Nr 1/2010

Minutes of the Annual General Meeting of TeliaSonera AB (publ) (Corporate Reg. No. 556103-4249) held in Stockholm on April 7, 2010

PRESENT

Listed shareholders as per Appendix 1

Opening of the AGM

The AGM was opened by Chairman of the Board, Mr. Tom von Weymarn.

§ 1 Electing the chairperson for the AGM

Tom von Weymarn presented the proposal by the nomination committee for electing Attorney-at-Law Mr. Sven Unger as the Chairman for the current AGM.

Resolution

The AGM elected Attorney-at-Law Mr. Sven Unger as Chairman of the AGM.

It was recorded that the Company’s General Counsel Mr. Jan Henrik Ahrnell was asked to act as the secretary for the AGM.

Resolution

The AGM resolved to allow the guests to attend the meeting.

§ 2 Preparation and adoption of the list of voting rights

The meeting was presented with a list of registered shareholders, showing for each the number of shares forming the basis of their voting rights. The list had been adjusted with respect to shareholders who had registered but did not attend.

Resolution

The AGM resolved to adopt the list of registered shareholders, adjusted with respect to those shareholders who had registered but did not attend, as the list of voting rights for the AGM, Appendix 1.

It was recorded that a total of 412 persons attended the AGM, including accompanying persons, guests and officers.

It was further recorded that the AGM was also attended by all the members of the Board of Directors except Magnus Brattström as well as Chartered Auditor Mr. Göran Tidström.
§ 3 Adoption of the agenda

The Board’s proposal for the agenda, attached to the notice for the meeting, was presented.

Resolution

The AGM resolved to adopt the Board’s proposal for the agenda.

§ 4 Electing two scrutinisers of the minutes

The representative of the Swedish Government, Mr. Urban Karlström, proposed that Mr. Peter Lindell, the representative of AMF Pension och Fonder and Ms. Caroline af Ugglas, the representative of Skandia Liv, would act as the scrutinisers of the minutes for the current AGM.

Resolution

The AGM resolved that Mr. Peter Lindell and Ms. Caroline af Ugglas would scrutinise the minutes together with the Chairman.

§ 5 Establishing the legitimacy of the AGM

It was recorded that the notice of the AGM on 8 March, 2010, was posted as an advertisement in the newspapers Dagens Nyheter, Svenska Dagbladet and Post- och Inrikes Tidningar. The notice has also been displayed on TeliaSonera’s homepage since 8 March, 2010.

Resolution

The AGM found that the meeting is legitimate.


The Annual Report, the Auditor’s Report, Consolidated Financial Statements and Group Auditor’s Report for 2009, Appendix 2, and the Auditor’s statement according to chapter 8 section 54 of the Swedish Companies Act were presented to the AGM, Appendix 3.

CEO Mr. Lars Nyberg reported the Group’s operations and developments.

Chairman of the Board Mr. Tom von Weymann commented on the work undertaken by the Board during the past year.

Chartered auditor Mr. Göran Tidström commented on the contents of the auditors’ report.

Questions were put forward and opinions expressed by following shareholders:
Mr. Günther Märder, representative of Aktiespararna Topp Sverige and Sveriges Aktiesparares Riksförbund, asked about the cost saving programmes permanence and threats against further growth within the businesses in Eurasia.

Mr. Folke Höjmar, representative of TeliaSonera Aktieägarförening, asked how much the policy for remuneration to executive management carried through by the Swedish state had cost the company in consultancy fees i.a. and asked about TeliaSonera’s strengths in comparison to the company’s international competitors.

Mr. Torwald Arvidsson asked if the company after the last AGM had considered to convey an extra ordinary annual meeting to once again deal with the remuneration issue and thereafter asked the Swedish state about there future holdings in the company as well as their different opinion regarding remuneration compared to the Finnish state’s opinion.

Ms. Carina Lundberg Markow, representative of Folksam, referred to a survey conducted by Folksam and 14 other institutions regarding sustainable value creation and asked about the company’s actions against corruption in the home markets and Eurasia.

Mr. Kjell Westberg asked why not TeliaSonera invests in countries such as USA, West- Europe, India, China and South Korea instead of investing in countries that are political and economical unstable and also asked if customers that are shareholders could receive a discount on the fixed charges.

Mr. Per Huitfeldt asked why the union Akademikerna is not represented in the Board of directors.

The questions were commented by Mr. Tom von Weymarn and Mr. Lars Nyberg.


Resolution


It was recorded that shareholders specified in Appendix 4 abstained from voting under this item.

It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.
§ 8 Distribution of profits

The proposal by the Board and the CEO regarding the distributable funds was presented, whereby the amount of SEK 63,054,894,607 is to be distributed in such manner that an dividend of SEK 2.25 per share is paid to the shareholders, amounting to a total of SEK 10,103,528,729. If the meeting decides in accordance with the proposal from the Board a total of SEK 10,103,528,729 will be paid to the shareholders and the balance of distributable funds is transferred to retained earnings. The AGM was also presented with the Board’s proposal according to which the record date for the right to receive dividends would be 12 April, 2010.

Resolution

It was decided that a dividend of SEK 2.25 per share is to be paid, that the amount of SEK 52,951,365,878 is to be entered into retained earnings, and that the record date for the right to receive dividends is 12 April, 2010.

§ 9 Discharge from liability

Resolution

The AGM discharged the members of the Board and the CEO from liability regarding the financial year of 2009 in accordance with the Auditors’ recommendations.

It was recorded that the members of the Board and the CEO did not participate in making this resolution.

It was recorded that shareholders specified in Appendix 4 abstained from voting under this item.

It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.

It was recorded that Kjell Westberg made a reservation against the decision with the motivation that he in connection with an issue to close down an telephone subscription and in an issue regarding land leasing within TeliaSonera had experienced staff that where unfriendly and negligent towards customers.

§ 10 The number of members and deputy members of the Board

The Chairman of the nomination committee Ms. Viktoria Aastrup reported on the work carried out by the nomination committee during the past year and presented the committee’s proposal regarding the number of members of the Board, the remuneration to the members of the Board, the election of the members of the Board, the election of the Chairman of the Board as well as election of the nomination committee.
Resolution

The AGM resolved that the Board would consist - apart from the employees’ representatives appointed through a separate process - of eight ordinary members and that no deputy members would be appointed.

§ 11 Remuneration of the Board

Resolution

The AGM resolved that the remuneration payable to the Board of Directors until the next AGM would be SEK 1,000,000 to the Chairman and SEK 425,000 to each other board members elected by the AGM. The AGM also resolved that the Chairman of the Board’s audit committee would receive remuneration amounting to SEK 150,000 and the other members of the Board’s audit committee would receive SEK 100,000 each, and that the Chairman of the Board’s remuneration committee would receive remuneration amounting to SEK 40,000 and other members of the Board’s remuneration committee would receive SEK 20,000 each.

§ 12 Election of Board members

Mr. Arne Svahn asked whether any of the new proposed members to be elected had shares in TeliaSonera or considered to by shares.

The question was commented by Mr. Anders Narvinger.

Resolution

The AGM elected the following persons as members of the Board until the following AGM: Ms. Ingrid Jonasson Blank, Ms. Maija-Liisa Friman, Mr. Conny Karlsson, Mr. Anders Narvinger, Mr. Timo Peltola, Mr. Lars Renström, Mr. Jon Risfelt, Mr Per-Arne Sandström.

§ 13 Election of Chairman of the Board

Resolution

The AGM elected Mr. Anders Narvinger as the Chairman of the Board.

§ 14 Election of nomination committee

Resolution

The AGM resolved that the following persons would be members of the nomination committee until the next AGM: Mr. Björn Mikkelsen (Swedish state), Mr. Kari Järvinen (Finnish state via Solidium Oy), Mr. KG Lindvall (Swedbank Robur funds), Mr. Lennart Ribohn (SEB funds) and Mr. Anders Narvinger (Chairman of the Board of Directors).
It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.

§ 15 Principles of remuneration policy for the Executive Management

Mr. Tom von Weymarn presented the board’s proposal for Principles of remuneration policy for the Executive Management, Appendix 5.

Mr. Urban Karlström, representative for the Swedish state, presented the Swedish state’s proposal for Principles of remuneration policy for the Executive management, Appendix 6.

Kari Järvinen, representative of the Finnish state, Günther Märder, representative of Aktiespararna Topp Sverige and Sveriges Aktiesparares Riksförbund, Torwald Arvidsson, Folke Höjmar, representative of TeliaSonera Aktieägarförening, Michael Wiberg, representative of Alecta, Caroline af Ugglas, representative of Skandia Liv, Carina Lundberg Markow, representative of Folksam, KG Lindvall, representative of Swedbank Robur Fonder and Lennart Ribohn, representative of SEB Fonder expressed their opinion in favour of the board’s proposal.

By request of Kari Järvinen, representative of the Finnish state, and Günther Märder, representative of Aktiespararna Topp Sverige and Sveriges Aktiesparares Riksförbund, the chairman conducted a vote among the 19 largest shareholders represented at the AGM whereby it was concluded that all except for the Swedish state supported the board’s proposal.

Resolution

The AGM resolved to approve the proposal for Principles of remuneration policy for the Executive Management presented by the Swedish state.

It was recorded that shareholders specified in Appendix 4 abstained from voting under this item.

It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.

It was recorded that Mr. Torwald Arvidsson made a reservation against the decision.

§ 16 Authorisation for the Board to resolve on acquisitions of own shares

Mr. Tom von Weymarn presented the board’s proposal to authorise the Board to resolve on acquisitions of own shares was presented, Appendix 7.
Günther Mårder, representative of Aktiespararna Topp Sverige and Sveriges Aktiesparares Riksförbund, stated that it was a risk that the number of shares in the company would be reduced if the board would receive the authorisation to acquire own shares and that the accessible money instead should be used for investments in the company’s business.

**Resolution**

The AGM resolved to adopt the Board’s proposal.

It was recorded that the resolution was supported by shareholders with at least two-thirds of the votes casted and shares represented at the AGM.

It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.

It was recorded that Mr. Günther Mårder, representative of Aktiespararna Topp Sverige and Sveriges Aktiesparares Riksförbund, made a reservation against the decision.

§ 17 Proposal for (a) implementation of a long-term incentive program 2010/2013 and (b) hedging arrangements for the program

Mr. Tom von Weymarn presented the board’s proposal for implementation of a long-term incentive programme 2010/2013 and hedging arrangements for the programme, Appendix 8.

Per Huitfeldt asked how the payment in shares would be conducted.

The question was answered by Mr. Tom von Weymarn.

**Resolution (a)**

The AGM resolved to adopt the board’s proposal for implementation of a long-term incentive programme 2010/2013.

**Resolution (b)**

The AGM resolved to adopt the board’s proposal for hedging arrangements for the programme.

It was recorded that the resolution in item 17(b) was supported by shareholders with no less than nine-tenths of both the votes casted and shares represented at the AGM.

It was recorded that shareholders listed in Appendix 4 voted against the proposal under this item.

**Closing the AGM**

The Chairman of the AGM declared the AGM of 2010 closed.
Secretary

Jan Henrik Ahrnell

Scrutinisers of the minutes

Sven Unger

Peter Lindell

Caroline af Ugglas
The Board of Directors’ proposal for guidelines for remuneration to the executive management

Remuneration to the executive management in TeliaSonera

This document is describing TeliaSonera’s policy for the executive management.

Remuneration principles

The TeliaSonera objective is to maximize the effectiveness of cash and equity in remuneration programs to attract, retain and motivate high caliber executives needed to maintain the success of the business.

Remuneration should be built upon a total reward approach allowing for a market relevant - but not market leading - and cost effective executive remuneration delivery based on the following compensation components:

1. Base salary
2. Variable pay
3. Pension
4. Other benefits

Remuneration structure

Base salary

The base salary should reflect the competence required, responsibility, complexity and business contribution of the executive. The base salary should also reflect the performance of the employee and consequently be individual and differentiated. When assessing a base salary, the actual prevalence and level of variable pay elements should be considered.

Variable pay

TeliaSonera may have annual and long term variable pay programs. The prevalence and structure of variable pay programs are decided by the Board of Directors, within the framework stated in this document.

A variable pay program should reflect the EU Commission recommendation 2009/3177/EG on remuneration of directors of listed
companies and the Swedish Code of Corporate Governance on the subject of remuneration of executives in Swedish listed companies.

Variable pay programs should contain criteria which are supporting an increased shareholder value and should have a defined ceiling in relation to the executive’s annual base salary. A program should have a set of predetermined objectives, which are measurable and for each variable pay objective it should be stated what performance is required to reach the starting point (minimum requirement for payout) and what performance is required to reach the maximum (cap).

Any payout from a variable pay program should be reported in the annual report and at the annual shareholders’ meeting of the company.

**Annual variable pay**
An annual variable pay program should reward performance measured over a maximum period of 12 months, should ensure the long-term sustainability of the company and be capped to a maximum of the executive’s annual base salary of 40 percent.

For each variable pay objective it should be stated what performance is required

- to reach the starting point (threshold)
- to reach the mid point (target) and
- to reach the maximum point (cap)

The objectives should be designed in such a way which allows the executive to reach the threshold for a solid performance, the target level for a performance meeting expectations and the maximum level for an exceptional performance.

If extraordinary circumstances occur the Board of Directors shall have the discretionary right to adjust variable salary payments.

The Board of Directors shall reserve the right to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.

**Long-term variable pay**
A long-term variable pay program should ensure long-term sustainability of the company, secure a joint interest in increased shareholder value and provide an alignment between senior management and the shareholders by sharing risks and rewards of the TeliaSonera share price.

The program may be annually repeated and shall reward performance measured over a minimum of a three year period, be capped to a maximum of 50 percent per annum of the annual base salary and should be equity based (invested and delivered in TeliaSonera shares with the ambition that...
the employees should remain shareholders also after vesting). A prerequisite for payout from such a program is the continuous employment at the end of the earnings period.

Approximately 100 members of the senior management may be eligible to a long-term variable pay program out of which approximately ten belongs to the group executive management.

The program measures performance over a minimum 3 year period in relation to:

1. Earnings Per Share (EPS) - weight 50 percent
2. Total Shareholders Return (TSR) compared to a corresponding TSR development of a pre-defined peer-group of companies - weight 50 percent

The prevalence of a long-term variable pay program is subject to the approval of the annual shareholders’ meeting of the company.

If extraordinary circumstances occur the Board of Directors shall have the discretionary right to adjust variable salary payments.

The Board of Directors shall reserve the right to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.

Other benefits

Retirement benefits etc.
Retirement benefits shall be based on the defined contribution method. Pensionable salary is the base salary.

Company car
The executive may be entitled to a company car or other similar benefit.

Termination
The termination period for the executive management may be up to six month given from the employee and 12 months from the employer (for the CEO 6 months). In case of termination from the company the executive may be entitled to a severance payment of up to 12 months (for the CEO 24 months). Severance pay shall be paid on a monthly basis in amounts equal to the base salary. The severance pay shall not constitute a basis for calculation of holiday pay or pension benefits and shall be reduced if the executive has a new employment or conducts his own business.

Miscellaneous
The executive may be covered by health care provisions, travel insurance etc. in accordance with local labour market practice.
The Board of Directors is allowed to make minor deviations on an individual basis from the principles stated above.
The Swedish State’s proposal for guidelines for remuneration of the executive management

Remuneration to the executive management in TeliaSonera

This document is describing TeliaSonera’s policy for the executive management.

Remuneration principles
The TeliaSonera objective is to offer remuneration levels and other employment conditions required to attract, retain and motivate high caliber executives needed to maintain the success of the business.

Remuneration should be built upon a total reward approach allowing for a market relevant – but not market leading - and cost effective executive remuneration delivery based on the following compensation components:

1. Base salary
2. Pension
3. Other benefits

Remuneration structure

Base salary
The base salary should reflect the competence required, responsibility, complexity and business contribution of the executive. The base salary should also reflect the performance of the employee and consequently be individual and differentiated.

Other benefits
Retirement benefits shall be based on the defined contribution method. Pensionable salary is the base salary.

The Executive may be entitled to a company car or other similar benefit.

The termination period for the executive management may be up to six month given from the employee and 12 months from the employer (for the CEO 6 months). In case of termination from the company the executive may be entitled to a severance payment of up to 12 months (for the CEO 24
months). Severance pay shall be paid on a monthly basis in amounts equal to the base salary. The severance pay shall not constitute a basis for calculation of holiday pay or pension benefits and shall be reduced if the executive has a new employment or conducts his own business.

The executive may be covered by health care provisions, travel insurance etc. in accordance with local labour market practice.

The board is allowed to make minor deviations on an individual basis from the principles stated above.
The Board of Directors’ proposal for authorization to acquire own shares

Background and reasons
In order to provide the Board of Directors with an instrument to adapt and improve the company’s capital structure and thereby create added value for the shareholders, the Board of Directors proposes that the annual general meeting authorize the Board of Directors to carry out acquisitions of own shares on the terms and conditions set forth below. In order to obtain an efficient instrument to enable the fulfilment of this purpose, the Board of Directors also intends to propose that future annual general meetings of the company authorize the Board of Directors to resolve on acquisitions of own shares on terms and conditions that are materially equivalent to those set forth below. At present, the company does not hold any own shares.

Decision to authorize the Board of Directors to resolve on acquisitions of own shares

The Board of Directors proposes that the annual general meeting authorize the Board of Directors to resolve on acquisitions of own shares on the terms and conditions set forth below.

1. Acquisitions of shares may be effected on (i) Nasdaq OMX Stockholm and/or Nasdaq OMX Helsinki or (ii) in accordance with an offer to acquire shares directed to all shareholders or through a combination of these two alternatives.

2. The authorization may be exercised at one or more occasions prior to the annual general meeting 2011.

3. The maximum number of shares acquired shall be such that the company’s holding from time to time does not exceed 10 percent of all shares in the company.

4. Acquisitions of shares on Nasdaq OMX Stockholm and/or Nasdaq OMX Helsinki may only be made at a price within the spread between the highest bid price and lowest ask price prevailing from time to time on Nasdaq OMX Stockholm and/or Nasdaq OMX Helsinki.
5. Acquisitions of shares by way of offers to acquire shares directed to all the company’s shareholders may, if the company considers this to be appropriate and suitable, take place at an acquisition price which exceeds the prevailing market price. It will thereupon be possible, by means of detachable sales rights (Sw. säljrätter), for the shareholders to enjoy the value of the premium which may arise as a consequence of the company acquiring shares at a price in excess of the market price for the share. Should this be the case, it is intended that the sales rights be traded on Nasdaq OMX Stockholm and Nasdaq OMX Helsinki, respectively.

In order to avoid shareholders not enjoying the financial value that an acquisition offer may represent if made at a premium, by reason of such shareholders neither selling sales rights nor participating in the acquisition offer, the company may appoint a bank or another financial institution (the “bank”) that, provided that the bank pays compensation to the shareholders who upon expiry of the application period hold non-exercised sales rights, shall be entitled to transfer to the company a number of shares corresponding to the number of sales rights that would have entitled to a transfer of such shares and for which compensation is paid. The bank may in such case acquire the shares to be transferred to the company, as set forth above, on the market. The bank appointed by the Board of Directors shall be identified in the Board of Directors’ resolution regarding a possible acquisition offer.

The compensation that the bank, where appropriate, is to pay to the shareholders concerned for each non-exercised sales right shall correspond to the lowest of (i) the difference in the price at which the company has acquired shares within the scope of the acquisition offer and the average price per share that the bank has paid for its acquisition of shares in question divided by the current acquisition ratio\(^1\) in the acquisition offer, less the bank’s actual handling cost, and (ii) the compensation that may be paid per sales right in the event of an offer of commission-free sale of sales rights.

With respect to the sales rights for which the bank may pay compensation as set out above, the bank is entitled to transfer shares to the company. An application for such a transfer of shares shall be made no later than the day, upon expiry of the application period for the acquisition offer that the Board of Directors determines. The terms and conditions for the acquisition offer also apply to the bank’s transfer of shares.

6. In the event foreign legal and/or administrative rules significantly impede implementation of an acquisition offer in a particular country, the Board of Directors or a party appointed by the Board of Directors

\(^1\) The number of shares (and thereby normally also the number of sales rights) required for the transfer of one share to the company.
in its stead shall be entitled to effect a sale of sales rights on behalf of the shareholders concerned and shall, instead, pay the cash amount received upon a sale carried out with due care, less costs incurred.

7. The Board of Directors shall be entitled to decide on other terms and conditions for the acquisition.

In order for the resolution by the annual general meeting pursuant to the Board of Directors’ proposal above to be valid, shareholders with at least two-thirds of the votes cast and shares represented at the Meeting must vote in favour of the proposal.

Finally, the Board of Directors proposes that the Meeting authorize the chairman of the Board of Directors to make the minor adjustments to the resolutions above that may prove necessary in connection with the execution of the resolutions.

The Board of Directors intends to propose to the 2011 annual general meeting that a resolution be adopted regarding cancellation of these own shares through a reduction of the company's share capital without repayment to the shareholders.
The Board of Directors’ proposal for (a) the implementation of a long-term incentive programme 2010/2013 and (b) hedging arrangements for the programme

Background
The remuneration framework within the TeliaSonera group (the “Group”) currently consists of fixed salary, annual variable salary, pension and other benefits. All in all these parts constitute an integrated remuneration package. However, currently the Group does not have a long-term incentive program for senior executives.

The Board of Directors has carried out a review of the remuneration framework with the ambition to strengthen the Group’s ability to recruit and retain talented senior executives, create long-term confidence in and commitment to the Group’s long-term development, strengthen the Group’s efforts to be more of a united company – “One Group”, align senior executives’ interests with those of the shareholders, increase the part of the remuneration that is linked to the Company’s performance and encourage shareholding of senior executives.

As a result of the review, the Board of Directors considers that a long-term incentive programme should be implemented for the senior executives of the Group. The long-term incentive programme proposed by the Board of Directors to be implemented during 2010, relating to the financial years 2010-2012 and that may result in allotments of so-called performance shares during the spring of 2013 (“Performance Share Programme 2010/2013”), is further described below.

The Board of Directors intends to propose forthcoming Annual General Meetings to implement long-terms incentive programmes on similar conditions that apply to the now proposed Performance Share Programme 2010/2013.

Description of Performance Share Programme 2010/2013

General
Performance Share Programme 2010/2013 shall comprise approximately 100 senior executives within the Group. Provided that certain performance conditions, consisting of financial targets linked to EPS (Earnings Per
Share) and TSR (Total Shareholder Return), are met during the financial years 2010-2012 (the “Performance Period”), participants in Performance Share Programme 2010/2013 shall be given the opportunity to receive final allotments of TeliaSonera shares without consideration (“Performance Shares”).

Performance Share Programme 2010/2013 shall in total comprise no more than 1,560,000 TeliaSonera shares, which corresponds to approximately 0.03 percent of the total number of outstanding shares in the Company.

Own initial investment
Participation in the programme requires that the participant has invested in TeliaSonera shares or allocated already held TeliaSonera shares to the programme (“Saving Shares”) corresponding to a value of two (2) percent of the participant’s annual gross base salary (i.e. before taxes) per year-end 2009 or, if a participant has become employed thereafter, the calculated annual gross base salary for 2010 (the “Base Salary”). Saving Shares shall normally be acquired or allocated to the programme during a period of approximately two weeks following the publication of the Company’s Interim Report for the first quarter 2010. In the event of new recruitments thereafter, participation in the programme may be offered and acquisition or allocation of Saving Shares may take place until the end of August 2010.

Performance Conditions
The final allotments of Performance Shares will be based 50 percent on the Company’s development in EPS1 (“EPS-based allotment of Performance Shares”) and 50 percent on the Company’s TSR during the Performance Period in relation to TSR in a peer group of approximately ten comparable Nordic and western European telecom companies defined by the Board of Directors (“TSR-based allotment of Performance Shares”). 2 As is further described below, the financial targets include a minimum level which must be achieved in order for any allotments to occur at all, as well as a maximum level in excess of which no additional allotments will occur. Should lower financial targets than the maximum level be achieved, a lower number of Performance Shares may thus be allotted.

The preliminary EPS-based allotment of Performance Shares shall be made based on the Company’s development in EPS for each of the financial years 2010, 2011 and 2012, in relation to EPS for the preceding financial year, and amount to a total value of no more than 20 percent of the Base Salary for each member of the Group Executive Management or, alternatively, 15 percent of the Base Salary for each other manager.

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1 EPS is defined as earnings per share, with a possibility for the Board of Directors to make adjustments for extraordinary events and/or exchange rate fluctuations.
2 TSR is equal to the overall return a shareholder would receive on his or her shareholding taking into account both share price appreciation and dividends (if any). When calculating TSR, an average TSR-index number for December 2006 shall be compared with December 2012 for the Company and for the companies included in the peer group defined by the Board of Directors. The peer group does presently consist of Telenor ASA, Elisa Oyj, Tele2 AB, KPN NV, Telekom Austria AG, France Telecom SA, Deutsche Telekom AG, Vodafone Group Plc. and Telefonica SA.
In order for the participants to be entitled to receive any preliminary EPS-based allotment of Performance Shares, EPS for the relevant financial year must exceed EPS for the preceding financial year adjusted for inflation to be established further by the Board of Directors ("Minimum level"). In order for the participants to be entitled to receive maximum preliminary EPS-based allotment of Performance Shares, EPS for the relevant financial year must exceed the Minimum level with a certain percent established by the Board of Directors, amounting to no less than five and no more than 15 percent ("Maximum level"). If the Company’s EPS exceeds the Minimum level, but is less than the Maximum level, a proportionate reduction of the right to receive preliminary EPS-based allotment of Performance Shares shall be made.

The Board of Directors will establish the Company’s EPS for each of the financial years 2009, 2010, 2011 and 2012. Further, the Board of Directors will establish the Maximum level for each of the financial years 2010, 2011 and 2012. EPS and the Maximum level, respectively, as established by the Board of Directors, are intended to appear in the Annual Report for each of the financial years 2010, 2011 and 2012.

TSR-based allotment of Performance Shares shall be made based on a 3-year TSR measured over the Performance Period and amount to an aggregate value of no more than 20 percent of the Base Salary for each member of the Group Executive Management or, alternatively, 15 percent of the Base Salary for each other manager.

If the Company’s TSR during the Performance Period places the Company at first or second place in the peer group, the participants have a right to receive the maximum TSR-based allotment of Performance Shares. If the Company’s TSR during the Performance Period places the Company at or below the median in the peer group, the participants have no right to receive any of the TSR-based allotment of Performance Shares. If the Company’s TSR during the Performance Period places the Company above the median in the peer group, but not at first or second place in the peer group, a proportionate reduction of the right to receive preliminary TSR-based allotment of Performance Shares shall be made.

**Allotment**
Maximum preliminary EPS-based allotment of Performance Shares for each of the financial years 2010, 2011 and 2012, shall amount to the number of Performance Shares corresponding to approximately 6.67

percent of the Base Salary for each member of the Group Executive Management or, alternatively, 5.00 percent of the Base Salary for each other manager, in both cases, divided by a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm's official list.

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2 Calculated as 20 percent divided by 3, i.e. the number of occasions when preliminary allotments of Performance Shares may take place during the course of the three-year Performance Period.
during December for each of the years 2009, 2010 and 2011, however not lower than SEK 26. The maximum final EPS-based allotment of Performance Shares may not exceed annual preliminary allotted Performance Shares, but may be below the annual preliminary allotted Performance Shares as a result of the limitation on the maximum financial outcome that applies for each participant as set out below or other reduced final allotments as decided by the Board of Directors. Preliminary allotments of Performance Shares shall normally take place in conjunction with the Board of Directors’ submission of the Annual Report for each of the financial years 2010, 2011 and 2012.

Maximum TSR-based allotment of Performance Shares, shall amount to the number of Performance Shares corresponding to 20 percent of the Base Salary for each member of the Group Executive Management or, alternatively, 15 percent of the Base Salary for each other manager, in both cases, divided by a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm’s official list during December 2009.

Final allotments of Performance Shares will take place following the publication of the Company’s Interim Report for the first quarter 2013. Rounding off shall be made to the closest whole number of Performance Shares.

The maximum financial outcome for a participant, and the maximum number of Performance Shares that may finally be allotted, shall be capped at such number of Performance Shares which aggregate market value, based on a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm’s official list during 20 trading days prior to the day of publication of the Interim Report for the first quarter 2013, corresponds to 50 percent of the Base Salary of each member of the Group Executive Management and 37.5 percent of the Base Salary of each other manager. Rounding off shall be made to the closest whole number of Performance Shares.

Recalculation of final allotments of Performance Shares shall take place in the event of an intervening bonus issue, split, rights issue and/or other similar events.

A condition for final allotments of Performance Shares shall normally be that the participant has been employed within the Group during the whole period as from entering into the programme until the day of publication of the Interim Report for the first quarter 2013 (the “Vesting Period”) and that all Saving Shares held by a participant have been kept during such period. Therefore, upon termination of the employment within the Group during the Vesting Period, the right to receive final allotments of Performance
Shares normally lapse. The same normally applies also in relation to the right to receive preliminary EPS-based allotment of Performance Shares.

In addition to what is set out above, the Board of Directors shall under certain circumstances be entitled to reduce final allotments of Performance Shares or, wholly or partially, terminate Performance Share Programme 2010/2013 in advance and to make such local adjustments of the programme that may be necessary to implement the programme with reasonable administrative costs and efforts in the concerned jurisdictions, including, among other things, to offer cash settlement as well as to waive the requirement for investing in or allocating Saving Shares to the programme for participants in such jurisdictions.

**The value of and the estimated costs for Performance Share Programme 2010/2013**

The participants’ rights to receive final allotments of Performance Shares on the final day of the programme are not securities and cannot be pledged or transferred to others. Neither are any shareholders’ rights transferred to participants in the programme prior to the day when they receive final allotments of Performance Shares. An estimated market value relating to the right to receive final allotments of Performance Shares can however be calculated. The Board of Directors has calculated the total value for the right to receive allotments of Performance Shares under Performance Share Programme 2010/2013 to approximately SEK 20 million, under the following essential assumptions: (i) a share price of SEK 50.40 per TeliaSonera share as per 1 March 2010, (ii) an annual employee turnover of five percent and (iii) a 50 percent achievement of the EPS-based performance condition and, for the TSR-based performance condition, an assessment of future volatility on and reciprocal correlation between TSR for the Company and the companies included in the peer group defined by the Board of Directors (a so-called Monte Carlo simulation).

If the EPS-based performance conditions are achieved to 100 percent, the annual employee turnover is 0 percent and the assumption of a share price of SEK 50.40 and the assessment with respect to TSR are unchanged, the value of Performance Share Programme 2010/2013 is estimated to approximately SEK 35 million.

The costs are accounted for as staff costs (share-based benefits) over the three year Vesting Period. The social security costs are estimated to amount to approximately SEK 4 million, based on the assumptions described in items (i) – (iii) above, and, further, under the assumptions of a final allotment of TSR-based Performance Shares of 25 percent of maximum allotment, a tax rate for social security contributions of 20 percent and an annual increase in the market value of the TeliaSonera share of 5 percent. The costs for Performance Share Programme 2010/2013, excluding of the costs for the programme’s hedging measures, and assuming maximum allotments, unchanged share price until preliminary allotments, full target achievement and that the limitation with respect to the maximum market
value of allotted Performance Shares is applicable, amount to approximately SEK 50 million, including approximately SEK 15 million in social security costs.

**Dilution and effects on key ratios**
Performance Share Programme 2010/2013 will not entail any dilution effect, as the programme is proposed to be hedged by either treasury shares or a hedging arrangement with bank or other financial institution relating to already issued shares.

The costs for Performance Share Programme 2010/2013 are expected to have a marginal effect on the Group’s key ratios.

**Preparation of the proposal**
The proposal regarding Performance Share Programme 2010/2013 to the Annual General Meeting 2010 has been prepared by the Company’s remuneration committee, where after the Board of Directors has resolved to present the proposal regarding Performance Share Programme 2010/2013 to the Annual General Meeting 2010.

**Hedging**
The Board of Directors has considered two alternative hedging methods for Performance Programme 2010/2013; either (i) a hedging arrangement with a bank or other financial institution securing delivery of shares under the programme or (ii) transfers of shares held by the Company itself to participants in Performance Share Programme 2010/2013. The Board of Directors considers the latter alternative as its main alternative. However, should the Annual General Meeting not approve the proposed transfer of own shares to participants in the programme, the Board of Directors may enter into a hedging arrangement set out above with a third party to hedge the obligations of the Company to allot under the programme.

Since the social security costs are not expected to be significant in comparison with the Company’s operating cash flow, such costs are intended to be financed by cash and bank holdings.

**The Board of Directors’ proposal for resolutions**
The Board of Directors proposes that the Annual General Meeting 2010 resolves to (i) implement Performance Share Programme 2010/2013, based on no more than 1,560,000 Performance Shares, and on the further main terms and conditions set out in item (a) below, and (ii) transfers own shares to participants in the programme, and to subsidiaries within the Group in order to secure their obligations to deliver Performance Shares under the programme, in accordance with item (b) below.

(a) **Main terms and conditions for Performance Share Programme 2010/2013**
1. Performance Share Programme 2010/2013 shall comprise approximately 100 senior executives within the Group.

2. Provided that the performance conditions described above, consisting of financial targets linked to EPS (Earnings Per Share) and TSR (Total Shareholder Return), are met during the Performance Period, participants in Performance Share Programme 2010/2013 shall be given the opportunity to receive final allotments of Performance Shares without consideration.

3. Performance Share Programme 2010/2013 shall in total comprise no more than 1,560,000 TeliaSonera shares, which corresponds to approximately 0.03 percent of the total number of outstanding shares in the Company.

4. Participation in the programme requires that the participant has invested in or allocated to the programme already held Saving Shares corresponding to a value of two (2) percent of the participant’s Base Salary. Saving Shares shall normally be acquired or allocated to the programme during a period of approximately two weeks following the publication of the Company’s Interim Report for the first quarter 2010. In the event of new recruitments thereafter, participation in the programme may be offered and acquisition or allocation of Saving Shares may take place until the end of August 2010.

5. The final allotments of Performance Shares will be based 50 percent on the Company’s development in EPS for each of the financial years 2010, 2011 and 2012, in relation to EPS for the preceding financial year, and 50 percent on the Company’s TSR during the Performance Period in relation to TSR in a peer group of approximately ten comparable Nordic and western European telecom companies defined by the Board of Directors.

6. The financial targets include a minimum level which must be achieved in order for any allotments to occur at all, as well as a maximum level in excess of which no additional allotments will occur. Should lower financial targets than the maximum level be achieved, a lower number of Performance Shares may thus be allotted.

7. Maximum preliminary EPS-based allotment of Performance Shares for each of the financial years 2010, 2011 and 2012, shall amount to the number of Performance Shares corresponding to approximately 6.67 percent of the Base Salary for each member of the Group Executive Management or, alternatively, 5.00 percent of the Base Salary for each other manager, in both cases, divided by a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm’s official list during December for each of the years 2009,
2010 and 2011, however not lower than SEK 26. The maximum final EPS-based allotment of Performance Shares may not exceed annual preliminary allotted Performance Shares, but may be below the annual preliminary allotted Performance Shares as a result of the limitation on the maximum financial outcome that applies for each participant as set out in item 10 below or other reduced final allotments as decided by the Board of Directors in accordance with item 13 below. Preliminary allotments of Performance Shares shall normally take place in conjunction with the Board of Directors’ submission of the Annual Report for each of the financial years 2010, 2011 and 2012.

8. Maximum TSR-based allotment of Performance Shares, shall amount to the number of Performance Shares corresponding to 20 percent of the Base Salary for each member of the Group Executive Management or, alternatively, 15 percent of the Base Salary for each other manager, in both cases, divided by a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm’s official list during December 2009.

9. Final allotments of Performance Shares will take place following the publication of the Company’s Interim Report for the first quarter 2013. Rounding off shall be made to the closest whole number of Performance Shares.

10. The maximum financial outcome for a participant, and the maximum number of Performance Shares that may finally be allotted, shall be capped at such number of Performance Shares which aggregate market value, based on a volume-weighted average price, calculated as the average of the daily noted volume-weighted purchase price of the Company’s share on NASDAQ OMX Stockholm’s official list during 20 trading days prior to the day of publication of the Interim Report for the first quarter 2013, corresponds to 50 percent of the Base Salary of each member of the Group Executive Management and 37.5 percent of the Base Salary of each other manager. Rounding off shall be made to the closest whole number of Performance Shares.

11. Recalculation of final allotments of Performance Shares shall take place in the event of an intervening bonus issue, split, rights issue and/or other similar events.

12. A condition for final allotments of Performance Shares shall normally be that the participant has been employed within the Group during the whole Vesting Period and that all Saving Shares held by a participant have been kept during such period. Upon termination of the employment within the Group during the Vesting Period, the right to receive final allotments of Performance Shares normally lapses. The same normally applies also in relation to the right to receive preliminary EPS-based allotment of Performance Shares.
13. In addition to what is set out above, the Board of Directors shall under certain circumstances be entitled to reduce final allotments of Performance Shares or, wholly or partially, terminate Performance Share Programme 2010/2013 in advance and to make such local adjustments of the programme that may be necessary to implement the programme with reasonable administrative costs and efforts in the concerned jurisdictions, including, among other things, to offer cash settlement as well as to waive the requirement for investing in or allocating Saving Shares to the programme for participants in such jurisdictions.

14. The Board of Directors shall be responsible for the further designing and administration of Performance Share Programme 2010/2013 within the framework of the above stated main terms and conditions.

(b) Transfers of own shares

Transfers of own shares to participants in Performance Share Programme 2010/2013, and to subsidiaries within the Group in order to secure their obligations to deliver Performance Shares under the programme, may be made on the following terms and conditions.

1. No more than 1,560,000 TeliaSonera shares may be transferred to participants in Performance Share Programme 2010/2013 as Performance Shares.

2. Entitled to receive allotments of Performance Shares without consideration shall be such persons within the Group being participants in Performance Share Programme 2010/2013. Further, subsidiaries shall be entitled to acquire shares without consideration, in which case such company shall be obliged, pursuant to the terms and conditions of Performance Share Programme 2010/2013, to immediately transfer the shares to such persons within the Group that participate in Performance Share Programme 2010/2013.

3. Transfers of shares shall be made without consideration at the time and on such additional terms and conditions that participants in Performance Share Programme 2010/2013 are entitled to receive final allotments of Performance Shares, i.e. following the publication of the Company’s Interim Report for the first quarter 2013.

4. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, split, rights issue and/or other similar events.

The reasons for deviation from the shareholders’ preferential rights are the following.
The transfers of own shares are integrated parts of the implementation of Performance Share Programme 2010/13. The Board of Directors considers it to be an advantage for the Company and the shareholders that the participants in Performance Share Programme 2010/13 are offered to become shareholders in the Company.

The Board of Directors’ proposes that the resolutions pursuant to items (a) and (b) above shall be resolved by the Annual General Meeting as two separate resolutions. The proposal in item (b) regarding transfers of shares shall be conditional upon that the Annual General Meeting has approved item (a), i.e. the implementation of the proposed programme.

The resolution regarding implementation of the proposed long-term incentive programme pursuant item (a) above requires a so-called simple majority vote.

The resolution regarding the proposed hedging arrangements pursuant to item (b) above requires a so-called super-majority vote, i.e. no less than nine-tenths of both the votes cast and the shares represented at the Annual General Meeting have to approve the proposal.