings per share

Basic earnings per share for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In millions of won, except for share data)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Net income for the period	(Won) 344,972	560,672
Weighted average number of common shares outstanding	69,694,999	71,094,999
Basic earnings per share (In Won)	(Won) 4,950	7,886

Earnings per Share, Continued

The weighted average number of common shares outstanding for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common shares at January 1, 2012	80,745,711	91/91	80,745,711
Effect of treasury stock	(11,050,712)	91/91	(11,050,712)
Number of shares at March 31, 2012	(Won) 69,694,999		69,694,999

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common shares at January 1, 2011	80,745,711	90/90	80,745,711
Effect of treasury stock	(9,650,712)	90/90	(9,650,712)
Number of shares at March 31, 2011	(Won) 71,094,999		71,094,999

Diluted earnings per share

Diluted net income per share for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In millions of won, except for share data)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Diluted net income for the period	(Won) 349,034	553,180
Diluted weighted average number of common shares outstanding	72,003,405	73,272,388
Diluted net income per share (In Won)	(Won) 4,847	7,550

Adjusted net income for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Net income	(Won) 344,972	560,672
Effect of exchangeable bonds	4,062	(7,492)
Adjusted net income	(Won) 349,034	553,180

Adjusted weighted average number of common shares outstanding for the three-month periods ended March 31, 2012 and 2011 are calculated as follows:

(In shares)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Weighted average number of common shares outstanding	69,694,999	71,094,999
Effect of exchangeable bonds (*)	2,308,406	2,177,389

Adjusted weighted average number of common shares outstanding	72,003,405	73,272,388
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44

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Shares per Share, Continued

of exchangeable bonds represents weighted average number of common shares outstanding in respect of the exchangeable
on shares of exchangeable bonds, which could be exchanged to treasury stock.

Categories of Financial Instruments

Financial assets by categories as of March 31, 2012 and December 31, 2011 are as follows:

(in million of won)

	March 31, 2012					
	Financial assets at fair value through profit or loss	Available- for-sale financial assets	Loans and receivables	Derivative financial instruments designated as hedged item	Total	
Cash equivalents	(Won)		1,163,683		1,163,683	
Financial instruments			212,569		212,569	
Investment securities		154,263			154,263	
Investment securities (*1)	15,977	1,249,946			1,265,923	
Receivable - trade			1,287,862		1,287,862	
Receivables (*2)			834,207		834,207	
Other financial assets				149,899	149,899	
	(Won)	15,977	1,404,209	3,498,321	149,899	5,068,406

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

(in million of won)

	Financial assets at fair value through profit or loss (Won)	December 31, 2011		Derivative financial instruments designated as hedged item	Total
		Available- for-sale financial assets	Loans and receivables		
Cash equivalents			895,558		895,558
Financial instruments			635,069		635,069
Investment securities		90,573			90,573
Investment securities (*1)	16,617	1,295,821			1,312,438
Receivable - trade			1,282,234		1,282,234
Receivables (*2)			1,103,799		1,103,799
Financial assets				188,605	188,605
	(Won) 16,617	1,386,394	3,916,660	188,605	5,508,276

Properties of Financial Instruments, Continued

The entire amount of long-term investment securities was designated as financial assets at fair value through profit or loss as the embedded derivative (conversion right option), which should be separated from the main contract, could not be separately measured.

The details of loans and receivables as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Short-term loans	(Won) 85,786	88,236
Accounts receivable - other	526,980	774,221
Accrued income	5,110	5,278
Long-term loans	72,295	75,282
Long-term accounts receivable - other	2,837	5,393
Guarantee deposits	141,199	155,389
	(Won) 834,207	1,103,799

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Financial liabilities by categories as of March 31, 2012 and December 31, 2011 are as follows:

(Amounts in millions of won)

	March 31, 2012			Total
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	
Financial liabilities	(Won)		5,673	5,673
Debt securities		2,601,107		2,601,107
Debt securities(*1)	401,619	3,006,623		3,408,242
Accounts payable and other(*2)		3,299,802		3,299,802
	(Won) 401,619	8,907,532	5,673	9,314,824

(Amounts in millions of won)

	December 31, 2011			Total
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Derivative financial instruments designated as hedged item	
Financial liabilities	(Won)		4,645	4,645
Debt securities		115,330		115,330
Debt securities(*1)	397,886	3,148,118		3,546,004
Accounts payable and other(*2)		2,901,123		2,901,123
	(Won) 397,886	6,164,571	4,645	6,567,102

Categories of Financial Instruments, Continued

The entire amount of debentures was designated as financial liabilities at fair value through profit or loss as the embedded conversion option (conversion right option), which should be separated from the main contract, could not be separately measured.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

of accounts payable and other payables as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Accounts payable - other	(Won) 1,720,371	1,361,473
Withholdings	18	18
Accrued expenses	587,959	468,313
Current portion of long-term payables - other	145,401	89,144
Long-term payables - other	705,491	840,974
Other non-current liabilities	140,562	141,201
	(Won) 3,299,802	2,901,123

Financial Risk Management**Financial risk management**

The Company is exposed to credit risk, liquidity risk and market risk. Market risk is the risk related to the changes in market prices, foreign exchange rates, interest rates and equity prices. The Company implements a risk management system to monitor and manage these specific risks.

The Company's financial assets under financial risk management consist of cash and cash equivalents, financial instruments, for-sale financial assets, trade and other receivables. Financial liabilities consist of trade and other payables, borrowings, and debentures.

1) Market risk

(i) Currency risk

The Company is exposed to currency risk mainly on exchange fluctuations on recognized assets and liabilities. The Company hedges currency risk by currency forward, etc. if needed to hedge currency risk on business transactions. Currency risk occurs on transactions and recognized assets and liabilities which are denominated in a currency other than the functional currency of the Company.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

Monetary foreign currency assets and liabilities as of March 31, 2012 are as follows:

(In millions of won, thousands of U.S. dollars, thousands of Euros, thousands of Japanese Yen, thousands of other currencies)

Assets		Liabilities	
Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
10,087	(Won) 11,501	1,325,680	(Won) 1,508,359
320	480	1,674	2,533
152,973	2,112	12,542,182	173,175
1	1	64,485	58,328
1	1	250	41
	(Won) 14,095		(Won) 1,742,436

the Company has entered into cross currency swaps to hedge against currency risk related to foreign currency borrowings and debentures. (Refer to Note 16)

As of March 31, 2012, effects on income (loss) before income tax as a result of change in exchange rate by 10% are as follows:

(In millions of won)

	If increased by 10%	If decreased by 10%
USD	(Won) (40,561)	40,561
EUR	(242)	242
JPY	145	(145)
SGD	(1)	1
Others	(4)	4
	(Won) (40,663)	40,663

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

(ii) Equity price risk

The Company has equity securities which include listed and non-listed securities for its liquidity and operating purpose. As of March 31, 2012, available-for-sale equity instruments measured at fair value amounts to (Won) 1,245,481 million.

(iii) Interest rate risk

The Company's interest bearing assets are mostly fixed-interest bearing assets, as such, the Company's revenue and operating profit are not influenced by the changes in market interest rates. However, the Company still has interest rate risk arising from borrowings and debentures.

Accordingly, the Company performs various analysis of interest rate risk, which includes refinancing, renewal, alternative financing and hedging instrument option, to reduce interest rate risk and to optimize its financing.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

The Company's interest rate risk arises from floating-rate borrowings and payables. As of March 31, 2012, floating-rate borrowings and debentures amount to (Won) 3,379,932 million and the Company has entered into interest rate swaps to hedge interest rate risk on floating-rate borrowings and debentures. (Refer to Note 16) If interest rate only increases (decreases) by 1%, income before taxes for the three-month period ended March 31, 2012 would have been decreased (increased) by (Won) 3,151 million due to the interest expense from floating-rate borrowings and debentures.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet his/her contractual obligations. To manage credit risk, the Company evaluates the credit worthiness of each customer or counterparty considering the party's financial information, its own trading records and other factors; based on such information, the Company establishes credit limits for each customer or counterparty.

For the three-month period ended March 31, 2012, the Company has no trade and other receivables or loans which have indications of impairment loss or are overdue for a prolonged period. As a result, the Company believes that the possibility of default is minimal. Also, the Company's credit risk can rise due to transactions with financial institutions related to its cash and cash equivalents, financial instruments and derivatives. To minimize such risk, the Company has a policy to deal with high credit worthy financial institutions. The amount of maximum exposure to credit risk of the Company is the carrying amount of financial assets as of March 31, 2012.

In addition, the aging of trade and other receivables that are over due at the end of the reporting period but not impaired is stated in Note 22. The analysis of financial assets that are individually determined to be impaired at the end of the reporting period is stated in Note 22.

Liquidity risk

The Company's approach to managing liquidity is to ensure that it will always maintain sufficient cash equivalents balance and have sufficient liquidity through various committed credit lines. The Company maintains flexibly enough liquidity under credit lines through active operating activities.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Contractual maturities of financial liabilities as of March 31, 2012 are as follows:

	Carrying amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Financial liabilities	(Won) 5,673	5,673	5,673		
	2,601,107	2,879,489	612,040	2,267,449	
(*1)	3,408,242	4,297,017	562,244	2,530,348	1,204,425
Payable - other and others (*2)	3,299,802	3,372,502	2,465,508	608,494	298,500
	(Won) 9,314,824	10,554,681	3,645,465	5,406,291	1,502,925

Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at different amounts.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

includes estimated interest to be paid and excludes discounts on bonds.
 excludes discounts on accounts payable-other and others.

Capital management

The Company manages its capital to ensure that it will be able to continue as a business while maximizing the return to shareholders and the optimization of its debt and equity balance. The overall strategy of the Company is the same as that of the Company as of March 31, 2012 and for the year ended 31 December 2011.

The Company monitors its debt-equity ratio as a capital management indicator. This ratio is calculated as total debt divided by total equity; the total debt and equity is extracted from the financial statements.

Debt-equity ratio as of March 31, 2012 and December 31, 2011 are as follows:

(In millions of won)

	March 31, 2012	December 31, 2011
Liability	(Won) 11,411,561	8,554,225
Equity	11,695,129	11,966,302
Debt-equity ratio	97.58%	71.49%

Fair value

The fair value of the financial instruments that are traded in an active market is measured based on the quoted market price at the end of the reporting date. Disclosed market price of the financial assets held by the Company is the bid price.

The fair value of the financial instruments that are not traded in an active market is determined using the valuation method. The Company uses various valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of financial instruments such as long-term liabilities is measured using the various methods including the estimated discounted cash flow method.

The fair value of accounts receivable - trade, and accounts payable - trade are considered to be carrying amount less impairment and fair value of financial liabilities for the disclosure purpose is estimated by discounting contractual future cash flows using the current market interest rate used for the similar financial instruments by the Company.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Interest rates used by the Company for the fair value measurement as of March 31, 2012 are as follows:

	Interest rate
Derivative instruments	3.19%~5.07%
Borrowings and Debentures	4.09%

Financial Risk Management, Continued

Fair value and carrying amount

Carrying amount and fair value of financial assets and liabilities are as follows:

(in millions of won)

	March 31, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Financial assets at fair value through profit or loss	(Won) 15,977	15,977	16,617	16,617
Derivative financial assets	149,899	149,899	188,605	188,605
Available-for-sale financial assets	1,245,481	1,245,481	1,273,132	1,273,132
	(Won) 1,411,357	1,411,357	1,478,354	1,478,354
Assets carried at amortized cost				
Bank and cash equivalents	1,163,683	1,163,683	895,558	895,558
Available-for-sale financial assets	158,728	158,728	113,262	113,262
Accounts receivable, trade and others	2,122,069	2,122,069	2,386,033	2,386,033
Financial instruments	212,569	212,569	635,069	635,069
	(Won) 3,657,049	3,657,049	4,029,922	4,029,922
Liabilities carried at fair value				
Financial liabilities at fair value through profit or loss	401,619	401,619	397,886	397,886
Derivative financial liabilities	5,673	5,673	4,645	4,645
	(Won) 407,292	407,292	402,531	402,531
Liabilities carried at amortized cost				
Borrowings	2,601,107	2,646,596	115,330	115,330
Securities	3,006,623	3,179,676	3,148,118	2,985,078

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nts payable - other and others	3,299,802	3,299,802	2,901,123	2,901,123
(Won) 8,907,532	9,126,074	6,164,571	6,001,531	

54

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Fair value hierarchy

The different levels have been defined as follows:

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

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

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

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Financial Risk Management, Continued

The table below analyzes financial instruments carried at fair value, by fair value hierarchy as of March 31, 2012.

(Amounts in millions of won)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	(Won) 15,977	15,977		15,977
Available-for-sale financial assets	1,107,427	25,387	112,667	1,245,481
Derivative financial assets		149,899		149,899
Financial liabilities at fair value through profit or loss	401,619			401,619
Derivative financial liabilities		5,673		5,673

There have been no transfers from Level 2 to Level 1 in 2012 and changes of financial assets classified as Level 3 for the three-month period ended March 31, 2012 are as follows:

(Amounts in millions of won)

	Balance at January 1	Other comprehensive income	Disposal	Balance at March 31
Available-for-sale financial assets	(Won) 162,098	(35,345)	(14,086)	112,667

56

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties

As of March 31, 2012, the parent company and subsidiaries of the Company are as follows:

Company	Ownership percentage (%)	Types of business
SK Holdings Co., Ltd.	25.2(*1)	Holding company
SK Telink Co., Ltd.	83.5	Telecommunication service
SK Communications Co., Ltd.	64.6(*2)	Internet website services
PAXNet Co., Ltd.	59.7(*2)	Internet website services
Loen Entertainment, Inc.	67.6(*2)	Release of music disc
Stonebridge Cinema Fund	45.6	Investment association
Commerce Planet Co., Ltd.	100.0(*2)	Online shopping mall operation agency
SK Broadband Co., Ltd.	50.6	Telecommunication services
Broadband D&M Co., Ltd.	100.0(*2)	Base station maintenance service
Broadband Media Co., Ltd.	100.0(*2)	Multimedia TV portal service
Broadband CS Co., Ltd.	100.0(*2)	Customer Q&A and Service
K-net Culture and Contents Venture Fund	59.0(*2)	Investment association
Benex Focus Limited Partnership II	66.7(*2)	Investment association
Open Innovation Fund	98.9(*2)	Investment association
PS&Marketing Corporation	100.0	Retail
Service Ace Co., Ltd.	100.0	Customer center management service
Service Top Co., Ltd.	100.0	Customer center management service
Network O&S Co., Ltd.	100.0	Base station maintenance service
BNCP Co., Ltd.	100.0(*2)	Software development and distribution service
Service-In Co., Ltd.	100.0(*2)	Data base and internet website service
SK Planet Co., Ltd.	100.0	Telecommunication service and new media business
SK Telecom China Holdings Co., Ltd.	100.0	Equity investment (Holding company)
SKY Property Mgmt. Ltd.	60.0	Equity investment
Shenzhen E-eye High Tech Co., Ltd.	65.5(*2)	GPS manufacturing and selling
SK China Real Estate Co., Ltd.	99.4	Equity investment

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SKT Vietnam PTE. Ltd.	73.3	Telecommunication service
SKT Americas, Inc.	100.0	Telecommunication service
YTK Investment Ltd.	100.0	Investment
Atlas Investment	100.0	Investment
Technology Innovation Partners, LP.	100.0(*2)	Investment
SK Telecom China Fund I L.P.	100.0(*2)	Investment

Ownership percentage represents parent company's ownership over the Company.

Ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct interest.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties, Continued

Transactions

	Purchases of property and equipment		Commissions paid and other expenses		Commissions earned and other income	
	For the three-month period ended					
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
(In millions of won)						
Company:						
SK Telecom Co., Ltd.	(Won)		6,230	6,256	99	76
Others:						
SK Telecom Co., Ltd.			9,945	25,113	11,699	18,263
SK Telecom Communications Co., Ltd.				2,254	1,696	2,120
SK Telecom Entertainment, Inc.			3	9,838	964	950
SK Telecom Co., Ltd. (*1)						2,996
Planet Co., Ltd.				41,999	3	2,383
SK Telecom and Co., Ltd.	355		87,099	51,466	27,127	19,960
SK Telecom Engineering Corporation			64,404	63,467	735	622
SK Telecom Co., Ltd.			34,363	28,171	2,078	2,777
SK Telecom Co., Ltd.			33,202	27,448	1,661	1,611
SK Telecom & S Co., Ltd.			26,017	18,879	587	567
SK Telecom Co., Ltd.			130,634		13,543	
SK Telecom China Holdings Co., Ltd.				4,520		
SK Telecom Inc.				3,308		
			277	251	29	45
SK Telecom Engineering & Company Co., Ltd.	24		24,077	27,382	2,000	2,182
SK Telecom Information Co., Ltd.			12,674	9,742	341	383
SK Telecom Baseball Club Co., Ltd.			9,400	9,794		13
SK Telecom Card Co., Ltd.		2	76,253	44,313	47,677	17,793
SK Telecom Co., Ltd. (*2)	3	166	429	588		3
			4,460	4,164		1
SK Telecom Company Limited	52,072	25,576	63,631	62,684	1,255	1,324
SK Telecom Co., Ltd.			185		825	
SK Telecom Co., Ltd.			156	2,369	223	4
SK Telecom Engineering and Construction Co., Ltd.	42,882	8,023	81	83	1,569	951
SK Telecom Co., Ltd.	12,344	9,017	462	2,257	31	37,208
SK Telecom Company Limited		168	83,481	86,246	4,153	4,132
SK Telecom Service			6,718	3,167		78
	4	271	2,493	23,636	1,984	1,641
(Won)	107,684	43,223	676,674	559,395	120,279	118,083

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties, Continued

Company sold its investment during the three-month period ended March 31, 2012.
 of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
 March 31, 2012.

Account balances

(in million of won)

	March 31, 2012			
	Accounts receivable	Guarantee deposits	Accounts payable	Guarantee deposits received
	(Won)	133		
Company:				
S Co., Ltd.				
S:				
Co., Ltd.	3,952		23,232	3,281
Communications Co., Ltd.	2,120		3,218	5,524
ainment, Inc.	580		21	
Planet Co., Ltd.			42	
nd Co., Ltd.	4,560	1,151	28,189	39,944
ing Corporation	319		112,097	6,276
Co., Ltd.			16,172	3,997
Co., Ltd.	569		11,782	3,367
&S Co., Ltd.	263		3,425	165
o., Ltd.	26,462		23,175	66,829
PTE. Ltd.	3,737			
			54	150
ng & Company Co., Ltd.	819		9,705	
nformation Co., Ltd.	23		3,795	
s Baseball Club Co., Ltd.			105	
Develkpmnt Co., Ltd.	38,412			
rd Co., Ltd.	7,718		4,380	
e Co., Ltd. (*)			402	
	2	10	332	
mpany Limited	1,288		85,733	197
on Co., Ltd.	714	91		
Co., Ltd.	402		399	
ring and Construction Co., Ltd.	1,064		16,235	82
Co., Ltd.	140		12,359	
s Company Limited		1,013	27,273	696
s Service			2,688	
	478		1,796	47

(Won) 93,755 2,265 386,609 130,555

of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
March 31, 2012.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties, Continued

Account balances, Continued

(in million of won)

	December 31, 2011			
	Accounts receivable	Guarantee deposits	Accounts payable	Guarantee deposits received
	(Won)			
Company:				
SK Telecom Co., Ltd.	146			
SK Telecom Co., Ltd.	2,664		7,749	3,281
SK Telecom Communications Co., Ltd.	1,221		2,508	5,524
SK Telecom Entertainment, Inc.	472		764	
SK Telecom Co., Ltd. (*1)	1,629			
Planet Co., Ltd.	1		363	
SK Telecom and Co., Ltd.	7,244	982	78,286	40,401
SK Telecom Engineering Corporation	371		40,311	6,249
SK Telecom Co., Ltd.	735		13,213	3,997
SK Telecom Co., Ltd.	438		14,733	2,462
SK Telecom & S Co., Ltd.	575		50,210	170
SK Telecom Co., Ltd.	85,902		177,809	66,805
SK Telecom China Holdings Co., Ltd.	3,788			
SK Telecom Cas, Inc.			4,062	
			591	150
SK Telecom Engineering & Company Co., Ltd.	262		22,977	
SK Telecom Information Co., Ltd.			3,736	
SK Telecom Baseball Club Co., Ltd.	3,812			
SK Telecom Development Co., Ltd.	38,412			
SK Telecom Card Co., Ltd.	8,627		1,600	
SK Telecom Co., Ltd. (*2)			1,057	
SK Telecom Ggun BeN Co., Ltd.	20,562		1,060	
SK Telecom Company Limited	2,452		89,784	197
SK Telecom Co., Ltd.	940	91	2	
SK Telecom Co., Ltd.	332		2,346	
SK Telecom Engineering and Construction Co., Ltd.	486		27,808	83
SK Telecom Co., Ltd.	106		35,371	
SK Telecom Company Limited	696	4,613	29,296	696
SK Telecom Service			3,530	
	2,141		1,322	
	(Won) 184,014	5,686	610,488	130,015

Company sold its investment during the three-month period ended March 31, 2012.
of the company has been changed from MRO Korea Co., Ltd. to HappyNarae Co., Ltd. during the three-month period
March 31, 2012.

60

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Transactions with Related Parties, Continued

Compensation for the key management

The Company considers registered directors who have substantial roles and responsibility in planning, operating, and controlling of the business as key management. Considerations given to key management for the three-month periods ended March 31, 2012 and 2011 are as follows:

(In millions of won)

	For the three-month period ended	
	March 31, 2012	March 31, 2011
Salaries	(Won) 7,991	7,156
Provision for retirement benefits	565	517
	(Won) 8,556	7,673

Commitments and Contingencies

As of March 31, 2012, the Company has participated in the Tactical Airship program of the Defense Acquisition Program Administration (DAPA) of the Defense Acquisition Program Administration (DAPA). For an advance receipt amounting to (Won) 4,200 million, which Joint Defense Corporation received from the Defense Acquisition Program Administration, the Company provides payment guarantees to the Defense Acquisition Program Administration.

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Components of Cash Flows

Adjustments for income and expenses from operating activities for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Net income	(Won) (20,991)	(43,015)
Depreciation and amortization	(25,167)	(26,472)
Gain on foreign currency translation	(43)	(7,083)
Gain on valuation of financial assets at fair value through profit or loss		(2,776)
Gain on valuation of financial liabilities at fair value through profit or loss		(11,193)
Gain on disposal of long-term investments securities	(470)	(158,495)
Gain on valuation of derivatives		(1,263)
Gain on settlement of derivatives	(4,292)	
Gain on disposal of investments in associates	(80,483)	(122)
Gain on disposal of property and equipment and intangible assets	(231)	(115)
Provision of allowance for doubtful accounts	(4,301)	
Net income	(2,131)	(2,220)
Net operating expenses	71,002	55,083
Gain on foreign currency translation	110	173
Gain on valuation of financial assets at fair value through profit or loss	640	
Gain on valuation of financial liabilities at fair value through profit or loss	3,733	
Gain on disposal of long-term investments securities	7,505	
Gain on settlement of derivatives		3,131
Income tax expense	88,865	228,367
Provision for retirement benefits	7,646	7,916
Investment loss on investment in associates	72,096	
Depreciation and amortization	427,135	448,180
Provision for accounts receivable - trade	290	11,528
Gain on disposal of property and equipment and intangible assets	762	565
Provision for accounts receivable - other	15,959	3,525
Net operating expenses	1	1,071
	(Won) 557,635	506,785

Contents

SK TELECOM CO., LTD.

Condensed Separate Statements of Cash Flows, Continued

For the three-month periods ended March 31, 2012 and 2011

Statements of Cash Flows, Continued

Changes in assets and liabilities from operating activities for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Accounts receivable - trade	(Won) (1,727)	104,268
Accounts receivable - other	250,337	393,964
Prepayments	(9,574)	(59,696)
Depreciation and expenses	12,268	28,773
Provisions	5,158	(4,857)
Term accounts receivables - other	2,556	280,356
Prepaid deposits	14,247	3,903
Accounts payable - other	(227,014)	(435,664)
Prepaid receipts	(709)	(7,952)
Investments	108,020	141,380
Dividends received	(1,637)	(330)
Depreciation and expenses	116,378	(3,955)
Unearned revenue	(24,915)	(18,189)
Provisions	(28,651)	(19,301)
Term provisions	5,037	6,325
Assets	1,184	2,793
Employee benefit payment	(9,530)	(5,017)
	(1)	236
	(Won) 211,427	407,037

Significant non-cash transactions for the three-month periods ended March 31, 2012 and 2011 are as follows:

	Korean won	
	2012	2011
	(In millions)	
Transfer of other property and equipment to construction in progress	(Won) 367,293	245,321
Transfer of construction in progress to property and equipment	570,779	273,857
Accounts payable - other related to acquisition of tangible assets and others	8,010	
Offset of accounts receivable-trade and others	256	174

Contents

SIGNATURES

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

SK TELECOM Co., LTD.
(Registrant)

By: /s/ Soo Cheol Hwang
(Signature)
Name: Soo Cheol Hwang
Title: Senior Vice President

Date: June 29, 2012