

## **President and CEO's speech in TeliaSonera's Annual General Meeting, 27 April 2006**

### **Anders Igel, President and CEO**

Ladies and gentlemen. Dear shareholders.

It is extremely exciting to be here today and to be able to show you the progress we have made and the belief we have in the future.

We can be proud of everything we have achieved together in the Group.

And I can ensure you that, in this industry, these achievements do not come easily. We are subject to fierce competition, and I think that it is impressive that we both maintained our position as market leader and reported an operating income of over 20 billion Swedish kronor.

In an AGM of another big Swedish company they offered entertainment to mobile phones. I do not intend to provide you with entertainment here, but instead will give you some glimpses into reality.

Here you can see me and our CFO Kim Ignatius. We are here visiting our operations in Azerbaijan, doing PR work for the Group. We took the photo with a mobile phone, then we sent it as an MMS to Stockholm and just a few minutes later it was published on our intranet. This is a good indication of what telecom has to offer.

The Eurasian countries represent an enormous customer base; we have over 6 million customers in Kazakhstan, Azerbaijan, Georgia and Moldova, and the fact is that as much as one third of our operating income comes from this region, Russia and Turkey.

Inspired by the growth in our eastern operations, it is obvious there are no limits to what growth can be created in this industry. However I'm thinking mainly about what can be achieved with telecom in general.

The fact that growth in the western world in our industry is quite low right now, doesn't mean that life for a telecom operator is coming to an end.

Look at this trend in mobile traffic the last three years!

During the last years we have posted a growth in mobile volumes of 18%. The same goes for broadband with a growth in customers of 40%. And why should not all people, having a normal fixed line subscription today, like to have broadband.

We know pretty well what the future will look like and which are the sources of growth.

A world where mobility is key.

A world where we will have broadband in every home and company.

A world where we can deliver content – TV, music, e-mail etc – both over the mobile and over broadband.

A world where we, in many cases, have assumed the operations responsibility for data communications within the corporations.

Growth is driven by being present in all corners of society and we will now enter, for us, partially new areas – and that is what makes the future so exciting.

Let me show you one of the absolute newest developments bridging the gap between mobile voice and the Internet.

In my hand I hold something that looks like a normal telephone, but is in reality a little more than that. It is a telephone that works two ways – with it, you can make a call over the normal mobile network AND when you are at home, you can also make a call over a normal wireless network connected to your home's broadband. The call is switched from one network to another seamlessly.

What does this mean to our customers? Simplicity. They have ONE telephone, receive ONE invoice, have all their telephone numbers saved in one place and no longer need to keep track of how different telephones work. Also, it is less expensive for them to make calls at home over broadband.

We will launch this service soon in Denmark.

You can read in the Annual Report about our earnings for 2005.

I would like to reemphasize that we reported very strong operating income of over 20 billion Swedish kronor, and that growth was over seven percent. At the same time, we strengthened our leading market positions in all markets despite extremely tough competition.

We are proud of this result, but the outcome from this year's first quarter was actually even better. Growth continued to be strong at 6%. The margin increased by 2 percentage points and the quarter's operating income climbed to more than 6 billion Swedish kronor.

And, best of all, all areas of the company contributed to the improved earnings. I probably rather have to lower expectations somewhat. Last quarter was a good quarter.

The telecom industry is in the midst of a big transformation. The speed of change is high. We know what we are doing and what needs to be done. To have the guts to move away from old legacy services and towards services based on mobility and the internet.

We have come far on the way from the former state owned monopoly. We have become one of the leaders in this industry.

Consider what has happened the last three years since the merger between Telia and Sonera.

\* Today we have important operations in 13 countries.

2002 every third krona came from mobile operations.

\* Today it is every second.

2002 we had almost 40 million customers.

\* Today we have more than doubled that – 84 million

Before, broadband was something everyone dreamed about.

\* Today we deliver up to 24 Mbit via copper lines. And we have 1.6 million broadband customers.

Imagine changing the major part of your products, readjusting the main portion of your production machine, shifting competence in order to manage the new challenges and at the same time make money.

Which industries can do that?

We decided at a very early stage that we wanted to take the lead in the transition and were the first to commit to a vision of simplicity for our customers.

The phone I just showed is only one example of what we mean by simplicity.

The demands on our organization and competence transfer are large, and we are prepared to take care of our personnel and help them.

The most important competence that we must strengthen in the company is marketing and commercial skills, but we also need to improve our ability to lead in a time of change.

Are we advancing fast enough..? It is hard to say... But the best we can do is to be both realistic and persistent. It is obvious that we are taking steps forward

It is important that we, together with our employees, implement the changes and let the needs of the customer and business guide our decisions.

This entails not rushing into investments only for the sake of technology.

That is how we will continue to be profitable.

And we have reported strong profits. Which have made TeliaSonera very strong financially.

TeliaSonera is operating in a fast moving market and acquisitions happen very fast. We need to be strong and flexible allowing the company to act and to act fast.

That is also the assessment of our board. The board has addressed the company's dividend policy.

In addition to the ordinary dividend the board intends to propose a yearly additional distribution to shareholders. This will be reviewed annually taking into consideration cash flows and investment plans.

Based on the current assessment, the additional distributions would be on the same level as today.

Recent share price performance has been favorable. This is of course good news for those of us who are shareholders in TeliaSonera. More good news is that we can continue to propose a dividend that is in a class of its own and makes the TeliaSonera share one of the highest yielding shares in the industry.

Major efforts were made during the past year and the first quarter. I would like to say Thank You to everyone in the company. And I would also like to say a special Thank You to you, the shareholders, for showing that you believe in TeliaSonera.

I can promise you one thing:

My colleagues and I will continue to do our absolute best to show you that your trust is well-placed.

Thank you