

Decision on Vertical Spin-off (“Mool Juk Bun Hal”) of SK Broadband’s T-Commerce Business

On August 17, 2017, the Board of Directors of SK Broadband Co., Ltd. (the “SK Broadband”), a wholly-owned subsidiary of SK Telecom Co., Ltd., resolved to spin off SK Broadband’s T-commerce business.

1. Subsidiary Company		SK Broadband Co., Ltd.			
2. Spin-off Method		SK Broadband intends to incorporate a new company (the “Spun-Off Company”) through a spin-off of SK Broadband’s T-commerce business under Articles 530-2 through 530-12 of the Commercial Code of Korea, pursuant to which the Spun-Off Company will become a wholly-owned subsidiary of SK Broadband.			
3. Purpose of Spin-off		<p>- To enhance the level of specialization and strengthen management efficiency by separating out the businesses.</p> <p>- To establish decision-making systems and performance evaluation systems suitable to the two differing businesses.</p> <p>- To enhance the ability of each business to quickly respond to changes in the market and regulatory environment as well as concentrate investments in core businesses to augment global competitiveness.</p>			
4. Spin-off Ratio		Not applicable, as the Spun-Off Company will issue 100% of its newly issued shares to SK Broadband.			
5. Details of Business and Assets to be Transferred subsequent to Spin-off		Any assets/liabilities, rights/obligations or other items of value of the T-commerce business			
6. Surviving Company after Spin-off	Company Name		SK Broadband Co., Ltd.		
	Summary Financial Information as of and for the Year ended December 31, 2016 (in millions of KRW)	Total Assets	3,521,126	Total Liabilities	2,374,061
		Total Shareholders’ Equity	1,147,065	Capital Stock	1,492,301
	Sales Amount for the Latest Fiscal Year (Mil. KRW)		2,922,245		
	Main Business		Fixed line service, IPTV, high speed internet, etc.		
7. Newly Established Company after Spin-off	Company Name		SK On Co., Ltd. (preliminary)		
	Summary Financial Information as of and for the Year ended December 31, 2016 (in millions of KRW)	Total Assets	30,199	Total Liabilities	9,822
		Total Shareholders’ Equity	20,377	Capital Stock	15,000
	Sales Amount for the Latest Fiscal Year (Mil. KRW)		20,731		
	Main Business		T-Commerce		
8. Scheduled Date of Shareholders' Meeting		August 17, 2017			
9. Period for filing objection by the Creditors		August 17, 2017 to September 18, 2017			
10. Effective Date of Spin-off		December 1, 2017			
11. Scheduled Spin-off Registration Date		December 7, 2017			

12. Date of Board Resolution (Decision Date)		August 16, 2017
- Attendance of Outside Directors	Present	4
	Absent	0
11. Other Matters Relating to an Investment Decision		<p>- The summary financial information in Items 6 and 7 above are based on separate financial statements as of December 31, 2016 prepared in accordance with Korean IFRS. Assets and liabilities to be transferred pursuant to the spin-off will be based on such financial statements, and the value of the transferred business may be subsequently adjusted on the date the spin-off takes effect.</p> <p>- Certain matters relating to the spin-off (including the transfer of documents, data and other materials) will be separately negotiated between SK Broadband and the Spun-Off Company.</p> <p>- The above schedule and details relating to the spin-off may change based on further negotiation among related parties as well as applicable laws and regulations and is subject to the approval of the general shareholders' meeting.</p>

SIGNATURES

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

SK TELECOM CO., LTD.
(Registrant)

By: /s/ Sunghyung Lee
(Signature)
Name: Sunghyung Lee
Title: Senior Vice President

Date: August 18, 2017