Minutes of the Annual General Meeting of TeliaSonera AB (publ) (Corporate Reg. No. 556103-4249) held in Stockholm on April 3, 2012

PRESENT

Listed shareholders as per Appendix 1

Opening of the AGM

The AGM was opened by Chairman of the Board, Mr. Anders Narring.

§ 1 Electing the chairperson for the 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 Ahnell 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 724 shareholders were represented at the AGM and that 286 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 as well as Chartered Auditor Mr. Bo Hjalmarsson.
§ 3 Adoption of the agenda

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

§ 4 Electing two scrutinisers of the minutes

Resolution
The AGM resolved that Mr. Anders Oscarsson and Mr. Frank Larsson would scrutinise the minutes together with the Chairman.

§ 5 Establishing the legitimacy of the AGM

It was recorded that the notice of the AGM had been displayed on TeliaSonera’s homepage since 23 February, 2012. The notice to the AGM was posted as an advertisement in Post- och Inrikes Tidningar on 23 February, 2012. On 23 February, 2012, it was also announced in the newspapers Dagens Nyheter and Svenska Dagbladet that the notice had been posted.

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 2011, 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 on the work undertaken by the Board and the Board’s remuneration committee during the last year.

Chairman of the Board’s audit committee Mrs. Maija-Liisa Friman commended on the work undertaken by the audit committee during the last year.

Chartered auditor Mr. Bo Hjalmarsson commented on the contents of the auditors’ report.

Questions were put forward and opinions expressed by a number of shareholders. The questions were commented by Mr. Anders Narvinger and Mr. Lars Nyberg.

Resolution


§ 8 Distribution of profits and establishment of record date for the right to receive dividend

Resolution

It was decided that a dividend of SEK 2.85 per share is to be paid by the company and the remaining profit is to be entered into retained earnings, and that the record date for the right to receive dividends is 10 April, 2012.

§ 9 Discharge from liability

Resolution

The AGM discharged the members of the Board and the CEO from liability regarding the financial year of 2011.

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

It was recorded that Kjell Westberg made a reservation against the decision.

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

The Chairman of the nomination committee Mrs. Kristina Ekengren 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, the number of auditors, the remuneration to the auditors, the election of auditors as well as election of the nomination committee.

Resolution

The AGM resolved that the Board would consist 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 1,100,000 to the Chairman and SEK 450,000 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 55,000 and other members of the Board’s remuneration committee would receive SEK 35,000 each.

§ 12 Election of Board members

Resolution
The AGM elected the following persons as members of the Board until the end of the AGM 2013: Re-election of Mrs. Maija-Liisa Friman, Mrs Ingrid Jonasson Blank, Mr. Anders Narvinger, Mr. Timo Peltola, Mr. Lars Renström, Mr. Jon Risfelt and Mr. Per-Arne Sandström and new-election of Olli –Pekka Kallasvuo.

§ 13 Election of Chairman of the Board

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

§ 14 The number of auditors

Resolution
The AGM resolved that the number of auditors shall, until the end of the AGM 2013, be one (1).

§ 15 Remunerations to the auditors

Resolution
The AGM resolved that remuneration to the auditors shall be paid as per invoice.

§ 16 Election of auditors and deputy auditors

Resolution
The AGM elected PricewaterhouseCoopers as auditors, until the end of the AGM 2013.
§ 17 Election of nomination committee

Thorwald Arvidsson encouraged the nominations committee to put more emphasis on gender and ethnicity in their future proposals for members of the Board.

Resolution

The AGM resolved that the following persons would be members of the nomination committee until the end of the AGM 2013: Mrs. Kristina Ekengren (Swedish state), Mr. Kari Järvinen (Finnish state via Solidium Oy), Mr. Thomas Eriksson (Swedbank Robur funds), Mr. Per Frennberg (Alecta) and Mr. Anders Narvinger (Chairman of the Board of Directors).

§ 18 Principles of remuneration policy for the Executive Management

Resolution

The AGM resolved to approve the proposal for Principles of remuneration policy for the Executive Management presented by the Board, Appendix 4.

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

Mr. Anders Narvinger presented the board’s proposal to authorise the Board to resolve on acquisitions of own shares, Appendix 5.

Günther Mårder, representative of Aktiespararna Topp Sverige and Sveriges Aktiebanks Riksförbund, stated that before the Board has outlined the company’s financial goals, they could not consider voting for a proposal of authorisation.

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.

§ 20 Proposal for (a) implementation of a long-term incentive program 2012/2015 and (b) hedging arrangements for the program

The board’s proposal for implementation of a long-term incentive programme 2012/2015 and hedging arrangements for the programme were presented, Appendix 6.

Resolution (a)

The AGM resolved to adopt the board’s proposal for implementation of a long-term incentive programme 2012/2015.
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 20 (b) was supported by shareholders with no less than nine-tenths of both the votes casted and shares represented at the AGM.

§ 21 Proposal from the shareholder Folksam regarding adjustment if TeliaSonera’s ethical guidelines

Anders Narvinger stated that it is already today stated in i.a. the company’s sustainability report that the company has undertaken to comply with both the UN Declaration of Humans Rights and the OECD Guidelines for Multinational Companies. The board agrees with Folksam that this can be expressed more clearly also in the company’s ethical guidelines and the Board has therefore decided that this shall be inserted in the company’s ethical guidelines.

Carina Lundberg Markow, representative of Folksam, presented Folksam’s proposal, Appendix 7. Folksam welcomed the Board’s decision and stated that is was enough that the Boards position was recorded in the minutes and withdrew its request for a decision by the AGM on this issue.

Kristina Ekengren, representative of the Swedish state, welcomed the Board’s decision to adjust the company’s ethical guidelines in accordance this Folksam’s proposal.

Closing the AGM

Anders Narvinger thanked Conny Karlsson and the Chairman of the AGM declared the AGM of 2012 closed.

Secretary                      Scrutinisers of the minutes

Jan Henrik Ahrnell              Sven Unger

Anders Oscarsson

Frank Larsson
The Board of Directors’ proposal regarding guidelines for remuneration to the executive management

Remuneration to the Executive Management in TeliaSonera

This document is describing TeliaSonera’s remuneration policy for the Executive Management.

Remuneration principles

TeliaSonera’s objective is to offer remuneration levels and other employment conditions required to attract, retain and motivate high calibre 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 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 in the position and the responsibility, complexity and the business contribution of the Executive. The base salary should also reflect the performance of the Executive and consequently be individual and differentiated.

Pension

Pension and other retirement benefits should be based on the defined contribution method.
Other benefits

The termination period may be up to six months when given by the Executive and up to 12 months when given by the Employer (in relation to the CEO six months). In case of termination given by the Employer, the Executive may be entitled to a severance payment of up to 12 months (in relation to the CEO 24 months).

The severance payment shall not constitute a basis for calculation of vacation pay or pension benefits and shall be reduced should the Executive be entitled to pay from a new employment or from conducting his own business during the period under which the severance is payable to the Executive.

The Executive may be entitled to a company car benefit, 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 for the Board of Directors to resolve on acquisitions of 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, and to enable the company to transfer own shares under long-term incentive programmes approved by a general meeting, the Board of Directors proposes that the Annual General Meeting authorise 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 authorise 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.

Authorisation for the Board to resolve on acquisitions of own shares

The Board of Directors proposes that the Annual General Meeting authorise 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 Helsingfors or (ii) in accordance with an offer to acquire shares directed to all shareholders or through a combination of these two alternatives.

2. The authorisation may be exercised at one or more occasions prior to the Annual General Meeting 2013.

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 Helsingfors 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 Helsingfors.
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. salfratet), 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 Helsingfors, 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 ratio¹ 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 applies 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, shall be entitled to effect a sale of sales rights on behalf of the

¹The number of shares (and thereby normally also the number of sales rights) required for the transfer of one share to the company.
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 authorise the chairman of the Board of Directors to make the minor adjustments to the resolution above that may prove necessary in connection with the execution of the resolution.

The Board of Directors intends to propose the 2013 Annual General Meeting to cancel those own shares acquired not hedging the company’s obligations to deliver shares under long-term incentive programmes approved by a general meeting 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 2012-2015 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. A number of key employees also participate in a long-term incentive programme, which was approved by the Annual General Meeting 2010 and 2011 respectively. All in all, these parts constitute an integrated remuneration package. In accordance with the decision of the Annual General Meeting 2010 and 2011, neither annual nor long term variable remuneration is paid to members of the TeliaSonera Group management team.

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 key employees, create a 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 key employees’ interests with those of the shareholders, increase the part of the remuneration that is linked to the Company’s performance and encourage shareholding of key employees.

As a result of the review, the Board of Directors considers that yearly long-term incentive programmes should be implemented for key employees of the Group. The long-term incentive programme proposed by the Board of Directors to be implemented during 2012, relating to the financial years 2012-2014 and that may result in allotments of so-called performance shares during the spring of 2015 (“Performance Share Programme 2012/2015”), is further described below.

The Board of Directors intends to propose forthcoming Annual General Meetings to implement long-term incentive programmes on similar conditions that apply to the now proposed Performance Share Programme 2012/2015.

Description of Performance Share Programme 2012/2015

General
Performance Share Programme 2012/2015 shall comprise approximately 100 key employees 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 2012-2014 (the “Performance Period”), participants in Performance Share Programme 2012/2015 shall be given the opportunity to receive final allotments of TeliaSonera shares without consideration (“Performance Shares”).

Performance Share Programme 2012/2015 shall in total comprise of no more than 1,400,000 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 2011 or, if a participant has become employed thereafter, the calculated annual gross base salary for 2012 (the "Base Salary"). Saving Shares shall normally be acquired or allocated to the programme during a period of approximately five weeks following the publication of the Company’s Interim Report for the first quarter 2012. In the event of recruitment of key employees thereafter, participation in the programme may be offered and acquisition or allocation of Saving Shares may take place until the end of August 2012.

Performance Conditions
The final allotments of Performance Shares will be based 50 percent on the Company’s development in EPS\(^1\) (“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 2012, 2013 and 2014, in relation to EPS for the preceding financial year, and amount to a total value of no more than 15 percent of the Base Salary for the key employee.

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 2011, 2012, 2013 and 2014. Further, the Board of Directors will establish the Maximum Level for each of the financial years 2012, 2013 and 2014. 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 2012, 2013 and 2014.

\(^1\) 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 2011 shall be compared with December 2014 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, Telia AB, KPN NV, Telekom Austria AG, France Telecom SA, Deutsche Telekom AG, Vodafone Group Plc. and Telefonica SA.
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 15 percent of the Base Salary for the key employee.

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 2012, 2013 and 2014, shall amount to the number of Performance Shares corresponding to 5.00 percent of the Base Salary for the key employee, 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 2011, 2012 and 2013, however not lower than SEK 23. 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 2012, 2013 and 2014.

Maximum TSR-based allotment of Performance Shares, shall amount to the number of Performance Shares corresponding to 15 percent of the Base Salary for the key employee, 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 2011.

Final allotments of Performance Shares will take place following the publication of the Company’s Interim Report for the first quarter 2015. 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 2015, corresponds to 37.5 percent of the Base Salary of the key employee. 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, share repurchase offer, 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 up to and including the day of publication of the Interim Report for the first quarter 2015 (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 lapses. 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 the Performance Share Programme 2012/2015 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 2012/2015
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 2012/2015 to approximately SEK 14 million, under the following essential assumptions: (i) a share price of SEK 45.14 per TeliaSonera share as of 20 January 2012, (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 the probability of outcome of the TSR-based performance condition in the peer group defined by the Board of Directors.

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 45.14 and the assessment with respect to TSR are unchanged, the value of Performance Share Programme 2012/2015 is estimated to approximately SEK 25 million.

The costs are accounted for as staff costs (share-based benefits) over the three years 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 2012/2015, 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 37 million, including approximately SEK 12 million in social security costs.

Dilution and effects on key ratios
Performance Share Programme 2012/2015 will not entail any dilution effect, as the programme is proposed to be hedged by either treasury shares or a hedging arrangement with a bank or another financial institution relating to already issued shares.
The costs for Performance Share Programme 2012/2015 are expected to have a marginal effect on the Group’s key ratios.

Preparation of the proposal
The proposal regarding Performance Share Programme 2012/2015 to the Annual General Meeting 2012 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 2012/2015 to the Annual General Meeting 2012.

Hedging
The Board of Directors has considered two alternative hedging methods for Performance Programme 2012/2015; 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 2012/2015. 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 2012 resolves to (i) implement Performance Share Programme 2012/2015, based on no more than 1,400,000 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 2012/2015

1. Performance Share Programme 2012/2015 shall comprise approximately 100 key employees 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 2012/2015 shall be given the opportunity to receive final allotments of Performance Shares without consideration.

3. Performance Share Programme 2012/2015 shall in total comprise no more than 1,400,000 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 five weeks following the publication of the Company’s Interim Report for the first quarter 2012. In the event of recruitment of key
employees thereafter, participation in the programme may be offered and acquisition or allocation of Saving Shares may take place until the end of August 2012.

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 2012, 2013 and 2014, 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 2012, 2013 and 2014, shall amount to the number of Performance Shares corresponding to approximately 5.00 percent of the Base Salary for the key employee 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 2011, 2012 and 2013, however not lower than SEK 23. 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 2012, 2013 and 2014.

8. Maximum TSR-based allotment of Performance Shares, shall amount to the number of Performance Shares corresponding to 15 percent of the Base Salary for the key employee 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 2011.

9. Final allotments of Performance Shares will take place following the publication of the Company’s Interim Report for the first quarter 2015. 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 2015, corresponds to 37.5 percent of the Base Salary of the key employee. 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 2012/2015 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 2012/2015 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 2012/2015, 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 1,400,000 TeliaSonera shares may be transferred to participants in Performance Share Programme 2012/2015 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 2012/2015. 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 2012/2015, to immediately transfer the shares to such persons within the Group that participate in Performance Share Programme 2012/2015.

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 2012/2015 are entitled to receive final allotments of Performance Shares, i.e. following the publication of the Company’s Interim Report for the first quarter 2015.

4. The number of shares that may be transferred shall be subject to recalculation in the event of an intervening bonus issue, share repurchase offer, 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 2012/2015. The Board of Directors considers it to be an advantage for the Company and the shareholders that the participants in Performance Share Programme 2012/2015 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.
Proposal to the Annual General Meeting

Human rights apply to us all. They state that all human beings are born free and equal in dignity and rights. The human rights are universal. They apply everywhere in the world, whatever the country, culture or context. The human rights regulate the relations between State authorities and individual people. They limit the State authorities’ power over individual people, simultaneously specifying certain obligations the authorities have towards people.

Freedom of expression and privacy play an important role.

States have an obligation to respect the regulations of international law. Every country is responsible for seeing to it that the obligations regarding human rights are implemented in the country’s national legislation.

The telecommunications sector is unique in that it enables exchange of ideas and makes accessing information easier, thereby supporting economic growth and technological development as well as improving many people’s quality of life. Information and communications technology companies also carry a responsibility to respect and protect their customers’ and users’ freedom of expression and right to privacy.

The Swedish Government states on its home page as follows:

"Governments should not be allowed to limit the freedom of expression except under very exceptional circumstances. Such limitations must be based on internationally recognized laws and/or rules. The limitations must be essential and proportionate to the intended objective."

TeliaSonera’s Code of Ethics and Conduct states:

"TeliaSonera has a long history of success as a result of fair and ethical business practices. We support international standards on human rights, labour conditions, the environment and anticorruption. TeliaSonera strives to act as one company, based on a common set of values, business principles and performance management. Wherever we operate we act as a local
company, identifying and working with local business risks and opportunities. It is our objective to be a clean company and a good corporate citizen, living by the letter and spirit of the law."

In our opinion, TeliaSonera’s ethical guidelines should not be dependent only on the legal frames of the countries where TeliaSonera has operations. TeliaSonera’s ethical guidelines should also make it clear that the company complies with the international human rights and rules set out in Article 19 of the UN’s Declaration of Human Rights and in OECD’s recently revised guidelines for multinational companies, especially as regards freedom of expression and human rights.

On account of the above, Folksam proposes that the Annual General Meeting should resolve to give the Board an assignment to adjust TeliaSonera’s current ethical guidelines in accordance with the UN’s Declaration of Human Rights and OECD’s 2011 guidelines for multinational companies.

The updated ethical guidelines could help to improve TeliaSonera’s opportunities to respect and protect its users’ and customers’ freedom of expression.