

## PROSPECTUS



### TELIASONERA AB (publ)

*(incorporated as a company with limited liability in Sweden)*

**€11,000,000,000**

### **Euro Medium Term Note Programme**

Under this €11,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Teliasonera AB (publ) (the "**Issuer**" or "**Teliasonera**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €11,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "**Prospectus Act 2005**") to approve this document as a base prospectus. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this base prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Notes (other than Swedish Registered Notes, as defined below) issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). This Prospectus will be valid for a period of 12 months from the date hereof.

The Programme provides that Notes may be listed and/or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes of each Tranche (except Notes which are to be cleared through the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB and which are in registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479) ("**Swedish Registered Notes**" and "**Euroclear Sweden**" respectively)) will initially be represented by either a temporary global Note or, if so specified in the applicable Final Terms, a permanent global Note, which will be deposited on the issue date thereof with a common depositary, or common safekeeper, as the case may be, on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), and/or any other agreed clearance system. A temporary global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Notes following the occurrence of an Exchange Event (as defined under "*Form of the Notes*"), all as further described in "*Form of the Notes*" below. The Swedish Registered Notes of each Tranche will be issued in uncertificated and dematerialised book entry form as more fully described in "*Form of the Notes*" below.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Prospectus or a new Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer has been rated A- for long term borrowings and A-2 for short-term borrowings by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") and A3 for long term borrowings and P-2 for short-term borrowings by Moody's Investors Service España, S.A ("**Moody's**"). The Programme has been rated (P)A3 by Moody's and A- by Standard & Poor's. Each of Moody's and Standard and Poor's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA**").

**Regulation**"). As such each of Moody's and Standard & Poor's is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by Moody's and Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Arranger*  
**Deutsche Bank**

*Dealers*

**Barclays**  
**BofA Merrill Lynch**  
**Crédit Agricole CIB**  
**Goldman Sachs International**  
**SEB**

**BNP PARIBAS**  
**Citigroup**  
**Deutsche Bank**  
**ING Commercial Banking**  
**The Royal Bank of Scotland**

The date of this Prospectus is 26 April 2013.

## IMPORTANT INFORMATION

*This Prospectus comprises a base prospectus for the purposes of Article 5.4 of European Council Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**").*

*The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" below). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.*

*No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.*

*No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.*

*Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.*

*The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the documents deemed incorporated herein by reference when deciding whether or not to purchase any Notes.*

*The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations*

*and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom and Japan (see "Subscription and Sale" below).*

*This Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.*

*The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:*

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;*
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;*
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;*
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and*
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

*Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.*

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "Subscription and Sale" below).*

*All references in this document to "U.S. dollars" refer to the currency of the United States of America, those to "Swedish Kronor", "SwKr" and "SEK" refer to the currency of Sweden, those to "Sterling" and "£" refer to pounds sterling, those to "NOK" refer to the currency of the Kingdom of Norway and those to "EUR", "€" and "euro" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.*

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## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplement to the Prospectus or a new Prospectus will be published.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" below shall have the same meanings in this overview.

Issuer: ..... TeliaSonera AB (publ), a telecommunications company incorporated in Sweden

Description: ..... Euro Medium Term Note Programme

Arranger:..... Deutsche Bank AG, London Branch

Dealers:..... Barclays Bank PLC  
BNP Paribas  
Citigroup Global Markets Limited  
Crédit Agricole Corporate and Investment Bank  
Deutsche Bank AG, London Branch  
Goldman Sachs International  
ING Bank N.V.  
Merrill Lynch International  
Skandinaviska Enskilda Banken AB (publ)  
The Royal Bank of Scotland plc

and any other Dealers appointed from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes, in each case, in accordance with the Programme Agreement.

Risk Factors: ..... There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of a particular Series of Notes and certain market risks.

Certain Restrictions: ..... Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*", below) including the following restrictions applicable at the date of this Prospectus.

### Notes with a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in any other currency, see "*Subscription and Sale*" below.

Under the Luxembourg Act dated 10 July 2005 on prospectuses for securities, which implements the Prospectus Directive, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of such Act and do not need to be approved by the CSSF.

Issuing and Principal Paying Agent: .....	Citibank, N.A., London Branch (for Notes other than Swedish Registered Notes).
Programme Size: .....	€11,000,000,000 (or its equivalent in other currencies calculated as described under " <i>General Description of the Programme</i> ") outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution: .....	Subject to applicable selling restrictions, Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies: .....	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).
Maturities: .....	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. See also " <i>Notes with a maturity of less than one year</i> " above.
Issue Price: .....	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with



prevailing market conditions.

Form of Notes: .....

Each Tranche of Notes (except Swedish Registered Notes) will initially be represented by a temporary global Note (or if so specified in the applicable Final Terms, a permanent global Note) which will be deposited on the relevant Issue Date with, in the case of global Notes which are not intended to be issued in new global note ("NGN") form (as specified in the applicable Final Terms) a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system or, in the case of global Notes which are intended to be issued in NGN form, a common safekeeper for Euroclear and Clearstream, Luxembourg. A temporary global Note will be exchangeable, upon request, as described therein for either a permanent global Note or definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case not earlier than 40 days after the Issue Date upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations.

The applicable Final Terms will specify that a permanent global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is only exchangeable (in whole but not in part) for definitive Notes upon the occurrence of an Exchange Event, as described in "*Form of the Notes*" below.

Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form. See "*Form of the Notes*" below.

Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg and/or any other agreed clearance system, as appropriate.

Fixed Rate Notes: .....

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption.

Interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: .....

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the

relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series; or

- (ii) on the basis of the reference rate set out in the applicable Final Terms.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both, each of which, if relevant, will be specified in the applicable Final Terms.

Zero Coupon Notes: .....

Zero Coupon Notes may be issued at their nominal amount or at a discount to their nominal amount and will not bear interest other than in the case of late payment.

Redemption:.....

The applicable Final Terms relating to each Tranche of Notes will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity, or for taxation reasons or following an Event of Default), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

Denomination of Notes: .....

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Notes having a maturity of less than one year*" above) and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:.....	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Sweden, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge: .....	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default: .....	The terms of the Notes will contain a cross-default provision as further described in Condition 9.
Status of the Notes: .....	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank <i>pari passu</i> , without any preference among themselves and equally with all other outstanding unsecured and unsubordinated obligations (if any) of the Issuer, except as mandatorily preferred by law.
Rating: .....	<p>Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be specified in the applicable Final Terms.</p> <p>Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms.</p> <p>The Programme has been rated as follows:</p> <p>Moody's Investors Service España, S.A. ("<b>Moody's</b>): (P)A3</p> <p>Standard &amp; Poor's Credit Market Services Europe Limited ("<b>Standard &amp; Poor's</b>): A-</p> <p>Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Approval, Listing and Admission to Trading: .....	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes (other than Swedish Registered Notes) issued under the Programme to be admitted to trading on the Luxembourg

Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notes (other than Swedish Registered Notes) may be listed and/or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

No application has been made to list the Swedish Registered Notes on the Luxembourg Stock Exchange or any other stock exchange.

Governing Law: .....

The Notes (other than the Swedish Registered Notes) and any non-contractual obligations arising out of or in connection with the Notes (other than the Swedish Registered Notes) will be governed by, and construed in accordance with, English law. The Swedish Registered Notes and any non-contractual obligations arising out of or in connection with the Swedish Registered Notes will be governed by, and construed in accordance with, Swedish law.

Selling Restrictions: .....

There are selling restrictions in relation to the United States, the European Economic Area, the United Kingdom and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*" below.

## **RISK FACTORS**

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

The Issuer operates in a broad range of geographic product and service markets in the highly competitive and regulated telecommunications industry. As a result, the Issuer is subject to a variety of risks and uncertainties. The Issuer has defined risks as anything that could have a material adverse effect on the achievement of the Issuer's goals. Risks can be threats, uncertainties or lost opportunities relating to the Issuer's current or future operations or activities. Set forth below is a description of some of the factors that may affect its business, financial position and results of operations.

#### **Risks related to the industry and market conditions**

##### ***World economy changes***

Changes in the global financial markets and the world economy are difficult to predict. The Issuer has a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a severe or long-term downturn in the economy would have an impact on the Issuer's customers and may have a negative impact on the Issuer's growth and results of operations through reduced telecommunications spending.

The maturity schedule of the Issuer's loan portfolio is intended to be evenly distributed over several years, and refinancing is expected to be carried out using uncommitted open-market debt financing programmes and bank loans, alongside the Issuer's free cash flow. In addition, the Issuer has committed lines of credit with banks that may be utilised if the open-market refinancing conditions are poor. However, the Issuer's cost of funding may rise if there are changes in the global financial markets or the world economy.

##### ***Competition and price pressure***

The Issuer is subject to substantial and historically increasing competition and price pressure. Competition from a variety of sources, including current market participants, new entrants and new products and services, may adversely affect the Issuer's results of operations. Competition has, from time to time, led to increased customer turnover, a decrease in customer bases as well as to declines in the prices that the Issuer charges for its products and services. Competition may also have similar effects in the future.

## ***Regulation***

The Issuer operates in a highly regulated industry. The regulations the Issuer is subject to impose significant limits on its flexibility to manage its business. In a number of countries, subsidiaries of the Issuer have been designated as a party with significant market power in certain markets in one or several telecommunications sub-markets. As a result, the Issuer is required to provide certain services on regulated terms and prices, which may differ from the terms on which it would otherwise have provided those services. The effects of regulatory intervention may be both retrospective and forward-looking. Changes in legislation, regulation or government policy affecting the Issuer's business activities, as well as decisions by regulatory authorities or courts, including the granting, amending or revoking of licences to the Issuer or other parties, could adversely affect the Issuer's business and results of operations.

The EU introduced the regulation of charges for international roaming in Europe starting from 2007. The regulation encompasses price caps on both wholesale and retail voice calls, data roaming and SMS decreasing annually until at least 2016 (possibly also later), resulting in reduced roaming revenues for TeliaSonera. The current regulation, which will be in force until 2022, also includes a mandatory obligation for mobile network operators to provide wholesale roaming access to alternative roaming providers. In addition, from March 2014, mobile network operators are to sell the alternative roaming provider's roaming services de-coupled from any domestic mobile subscription or service. Implementation of the technical support measures for the de-coupling is however still at an early stage, which may put the deadline in the regulation at risk. Therefore the costs and other financial consequences for TeliaSonera are currently uncertain, although they may become significant and consequently could have an adverse effect on the Issuer's business and results of operations.

## ***Emerging markets***

The Issuer has made significant investments in telecommunications operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal, Russia and Turkey. Historically, the political, economic, legal and regulatory systems in these countries have been less predictable than in countries with more mature institutional structures. The future political situation in each of these emerging market countries may remain unpredictable and markets in which the Issuer operates may become unstable.

Other risks associated with operating in emerging market countries include foreign exchange restrictions, which could effectively prevent the Issuer from repatriating cash, for example, by receiving dividends or repaying loans or selling its investments. For example, as a result of conducting business in Uzbekistan, the group has a net exposure of approximately SEK 6 billion. Another risk is the potential establishment of foreign ownership restrictions or other potential actions against entities with foreign ownership, formally or informally.

The Issuer does not conduct business in countries that are the subject of sanctions administered by the United Nations Security Council or European Union, but may enter into countries with shifting political stability, provided that its business can be conducted in a responsible and financially sound way. Before doing so and during the project appraisal and due diligence process of any new business venture, a risk evaluation is performed to ensure that the business being acquired and the conduct of that business in the particular market will be managed in accordance with the Issuer's sustainability principles.

Weakening of the economies or currencies or other negative developments in these markets might have a significant negative effect on the Issuer's results of operations.

## **Risks related to the Issuer's operations and strategic activities**

### ***Impairment losses and restructuring charges***

Factors generally affecting the telecommunications markets, and changes in the economic, regulatory, business or political environment, as well as the Issuer's ongoing review and refinement of its business plans, could adversely affect its financial position and results of operations. The Issuer could be required to recognise impairment losses with respect to assets if management's expectations of future cash flows attributable to these assets change, including but not limited to goodwill and fair value adjustments that the Issuer has recorded in connection with acquisitions that it made or may make in the future.

The Issuer has undertaken a number of restructuring and streamlining initiatives, mainly affecting its Nordic operations, which have resulted in substantial restructuring and streamlining charges.

The Issuer also has significant deferred tax assets resulting from earlier recorded impairment losses and restructuring charges. Significant adverse changes in the economic, regulatory, business or political environment, as well as in the Issuer's business plans, could also result in the Issuer not being able to use these tax assets in full to reduce its tax obligations in the future, and would consequently lead to an additional tax charge when such tax asset is derecognised.

In addition to affecting the Issuer's results of operations, such losses and charges may adversely affect the Issuer's ability to pay dividends. Any significant write-down of intangible or other assets would have the effect of reducing, or possibly eliminating, the Issuer's dividend capacity.

### ***Investments in networks, licences, new technology and start-up operations***

The Issuer has made substantial investments in networks and telecommunications and frequency licences and also expects to invest substantial amounts over the next several years in the upgrading and expansion of networks. On many occasions, the Issuer also has to pay fees to acquire new licences or to renew or maintain the existing licences. In order to attract new customers, the Issuer may also engage in start-up operations, such as Xfera Móviles S.A. (Yoigo) in Spain and Ncell Pvt. Ltd. in Nepal, which require substantial investments and expenditure in the build-up phase.

The success of these investments will depend on a variety of factors beyond the Issuer's control, including the cost of acquiring, renewing or maintaining licences, the cost of new technology, availability of new and attractive services, the costs associated with providing these services, the timing of their introduction, the market demand and prices for such services and competition. A failure to realise the benefits expected from these investments may adversely affect the Issuer's results of operations.

### ***Acquisitions, strategic alliances and business combinations***

The Issuer is constantly reviewing its asset portfolio in line with the strategy of increasing ownership in core holdings. Over the years the Issuer has made a number of targeted acquisitions in accordance with its strategy. The Issuer may continue to expand and grow its business through business combinations, strategic alliances, etc. The efficient integration of these acquisitions and the realisation of related cost and revenue synergies, as well as the positive development of the acquired operations, are significant for the results of operations both in the long and short term. If the Issuer fails in integrating or managing any acquired company or strategic alliance, there is a risk that management's attention will be diverted away from other ongoing business concerns. In addition, any potential acquisition could negatively affect the Issuer's financial position and its credit ratings, or, if made using the Issuer's shares, dilute the existing shareholders.

### ***Shareholder matters in partly owned subsidiaries***

The Issuer conducts some of its activities, particularly outside of the Nordic region, through subsidiaries in which the Issuer does not have a 100 per cent. ownership. Under the governing documents for certain of these entities, the holders of non-controlling interests have protective rights in matters such as approval of dividends, changes in the ownership structure and other shareholder-related matters. For example, the Issuer's operations in Kazakhstan, Azerbaijan, Georgia and Moldova are conducted through Fintur Holdings B.V. which has a minority shareholder, Turkcell. As a result, actions outside the Issuer's control may affect TeliaSonera's position and strategy, and have an adverse impact on its business and operations.

### ***Customer service and network quality***

In addition to cost efficiency in all operations, the Issuer's focus areas include high quality service to its customers and the high quality of its networks. The Issuer's ambition to create a world-class service company requires a major change of processes, attitude and focus in many parts of the company. The high quality of networks and services is also fundamental to the customer perception and the Issuer's success going forward. Failure to reach or maintain such high levels might have an adverse impact on the Issuer's business.

### ***Supply chain***

The Issuer is reliant upon a limited number of suppliers to manufacture and supply network equipment and related software as well as terminals, to allow the Issuer to develop its networks and to offer its services on a commercial basis. The Issuer cannot be certain that it will be able to obtain network equipment or terminals from alternative suppliers on a timely basis if the existing suppliers are unable to satisfy the Issuer's requirements. In addition, like its competitors, the Issuer currently outsources many of its key support services, including network construction and maintenance in most of its operations. The limited number of suppliers of these services, and the terms of the Issuer's arrangements with current and future suppliers, may adversely affect the Issuer, including by restricting its operational flexibility.

### ***Ability to recruit and retain skilled personnel***

To remain competitive and implement its strategy, and to adapt to changing technologies, the Issuer will need to recruit, retain and, where necessary, retrain highly skilled employees with particular expertise. In particular, competition is intense for qualified telecommunications and information technology personnel. To a considerable extent, the Issuer's ability to recruit and retain skilled personnel for growth business areas and new technologies will depend on its ability to offer them competitive remuneration packages. If the Issuer fails to recruit or retrain the necessary highly skilled employees, its ability to develop high growth business areas and new business areas or remain competitive in the traditional business areas may be limited.

## **Risks related to associated companies and joint ventures**

### ***Limited influence in associated companies and joint ventures***

The Issuer conducts some of its activities, particularly outside of the Nordic region, through associated companies in which the Issuer does not have a controlling interest, such as Turkcell Iletisim Hizmetleri A.S. in Turkey, OAO MegaFon in Russia and Lattelecom SIA in Latvia. As a result, the Issuer has limited influence over the conduct of these businesses. Under the governing documents for certain of these entities, the Issuer's partners have control over or share control of key matters such as the approval of business plans and budgets, and decisions as to the timing and amount of cash distributions. The risk of actions outside the Issuer's or its associated companies' control and adverse to the Issuer's interests, or disagreement or deadlock, is inherent in associated companies and jointly controlled entities. For example, the Turkcell board is currently in deadlock regarding certain



matters affecting its business. Further, the Issuer cannot guarantee that associated companies will apply the same internal sustainability principles which may increase the risk of reputational and financial loss. TeliaSonera strives to use its board presence and active ownership practices to promote the implementation of these sustainability principals. Variations in the financial performance of its associated companies may have an impact on the Issuer's results of operations.

As part of its strategy, the Issuer may increase its shareholdings in some of its associated companies. The implementation of such strategy, however, may be difficult due to a variety of factors, including factors beyond the Issuer's control, such as willingness on the part of other existing shareholders to dispose or accept dilution of their shareholdings and, in the event that the Issuer gains greater control, its ability to successfully manage the relevant businesses.

In Sweden, the Issuer has entered into a cooperation arrangement with Tele2 to build and operate a Universal Mobile Telecommunications System ("UMTS") network through a 50 per cent. owned joint venture, Svenska UMTS-nät AB, which has rights to a Swedish UMTS licence. In Denmark, the Issuer has entered into a similar agreement with Telenor to build and operate a common radio access network through a 50 per cent. owned joint venture, TT-Netvaerket P/S. The Issuer has made significant financial investments in these ventures. As these are joint ventures, there is a risk that the partners may disagree on important matters, including the funding of the companies. This risk may be magnified because the Issuer and Tele2 and Telenor, respectively, are significant competitors. A disagreement or deadlock regarding the companies or a material breach of the provisions of the co-operation agreements could have a negative impact upon the Issuer's business and results of operations.

## **Risks related to sustainability**

### ***Human rights-network integrity and data security***

Issues related to human rights pose a high risk to the telecommunications industry. The main risks include: complicity in human rights violations due to a failure to uphold customer privacy and network integrity; excessive governmental requests to the detriment of privacy and freedom of expression; and the risk that telecommunications services could be used in the sexual exploitation of children.

In order to manage these risks, the Issuer strives to ensure network integrity and data security and to protect customers' personal data. For example, the Issuer will only provide personal data to authorities to the extent required by law or with the customer's permission and to ensure privacy, TeliaSonera aims to protect assets such as personnel, customers, information, IT infrastructure, internal and public networks as well as office buildings and technical facilities. The Issuer also takes measures to prevent and detect the disclosure of sensitive information to unauthorised parties, to detect and promptly respond to security incidents and it maintains a zero acceptance policy towards criminal activities and fraud.

It is possible, however, that despite these measures, external or internal factors may negatively impact security and have a negative effect on customers' perceptions of the Issuer's handling of these matters, which could have an adverse impact upon the Issuer's business and results of operations.

### ***Corruption and ethical business practices***

According to the "corruption perception index" published by Transparency International, some of the countries in which the Issuer operates have high levels of corruption. Corruption poses a high risk to the telecommunications industry due to (i) the likelihood of illegitimate financial transactions or (ii) inappropriate political contributions or bribes being paid in connection with licence negotiations. Corruption or perceptions of corruption or non-ethical business practices may damage customers' or

other stakeholders' perception of the Issuer and could have an adverse effect upon the Issuer's business operations and brand.

### ***Supply chain***

The Issuer seeks to ensure that ethical business practices, environmental targets, human rights and labour laws are all fully respected by its suppliers. Failure or perception of failure of the Issuer's suppliers to adhere to ethical business practices, environmental targets, human rights and labour laws, may damage customers' or other stakeholders' perceptions of the Issuer and negatively impact the Issuer's business operations and its brand.

### ***Risks related to cases of emergency, climate change and environment***

Emergencies, energy shortages and fluctuating energy prices are major climate change risks that could have a major negative financial impact on the Issuer's business. As a consequence of climate change, extreme weather conditions such as storms, heavy rainfalls and snowstorms could prevent the Issuer from maintaining its network.

In addition, weather conditions and increasing regulation and taxation in relation to climate change could affect oil prices and the availability of electricity, which may have an adverse impact upon the Issuer's business and result of operations.

### ***Risks relating to health and safety***

Concerns have been expressed that the electromagnetic signals from mobile handsets and base stations, which serve as the platform for transmitting radio signals, may pose health risks and interfere with the operation of electronic equipment. The actual or perceived risks of using mobile handsets or base stations and related publicity or litigation could reduce the growth rate, customer base or average usage per customer of the Issuer's mobile communications services, may result in restrictions on the location and operation of base stations or could subject the Issuer to claims for damages, any of which could have a negative impact on its business, financial position and results of operations.

### ***Labour laws***

According to the Issuer's internal risk assessment process, the Eurasia region has the highest risks related to freedom of association and collective bargaining, as well as forced and compulsory labour. In these countries freedom of association and collective bargaining may be restricted by national governments. If a country has ratified the core conventions of the International Labour Organization ("ILO"), this at least signifies a public commitment to respect labour rights such as freedom of association and collective bargaining. Yet this is not a guarantee that these rights will be fully realised. Countries with low levels of human development are impoverished and have low education standards. This increases the risk of various rights violations, particularly when it comes to child labour. Nepal is the only country with a low level of human development where the Issuer is currently operating. The Issuer complies with the United Nations' Human Rights declaration and the Core Conventions of the ILO. This means, for example, guaranteeing the labour rights defined in the ILO core conventions for every employee of the Issuer, wherever they work.

### ***Actions by the largest shareholders***

The Swedish State holds 37.3 per cent. and the Finnish State currently holds 11.7 per cent. of the Issuer's outstanding shares. Accordingly, the Swedish State, acting alone, may have and the Swedish State and the Finnish State, if they should choose to act together, will have the power to influence any matters submitted for a vote of shareholders. The interests of the Swedish State and the Finnish State in deciding these matters could be different from the interests of the Issuer's other shareholders.

## **Financial risk management**

The Issuer is exposed to financial risks such as credit risk, liquidity risk, currency risk, interest rate risk, financing risk and pension obligation risk. Financial risk management is centralised in the Group Treasury unit.

The credit risk with respect to the Issuer's trade receivables is diversified geographically and among a large number of customers, both private individuals and companies in various industries. Bad debt expense in relation to consolidated net sales was 0.6 per cent. in 2012 (0.5 per cent. in 2011).

The Issuer manages the liquidity risk by depositing its surplus liquidity in banks or investing it in short-term interest-bearing instruments, with good credit ratings. In addition to available cash, the Issuer has committed revolving credit facilities and overdraft facilities. In total the available unutilised amount under committed facilities was approximately SEK 11.3 billion at year end 2012.

The Issuer's operational currency transaction exposure is not significant. The Issuer's conversion exposure, however, is significant and is expected to continue to grow due to the ongoing expansion of business operations outside Sweden. The Issuer does not normally hedge its conversion exposure. At year end 2012, the conversion exposure amounted to SEK 170 billion (SEK 169 billion at year end 2010). Weakening of the Swedish Kronor by ten percentage points against all currencies in which the Issuer has conversion exposure would have had a positive impact of SEK 12.2 billion on the Issuer group's equity as of 31 December 2012.

The Issuer manages interest rate risk by aiming to balance the estimated running cost of borrowing and the risk of significant negative impact on earnings, should there be a sudden, major change in interest rates. The Issuer's policy is that the duration of interest of the debt portfolio should be from three years to seven years.

By having most of its borrowings with a longer maturity than the duration of interest, the Issuer is able to obtain the desired interest rate risk without having to assume a high financing risk. In order to further reduce the financing risk, the Issuer aims to spread loan maturity dates over a longer period. The Issuer currently enjoys a strong credit rating with the rating agencies Moody's and Standard & Poor's.

## **Pension obligation risk**

The Issuer has a significant amount of pension obligations, with a net present value of SEK 25 billion (23 billion at year end 2011) as of 31 December 2012. The Issuer maintains pension funds to secure these obligations, with plan assets amounting to SEK 21 billion (19.8 billion at year end 2011), based on market values at year end 2012. A decrease of 1 percentage point in the weighted average discount rate would have increased the pension obligations by SEK 4.5 billion (3.8 billion at year end 2011) as of 31 December 2012. The effect would, however, be partly offset by a positive impact from the fixed income assets in the pension funds. A similar reduction in the interest rates would have increased the value of the fixed-income plan assets by SEK 0.6 billion as of 31 December 2012 (0.8 billion at year end 2011).

## **Financial reporting risks**

The reporting of the Issuer's results of business operations and financial condition is based on internal and external financial reporting, which has to be timely, reliable, correct, and complete. Internal control over this reporting is an integral part of the Issuer's corporate governance. It includes methods and procedures to safeguard the group's assets, ensure and control the reliability and correctness of financial reporting in accordance with applicable legislation and guidelines, improve operational efficiency, and control the level of risk in the business operations.

The management of financial reporting risks is described in more detail in the Issuer's corporate governance statement. The corporate governance statement, including the description of internal controls, forms part of the official annual report and has been audited.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### **Risks related to the structure of a particular issue of Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### ***Risks applicable to all Notes***

##### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider the reinvestment risk in light of other investments available at that time.

##### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

##### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

### **Risks related to Notes generally**

Set out below is a description of material risks relating to the Notes generally:

#### *Meetings*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *EU Savings Directive*

Under European Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited type of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria will, subject to certain exceptions apply (unless during that period they elect to provide information in accordance with the Directive) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### **Risks related to the market generally**

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement

action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency subject as set out herein. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer prior to the issue of the Notes and (except in the case of Swedish Registered Notes) will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below. In the case of Swedish Registered Notes, the applicable terms thereof are those set out in the Terms and Conditions of the Notes appearing in this Prospectus as completed by the applicable Final Terms.

This Prospectus will only be valid for listing Notes on the Luxembourg Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €11,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation; and
- (b) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

(a) Financial Statements for the Financial Year ended 31 December 2011

the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2011 which appear on pages 37 to 91 and 115 of the annual report for the year ended 31 December 2011, including the information set out at the following pages in particular:

Consolidated Statements of Comprehensive Income.....	37
Consolidated Statements of Financial Position .....	38
Consolidated Statements of Cash Flows .....	39
Consolidated Statements of Changes in Equity.....	40
Accounting Principles and Notes .....	41-91
Audit Report.....	115

(b) Financial Statements for the Financial Year ended 31 December 2012

the auditors report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012 which appear on pages 47 to 106 and 129 to 130 of the annual report for the year ended 31 December 2012, including the information set out at the following pages in particular:

Consolidated Statements of Comprehensive Income.....	47
Consolidated Statements of Financial Position .....	48
Consolidated Statements of Cash Flows .....	49
Consolidated Statements of Changes in Equity.....	50
Accounting Principles and Notes .....	51-106
Audit Report.....	129

The information incorporated by reference that is not included in the cross-reference lists above is considered to be additional information that is not required by the relevant annexes of Commission Regulation (EC) No 809/2004 of 29 April 2004.

(c) The following sections of the Financial Statements for the Three Months ended 31 March 2013:

Condensed Consolidated Statements of Comprehensive Income.....	17
Condensed Consolidated Statements of Financial Position .....	18
Condensed Consolidated Statements of Cash Flows .....	18
Condensed Consolidated Statements of Changes in Equity.....	19
Basis of Preparation.....	19-20

(d) the terms and conditions contained in the prospectus dated 27 May 2003 on pages 19 to 33 inclusive;

(e) the terms and conditions contained in the prospectus dated 30 June 2004 on pages 21 to 39 inclusive;

- (f) the terms and conditions contained in the prospectus dated 3 May 2006 on page 32 to 50 inclusive;
- (g) the terms and conditions contained in the prospectus dated 27 April 2007 on pages 31 to 50 inclusive;
- (h) the terms and conditions contained in the prospectus dated 30 April 2008 on pages 32 to 51 inclusive;
- (i) the terms and conditions contained in the prospectus dated 6 May 2009 on pages 33 to 52;
- (j) the terms and conditions contained in the prospectus dated 6 May 2010 on pages 33 to 52;
- (k) the terms and conditions contained in the prospectus dated 6 May 2011 on pages 34 to 54 inclusive; and
- (l) the terms and conditions contained in the prospectus dated 3 May 2012 on pages 47 to 76 inclusive.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus. Following the publication of this Prospectus a supplement to the Prospectus may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

Each Tranche of Notes (except Swedish Registered Notes) will initially be represented by a temporary global Note (or, if so specified in the applicable Final Terms, a permanent global Note) without interest coupons or talons, which, in either case, will:

- (i) if the global Notes are intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"); and
- (ii) if the global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a temporary global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global Note if the temporary global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section "*Form of the Notes*" to Euroclear, Clearstream, Luxembourg and/or Euroclear Sweden shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system approved by the Issuer and the Agent.

On and after the date (the "**Exchange Date**") which is the later of (i) 40 days after the date on which any temporary global Note is issued, and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the "**Distribution Compliance Period**"), interests in such temporary global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a permanent global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a temporary global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification, exchange of the temporary global Note for an interest in a permanent global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" below) the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Note if the permanent global Note is not intended to be issued in NGN form) without any requirement for certification. The applicable Final Terms will specify that a permanent

global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described therein. A Permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount there above may only be exchanged for definitive Notes upon an Exchange Event.

**"Exchange Event"** means (i) an Event of Default has occurred and is continuing, or (ii) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 30 days after the date of receipt of the first relevant notice by the Agent.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all global Notes, definitive Notes, interest coupons and talons with a maturity of more than one year:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Each Tranche of Swedish Registered Notes will be issued in uncertificated and dematerialised registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479). The holder of a Swedish Registered Note will be the person evidenced as such by a book entry in the records of Euroclear Sweden. Where a nominee is so evidenced it shall be treated as the holder of the relevant Swedish Registered Note.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in *"Terms and Conditions of the Notes — Events of Default"*. In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void at 8.00 pm (London time) on such day. At the same time, holders of interests in such global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the **"Deed of Covenant"**) dated 26 April 2013 executed by the Issuer.

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

[Date]

**TELIASONERA AB (publ)**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the €11,000,000,000**  
**Euro Medium Term Note Programme**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 26 April 2013 [and the supplement[s] to it dated *[date]* [and *[date]*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date".]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated *[original date]* which are incorporated by reference in the Prospectus dated 26 April 2013. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated 26 April 2013 [and the supplement[s] to it dated *[date]* [and *[date]*] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Prospectus**") including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus has been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing Final Terms.]*

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [*date*]][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount:
- Series: [ ]
- Tranche: [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5. (i) Specified Denominations: [ ]
- (N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent))*
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (ii) Calculation Amount: [ ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*Specify*]/Issue Date/Not Applicable]
7. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [*specify*]]

8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[[ ] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
*(further particulars specified below)*
9. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
10. Change of Interest Basis: [*Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 13 and 14 below and identify there*][Not Applicable]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Change of Control Put]  
*(further particulars specified below)*
12. [Date [Board] approval for issuance of Notes obtained: [ ] [and [ ], respectively]]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[s] of Interest: [ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (iv) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]]  
[Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[ ] in each year] [Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue*

*date or maturity date in the case of a long or short first or last coupon)*

**14. Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Specified Period(s)/Specified Interest Payment Dates: [     ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): [     ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen     Rate     Determination/ISDA Determination]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [     ]
- (vi) Screen Rate Determination:
  - Reference Rate: Reference     Rate: [     ]     month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [     ]  
  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [     ]  
  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
  - Floating Rate Option: [     ]
  - Designated Maturity: [     ]
  - Reset Date: [     ]



*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

- (viii) Margin(s): [ +/– ] [ ] per cent. per annum
- (ix) Minimum Interest Rate: [ ] per cent. per annum
- (x) Maximum Interest Rate: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30/360 (ISDA)]  
*(see Condition 4 for alternatives)*

**15. Zero Coupon Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Accrual Yield: [ ]
- (ii) Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]  
  
[Conditions 6(e) and 6(h) apply]

**PROVISIONS RELATING TO REDEMPTION**

**16. Notice periods for Condition 6(b):**

Minimum period: [ ] [30] days  
Maximum period: [ ] [60] days

**17. Issuer Call:**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount] [Sterling Make-Whole Redemption Amount] [Non-Sterling Make-Whole Redemption Amount]
- (iii) Reference Bond: [[ ]/FA Selected Bond/Not Applicable]
- (iv) Quotation Time: [ ]
- (v) Redemption Margin: [[ ] per cent./Not Applicable]

- (vi) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (vii) Notice periods: Minimum period: [ ] [15] days  
Maximum period: [ ] [30] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

**18. Investor Put**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice periods: Minimum period: [ ] [15] days  
Maximum period: [ ] [30] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

**19. Change of Control Put**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Put Date: [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Put Period: [ ]

20. Final Redemption Amount: [ ] per Calculation Amount
21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [ ] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (a) Form: [Uncertificated and dematerialised registered form] (*for Swedish Registered Notes*)
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].] (*This option is suitable for TEFRA D*)
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.] (*This option is suitable for TEFRA D*)
- [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event] (*This option is suitable for TEFRA C*)
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
- (b) New Global Note: [Yes][No]
- (This sub-paragraph is not applicable to Swedish Registered Notes)*
23. Additional Financial Centre(s): [Not Applicable/give details]
- (This item is not applicable to Swedish Registered Notes. Note that this item relates to the date and place of payment, and not Interest Period end dates, to which item 14(iii) relates)*
24. Talons for future Coupons to be attached [Yes, as the Notes have more than 27 coupon

to Definitive Notes:

payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**[THIRD PARTY INFORMATION**

[[ ] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market (for example the Luxembourg Stock Exchange's regulated market, the London Stock Exchange's regulated market or the regulated market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority or the Official List of the Luxembourg Stock Exchange)]* with effect from [     ].]

[Not Applicable].

- (ii) Estimate of total expenses related to admission to trading: [     ]

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms]*.

[Each of *[defined terms]* is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**").]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. — *Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

**4. YIELD** (*Fixed Rate Notes only*)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**5. HISTORIC INTEREST RATES** (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters].

**6. OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/Euroclear Sweden AB, Sweden. Euroclear Sweden identification number: [ ]. The Issuer shall be entitled to obtain information from the register maintained by Euroclear Sweden [for the purposes of performing its obligation under the Swedish Registered Notes]]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [ ]

(vi) Deemed delivery of clearing system notices for the purposes of Condition 13: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the

future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 7. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of [Subscription] Agreement: [ ]
- (iv) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]]

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The following terms and conditions will be applicable to each Swedish Registered Note. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to "Form of Final Terms" above for the form of the Final Terms which specifies certain capitalised terms as defined in the following Terms and Conditions.*

This Note is one of a Series (as defined below) of Notes issued by TeliaSonera AB (publ) (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency;
- (ii) definitive Notes issued in exchange for a global Note;
- (iii) any global Note; and
- (iv) Notes cleared through the Swedish Central Securities Depository & Clearing Organisation, Euroclear Sweden AB, which are in registered form in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479) ("**Swedish Registered Notes**" and "**Euroclear Sweden**" respectively).

Except in the case of Swedish Registered Notes, the Notes (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (the "**Agency Agreement**") dated 26 April 2013, and made among the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent specified in the applicable Final Terms) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms which are (except in the case of Swedish Registered Notes) attached to or endorsed on this Note which supplement these Terms and Conditions. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) which is (except in the case of Swedish Registered Notes) herein attached to or endorsed on this Note.

Any reference to "**Noteholders**" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note and in relation to Swedish Registered Notes, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of any Coupons, and shall, unless the context otherwise requires, include any holders of the Talons. Swedish



Registered Notes are in dematerialised form and, for the avoidance of doubt, any references in these Terms and Conditions to Coupons and Talons shall not apply to Swedish Registered Notes.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders and the Couponholders (other than the holders of Swedish Registered Notes) are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 26 April 2013, and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and as to its identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement (other than the holders of Swedish Registered Notes) and the applicable Final Terms which are applicable to them.

*The holders of Swedish Registered Notes should refer to "General Information — Documents Available" in the Prospectus.*

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1. Form, Denomination and Title**

The Notes are in bearer form or, in the case of Swedish Registered Notes, in uncertificated and dematerialised book entry form, as specified in the applicable Final Terms, and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive will have a minimum Specified Denomination of €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

Notes, other than Swedish Registered Notes, will initially be represented either by a temporary global Note which will be exchangeable in accordance with its terms for either a permanent global Note or Notes in definitive form, or by a permanent global Note which will be exchangeable in accordance with its terms for Notes in definitive form, as specified in the applicable Final Terms. Swedish Registered Notes will be issued in uncertificated and dematerialised book entry form and no global or definitive Notes will be issued in respect thereof, and these Terms and Conditions shall be construed accordingly.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes (except Swedish Registered Notes) and Coupons will pass by delivery. The Issuer, the Replacement Agent (as defined in the Agency Agreement) and any Paying Agent may deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

The holder of a Swedish Registered Note will be the person evidenced as such by a book entry in the records of Euroclear Sweden. Title to the Swedish Registered Notes will pass by registration in the register between the direct or indirect accountholders at Euroclear Sweden in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and/or any other legislation, rules and regulations applicable to such transfers from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant Swedish Registered Note.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or is a Swedish Registered Note, each person (other than Euroclear or Clearstream, Luxembourg or Euroclear Sweden (as defined below)) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of the registers maintained by Euroclear Sweden, as the case may be, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or Euroclear Sweden, as the case may be, as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than (in the case only of Notes not being Swedish Registered Notes) with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note, and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be. Swedish Registered Notes will be transferable only in accordance with the Swedish Financial Instruments Accounts Act (SFS 1998:1479) and applicable Swedish law and the rules and procedures for the time being of Euroclear Sweden.

References to Euroclear, Clearstream, Luxembourg and/or Euroclear Sweden shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Agent.

## 2. Status of the Notes

The Notes and the relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and equally with all other outstanding unsecured and unsubordinated obligations of the Issuer except as mandatorily preferred by law.

## 3. Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not create or have outstanding any mortgage, lien (other than solely by operation of law), pledge or other charge upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Public Debt of any Person or any obligation of any Person under any guarantee of or indemnity in respect of any Public Debt of any other Person without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes except as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

For the purposes of this Condition, "**outstanding**", in the case of Notes other than Swedish Registered Notes, has the meaning given to it in the Agency Agreement.

"**Public Debt**" means indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange, over-the-counter, or other established securities market and which:

- (a) has an initial life exceeding 2 years; or
- (b)
  - (i) by its terms is payable, or may be required to be paid, in or by reference to any currency other than Swedish Kronor; or
  - (ii) by its terms is payable, or may be required to be paid, in or by reference to Swedish Kronor where more than 50 per cent. in aggregate principal amount of such indebtedness is initially offered outside the Kingdom of Sweden.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state, agency of a state or other entity, whether or not having separate legal personality.

## 4. Interest

### (a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including or, in the case of Swedish Registered Notes, but excluding) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest

Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Conditions, "**Fixed Interest Period**" means the period from (and including or, in the case of Swedish Registered Notes, but excluding) an Interest Payment Date (or the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

In these Conditions, "**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including or, in the case of Swedish Registered Notes, but excluding) the most recent Fixed Interest Date (or, if none, the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of

days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including or, in the case of Swedish Registered Notes, but excluding) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding, or in the case of Swedish Registered Notes, and including) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360.

In these Conditions:

**"Determination Period"** means the period from (and including or, in the case of Swedish Registered Notes, but excluding) a Determination Date to (but excluding or, in the case of Swedish Registered Notes, and including) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**"sub-unit"** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes**

*(i) Interest Payment Dates*

Each Floating Rate Note bears interest from (and including or, in the case of Swedish Registered Notes, but excluding) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **"Interest Payment Date"**) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Terms and Conditions **"Interest Period"** means the period from (and including or, in the case of Swedish Registered Notes, but excluding) an Interest Payment Date (or the Interest Commencement Date) to (but excluding or, in the case of Swedish Registered Notes, and including) the next (or first) Interest Payment Date.

If a business day convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest

Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

In these Conditions, "**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the

Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions and (ii) "**Euro-zone**" means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

**(B) Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent (or, in the case of Swedish Registered Notes, the Calculation Agent). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the case of Notes other than Swedish Registered Notes, the Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. In the case of Swedish Registered Notes, such provisions will be as set out in the applicable Final Terms.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes other than Floating Rate Notes which are Swedish Registered Notes, and the Calculation Agent, in the case of Floating Rate Notes which are Swedish Registered Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent or, in the case of Floating Rate Notes which are Swedish Registered Notes, the Calculation Agent, will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount outstanding of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "**Actual/Actual ISDA**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);



- (ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sup>1</sup> is greater than 29, in which case D<sup>2</sup> will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sup>2</sup> will be 30;

- (vi) if "**30/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where

"Y<sup>1</sup>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sup>2</sup>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sup>1</sup>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sup>2</sup>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sup>1</sup>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sup>1</sup> will be 30; and

"D<sup>2</sup>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sup>2</sup> will be 30.

- (v) *Notification of Rate of Interest and Interest Amounts*

The Agent or, in the case of Swedish Registered Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

- (vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) *Accrual of Interest***

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event in respect of Notes other than Swedish Registered Notes, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

In such event in respect of Swedish Registered Notes, interest will continue to accrue until the date the holders of the Swedish Registered Notes receive the full amount of such payments.

**5. *Payments***

**(a) *Method of Payment***

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7. References to "**Specified Currency**" will include any successor currency under applicable law.

**(b) *Presentation of Notes and Coupons***

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made

as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made either on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note.

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of this Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Payments of principal and interest in respect of Swedish Registered Notes will be made to the persons registered as Noteholders in the register maintained by Euroclear Sweden on the fifth Stockholm Business Day (or such other day which may become customary on the Swedish bond market, which in respect of Swedish Registered Notes denominated in Swedish Kronor is expected to be the third Stockholm Business Day) prior to the Interest Payment Date or the Maturity Date, as the case may be, and in accordance with the rules and procedures applied by Euroclear Sweden from time to time.

As used herein, "**Stockholm Business Day**" means a day on which commercial banks and foreign exchange markets are open for business in Stockholm.

**(c) Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian

dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

**(d) *Payment Date for Swedish Registered Notes***

If the date for payment of any amount in respect of Swedish Registered Notes is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, "**Payment Day**" means any day which (subject to Condition 8) is a day on which commercial banks are open for general business in Stockholm.

**(e) *Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

**6. *Redemption and Purchase***

**(a) *At Maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

**(b) *Redemption for Tax Reasons***

Subject to Condition 6(f), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms notice to the Agent (or, in the case of Swedish Registered Notes, Euroclear Sweden) and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Sweden or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent (or, in the case of Swedish Registered Notes, to Euroclear Sweden) to make available at its specified office to the Noteholders (i) a certificate signed by two authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including) the date of redemption.

**(c) *Redemption at the Option of the Issuer ("Issuer Call")***

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer shall, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the Final Terms or:

- (i) if "**Sterling Make-Whole Redemption Amount**" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer by the Financial Adviser, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the applicable Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Financial Adviser; or

- (ii) if "**Non-Sterling Make-Whole Redemption Amount**" is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Agent equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed or (ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at the Reference Bond Rate, plus the Redemption Margin.

In this Condition 6(c):

"**FA Selected Bond**" means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

"**Financial Adviser**" means a financial adviser selected by the Issuer;

"**Gross Redemption Yield**" means, in respect of a security, the gross redemption yield for such security, expressed as a percentage and calculated by the Financial Adviser on the basis set out by the United Kingdom Debt Management Office in the paper Formulae for Calculating Gilt Prices from Yields page 5, Section One: Price/Yield Formulae Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 08/06/1998 and updated on 15/01/2002 and 16/03/2005 (as amended and supplemented from time to time)) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Issuer may approve;

"**Redemption Margin**" shall be as set out in the applicable Final Terms;

"**Reference Bond**" shall be as set out in the applicable Final Terms or shall be the FA Selected Bond;

"**Reference Bond Price**" means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"**Reference Bond Rate**" means, with respect to any date of redemption, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date of redemption;

"**Reference Date**" will be set out in the relevant notice of redemption;

"**Reference Government Bond Dealer**" means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"**Reference Government Bond Dealer Quotations**" means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined



by the Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Agent by such Reference Government Bond Dealer; and

**"Remaining Term Interest"** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Agent, shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, and in accordance with the rules of Euroclear Sweden in the case of Swedish Registered Notes, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

**(d) *Redemption at the Option of the Noteholders ("Investor Put")***

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding or, in the case of Swedish Registered Notes, and including) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (or, in the case of Swedish Registered Notes, the Issuing Agent) at any time during normal business hours of such Paying Agent (or the Issuing Agent) falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (or the Issuing Agent) (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

In the case of Swedish Registered Notes, a Put Notice will not be effective against the Issuer before the date on which the relevant Swedish Registered Notes have been transferred to the account designated by the Issuing Agent and blocked for further transfer until the Optional Redemption Date by said Issuing Agent.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9. In the case of Swedish Registered Notes, the right to require redemption of such Notes in accordance with this Condition 6(d) must be exercised in accordance with the rules and procedures of Euroclear Sweden and if there is any inconsistency between the foregoing and the rules and procedures of Euroclear Sweden, the rules and procedures of Euroclear Sweden shall prevail.

**(e) Redemption at the option of the Noteholders ("Change of Control Put")**

(1) A "Put Event" will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers in force on the date of the applicable Final Terms) or any person or persons acting on behalf of such person(s) (the "**Relevant Person**") at any time directly or indirectly own(s) or acquire(s): (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights attached to the issued or allotted share capital of the Issuer that are normally exercisable at a general meeting of the Issuer (each, a "**Change of Control**"), provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person as such shareholders have, or as the case may be, had in the share capital of the Issuer; and
- (ii) on the date (the "**Relevant Announcement Date**") that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from either of Moody's Investor Services Limited ("**Moody's**") and/or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") and/or any of their respective successors or any other rating agency (each a "**Substitute Rating Agency**") of equivalent international standing specified by the Issuer (each, a "**rating agency**"),
  - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any rating agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to investment grade credit ratings by such rating agency; or
  - (B) a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any rating agency is within the Change of Control Period either downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or

- (C) no credit rating, and no credit rating from another rating agency and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Notes,

provided that if on the Relevant Announcement Date the Notes carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub-paragraph (A) will apply; and

- (iii) in making the relevant decision(s) referred to above, each relevant rating agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement. Upon receipt by the Issuer of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 13.

If the rating designations employed by either of Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 6(e) shall be read accordingly.

- (2) If a Put Event occurs, each Noteholder shall have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Put Date (as defined below) at the Optional Redemption Amount. Such option shall operate as set out below.
- (3) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(e).
- (4) To exercise the option to require the redemption or purchase of a Note under this Condition 6(e) the Noteholder must deliver such Note, at the specified office of any Paying Agent, at any time during normal business hours of the relevant Paying Agent falling within the period (the "**Put Period**") of 45 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto, failing which the relevant Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10) at any time after such payment, but before the expiry of the period of five years from the Relevant Date (as defined in Condition 7) in respect of such Coupon, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made either (i) on the date which is seven days after the expiration of the Put Period (the "**Put Date**") by transfer to the bank account (if any) specified in the relevant Change of Control Put Notice; or (ii) if no such bank account is so specified, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, pending redemption or purchase of the relevant Notes non-transferable receipts issued pursuant to this Condition 6(e)

shall be treated as if they were Notes. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(e), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Date, redeem, at its option, the remaining Notes as a whole at the Optional Redemption Amount.

(5) In these Conditions:

**"Change of Control Period"** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period during which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration); and

**"Relevant Potential Change of Control Announcement"** means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

(f) ***Early Redemption Amounts***

For the purpose of paragraph (b) above and Condition 9, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"RP" means the Reference Price;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including or, in the case of Swedish Registered Notes, but excluding) the Issue Date of the first Tranche of the Notes to (but excluding or, in the case of Swedish Registered Notes, and including) the date fixed for redemption or (as the

case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

**(g) Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation. Any Swedish Registered Notes purchased may be held, resold or cancelled.

"**Subsidiary**" means any entity which is a subsidiary within the meaning of the Swedish Companies Act (1975).

**(h) Cancellation**

All Notes which are redeemed will, subject to paragraph (g) above forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Agent (or, in the case of Swedish Registered Notes, the relevant Issuing Agent (as defined in Condition 11(b))) and cannot be reissued or resold.

**(i) Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which, in respect of Notes other than Swedish Registered Notes, is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

In such event in respect of Swedish Registered Notes, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date the holders of the Swedish Registered Notes receive the full amount of such payment.

## 7. Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Sweden or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) presented for payment by or on behalf of a Noteholder or Couponholder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with Sweden other than the mere holding of such Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent (or, in the case of Swedish Registered Notes, the holders of the Swedish Registered Notes) on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. Prescription

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

In the case of Swedish Registered Notes, claims against the Issuer for the payment of principal and interest payable in respect of the Swedish Registered Notes shall be void unless made within 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor and thereafter any principal or interest payable in respect of such Swedish Registered Notes shall be forfeited and revert to the Issuer.

## 9. Events of Default

If any one or more of the following events (each an "Event of Default") shall occur:

- (i) if default is made for a period of 14 days or more in the payment of any interest or principal due in respect of the Notes; or
- (ii) if there is a failure in the performance of any obligation under the Notes other than an obligation to make payment of principal or interest which continues for more than 30 days after written notification requiring such failure to be remedied shall have been given to the Issuer by a Noteholder; or
- (iii) if except for the purpose of a reconstruction or an amalgamation upon which the continuing corporation effectively assumes the entire assets and liabilities of the Issuer or the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders:
  - (a) an order is made (and not discharged or stayed within a period of 60 days) or an effective resolution is passed for winding-up the Issuer; or
  - (b) the Issuer ceases to carry on business; or
- (iv) if an administrative or other receiver is appointed of the whole or substantially the whole of the assets of the Issuer and is not removed, paid out or discharged within 60 days or, following such 60 day period, the appointment is not being disputed in good faith; or
- (v) if the Issuer is unable to pay its debts generally or makes a general assignment for the benefit of its creditors; or
- (vi) (A) if any Indebtedness for Borrowed Money (as defined below) of the Issuer, amounting in aggregate to not less than €50,000,000 or its equivalent in other currencies, becomes due and repayable prematurely by reason of an event of default (however described) and remains unpaid; or
- (B) if default is made by the Issuer in making any payment due, amounting in aggregate to not less than €50,000,000 or its equivalent in other currencies, in respect of Indebtedness for Borrowed Money on the due date for that payment (as extended by any applicable grace period),

where the failure to pay is not being contested in good faith and continues unremedied for more than 14 days after written notification requesting such failure to be remedied shall have been given to the Issuer by a Noteholder,

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent (or, in the case of Swedish Registered Notes, of the relevant Issuing Agent), effective upon the date of receipt thereof by the Agent (or, in the case of Swedish Registered Notes, the relevant Issuing Agent), declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 6(f)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**"Indebtedness for Borrowed Money"** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed,

(ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

In the case of Swedish Registered Notes, the date of repayment will be such later date on which the relevant Notes have been transferred to the account designated by the relevant Issuing Agent and blocked for further transfer by said Issuing Agent.

## **10. Replacement of Notes Coupons and Talons**

Should any Note Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Replacement Agent (or at the office of any Paying Agent) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

### **(a) Notes other than Swedish Registered Notes**

The following shall apply only to Notes other than Swedish Registered Notes.

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out below.

If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent; and
- (ii) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office outside Sweden in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority); and
- (iii) the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(b). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

### **(b) Swedish Registered Notes**



The following shall apply only to Swedish Registered Notes.

In relation to Swedish Registered Notes, the Issuer will, in accordance with the Swedish Financial Instrument Accounts Act (SFS 1998:1479), appoint (i) Euroclear Sweden as the central securities depository, and (ii) an issuing agent (the "**Issuing Agent**"). The Issuing Agent will be specified in the relevant Final Terms.

The Issuer is entitled to vary or terminate the appointment of Euroclear Sweden or the Issuing Agent, provided that the Issuer will appoint another central securities depository or Issuing Agent, each of them to be duly authorised under the Swedish Financial Instrument Accounts Act (SFS 1998:1479). The central securities depository and the Issuing Agent act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders.

## **12. Exchange of Talons**

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## **13. Notices**

All notices regarding the Notes shall be published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.bourse.lu*. It is expected that any such publication in a newspaper will be made in the *Financial Times* or any other daily newspaper in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication.

All notices to holders of Swedish Registered Notes will be valid if mailed to their registered addresses appearing on the register of Euroclear Sweden. Any such notice shall be deemed to have been given on the fourth day after the day on which it is mailed. No Swedish Registered Notes shall be listed on the Luxembourg Stock Exchange.

Until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on stock exchanges, the rules of such stock exchanges (or any other relevant authority) permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, in addition to such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of Notes (other than Swedish Registered Notes) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes (other than Swedish Registered Notes) are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Notices to be given by any holder of Swedish Registered Notes shall be in writing and lodged with the relevant Issuing Agent.

#### **14. Meetings of Noteholders, Modification and Waiver**

##### ***(a) Notes other than Swedish Registered Notes***

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, or Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

##### ***(b) Swedish Registered Notes***

Euroclear Sweden and the Issuer may agree, without the consent of the Noteholders, to:

- (i) any modification of the Swedish Registered Notes which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Swedish Registered Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

## **15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **16. Substitution**

In the case of Notes other than Swedish Registered Notes, the Issuer, or any previously substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons such company (the "**Substitute**") in the manner specified in the Agency Agreement, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. Such substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form exhibited to the Agency Agreement, and may take place only if:

- (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and/or, if different, of its incorporation with respect to any Note or Coupon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (ii) in the event that all the assets and liabilities of TeliaSonera AB (publ) are not assumed by the Substitute, the obligations of the Substitute under the Deed Poll, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by TeliaSonera AB (publ) by means of the Deed Poll;
- (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes and Coupons represent valid, legally binding and enforceable obligations of the Substitute and if applicable, of TeliaSonera AB (publ) have been taken, fulfilled and done and are in full force and effect;
- (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
- (v) each stock exchange which has the Notes listed thereon shall have confirmed that, following the proposed substitution of the Substitute, the Notes would continue to be listed on such stock exchange;

- (vi) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (i) above and in England as to the fulfilment of the preceding conditions of this Condition 16 and the other matters specified in the Deed Poll; and
- (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or, pending execution, the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and the events listed in Condition 9, shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect and the provisions of Condition 9(iii)-9(vi) inclusive shall be deemed to apply in addition to the guarantor in the event that a guarantee is required in terms of (ii) above.

In the case of Swedish Registered Notes, any substitution provisions will be set out in the applicable Final Terms.

#### **17. Rights of Third Parties**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

#### **18. Governing Law and Submission to Jurisdiction**

The Agency Agreement, the Notes (other than Swedish Registered Notes) and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes (other than Swedish Registered Notes) and the Coupons are governed by, and shall be construed in accordance with, English law.

Swedish Registered Notes and any non-contractual obligations arising out of or in connection with the Swedish Registered Notes are governed by, and shall be construed in accordance with, Swedish law.

The Issuer agrees, for the exclusive benefit of the Paying Agents, the Noteholders (other than the holders of Swedish Registered Notes), and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes (other than Swedish Registered Notes), the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes (other than Swedish Registered Notes) and/or the Coupons), and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Agency Agreement, the Notes (other than Swedish Registered Notes) and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Notes (other than Swedish Registered Notes) and the Coupons) may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

To the extent permitted by law, nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints TeliaSonera International Carrier UK Limited at its office at 95 Cromwell Road, London SW7 4DL as its agent for service of process, and undertakes that, in the event of TeliaSonera International Carrier UK Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

## TELIASONERA AB (PUBL)

### Overview

The Issuer's legal and commercial name is TeliaSonera AB (publ) ("**TeliaSonera**"). The Issuer was incorporated in and under the laws of Sweden on 24 January 1966 as a public limited liability company, registered in Sweden with number 556103-4249. The registered office of the Issuer is at Stureplan 8, SE-106 63 Stockholm, Sweden with telephone number +46 8 504 55000.

TeliaSonera was created as a result of Telia AB ("**Telia**") acquiring Sonera Corporation ("**Sonera**") in December 2002 (the "**Merger**"). The Merger brought together two of the leading telecommunications companies in the Nordic region to form the leading telecommunications group in the Nordic and Baltic region.<sup>1</sup> TeliaSonera is also a leading provider of mobile services in Eurasia including holdings in leading mobile operators in Russia and Turkey. TeliaSonera also provides mobile services in Spain.

For the year ended 31 December 2012, TeliaSonera's net sales amounted to SEK 104.9 billion and TeliaSonera had 27,838 employees at year-end 2012.

During 2012, TeliaSonera's operating income decreased to SEK 28,400<sup>2</sup> million (compared to SEK 29,720 million in 2011). EBITDA excluding non-recurring items decreased to SEK 36,171<sup>2</sup> million (SEK 37,222 million in 2011) and the EBITDA margin decreased to 34.5<sup>2</sup> per cent. (35.5 per cent. in 2011). Net income increased to SEK 21,168 million (SEK 21,119 million in 2011) and CAPEX decreased to SEK 15,685 million (SEK 17,384 million in 2011). Free cash flow increased to SEK 23,740 million for the year 2012 (SEK 9,415 million in 2011).

On 31 December 2012, net debt (which amounts to net interest-bearing liabilities less derivatives recognised as financial assets and hedging long-term and short-term borrowings and less short-term investments and cash at bank) of TeliaSonera and its subsidiaries (the "**Group**") was SEK 59,444 million (SEK 65,048 million in 2011) and the equity/assets ratio was 38.2<sup>2</sup> per cent. (43.7 per cent. in 2011).

In the table below, the calculation of percentages in the "Percentage (%) of outstanding shares" column is based upon the number of TeliaSonera shares outstanding on 31 December 2012:

Shareholder	Number of shares/votes	Percentage (%) of outstanding shares
Swedish State.....	1,614,513,748	37.3
Finnish State.....	505,123,642	11.7
Capital Group Funds.....	153,876,977	3.6
Other shareholders.....	2,056,570,414	47.4
<b>Total shares outstanding.....</b>	<b>4,330,084,781</b>	<b>100.0</b>

The shares of TeliaSonera are listed on the Nasdaq OMX Stockholm and the Nasdaq OMX Helsinki. TeliaSonera voluntarily terminated the listing of the company's American Depositary Shares ("**ADS**") on Nasdaq on 6 August 2004, in light of the low trading level and high costs.

<sup>1</sup> Statements in this section relating to TeliaSonera's competitive position in the geographical markets in which it operates are based upon estimates by TeliaSonera with respect to number of subscriptions and/or revenues generated for each geographical market except for subsidiaries in Eurasia where it is based on interconnect traffic.

<sup>2</sup> As restated in TeliaSonera's unaudited report for the first quarter of 2013.

In June 2007, TeliaSonera also terminated the registration of its shares under the U.S. Securities and Exchange Act of 1934.

## **Vision and Strategy**

### ***Mission – to provide network access and telecommunication services***

TeliaSonera's mission is to help people and companies communicate in an easy, efficient and environmentally friendly way by providing network access and telecommunication services.

TeliaSonera's focus is to deliver a world-class customer experience, while ensuring the quality of its networks and maintaining a cost efficient structure.

TeliaSonera is an international group with a global strategy, but wherever it operates it acts as a local company.

### ***Vision – to contribute to a world with better opportunities***

TeliaSonera is a world-class service company and a pioneer of the telecommunications industry, a position that has been gained by being innovative, reliable and customer friendly. Wherever TeliaSonera operates, it acts in a responsible manner, based on a firm set of values and business principles. Its services form a major part of people's daily lives – for business, education and pleasure.

### ***Strategy – offerings based on deep understanding***

TeliaSonera's strategy is to deliver products and services that are tailored to its different customer segments and based on a deep understanding of their present and future needs. TeliaSonera creates shareholder value by delivering its services in a cost effective and sustainable manner, which leads to sustainable improved profitability and strong cash flows.

### ***Three major challenges***

TeliaSonera's strategy is to deliver products and services that are tailored to its various customer segments and are based on a deep understanding of their present and future needs. It creates shareholder value by delivering its services in a cost effective and sustainable manner, which leads to sustainable improved profitability and strong cash flow.

TeliaSonera believes that this development will pose three main challenges in the near future:

1. Re-balancing the pricing of data, based on new business models
2. Fixed-mobile convergence and bundling of services
3. Development of value added services, linked to the core business

TeliaSonera will maintain its primary role as an access provider. With respect to value added services, it will focus its efforts on applications that are closely linked to the network access and that increase data traffic in its networks.

### ***An industry leader***

TeliaSonera offers a superior platform of networks and services due to a good understanding of the needs of its customers. It differentiates itself from the others by:



- having high quality networks which make the services reliable in terms of coverage and speed;
- providing a world-class customer experience by continuing to strive for services that are easy to use and that provide a great touch-and-feel experience;
- offering a business-to-business product portfolio that meets its customers' needs;
- providing early implementation of new technology and services; and
- exploiting the potential for economies of scale to develop an international product portfolio supported by a multi-market organisation.

### **Capital management**

TeliaSonera's capital structure and dividend policy is decided by its Board of Directors. TeliaSonera targets a solid investment grade long-term credit rating (A- to BBB+) to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions. The ordinary dividend shall be at least 50 per cent. of net income attributable to owners of the parent company. In addition, excess capital shall be returned to shareholders, after the Board of Directors has taken into consideration the company's cash at hand, cash flow projections and investment plans in a medium term perspective, as well as capital market conditions.

### **Organisational structure**

TeliaSonera is an international group, providing telecommunication services in the Nordic and Baltic countries, the emerging markets of Eurasia, including Russia and Turkey, and in Spain.

In order to ensure strong leverage for profitable growth, TeliaSonera is organised in three international business areas focusing on these growth opportunities. The business areas have full profit and loss responsibilities for their assigned businesses. Customers will meet TeliaSonera as one company, via operation under the respective local brand, common local websites and common local customer service entrances and customer engagement registers. TeliaSonera's business areas are Mobility Services, Broadband Services and Eurasia.

At the end of 2012, TeliaSonera had 71.2 million subscriptions in the majority-owned operations and 111.8 million subscriptions in the associated companies. Total sales amounted to SEK 104,898 million and operating income excluding non-recurring items amounted to SEK 28,682<sup>2</sup> million. A large part of Group earnings comes from TeliaSonera's majority and minority-owned operations in Eurasia, and represented around 72.9 per cent. of the Group's operating income in 2012.

#### ***Business area: Mobility Services***

Business area Mobility Services provides mobility services to the consumer and enterprise mass markets. Services include mobile voice and data, mobile content, WLAN Hotspots, mobile broadband and Wireless Office. The business area comprises mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

#### ***Business area: Broadband Services***

Business area Broadband Services provides mass-market services for connecting homes and offices. Services include broadband over copper, fibre and cable, IPTV, voice over internet, home communications services, IP-VPN/Business internet, leased lines and traditional telephony. The business area operates the group common core network, including the data network of the

international carrier business. The business area comprises operations in Sweden, Finland, Denmark, Lithuania, Latvia (49 per cent. ownership), Estonia and international carrier operations.

***Business area: Eurasia***

Business area Eurasia comprises mobile operations managed in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (currently 25.2 per cent.) and Turkish Turkcell (38.0 per cent.). The main strategy is to create shareholder value by increasing mobile penetration and introducing value-added services in each respective country.

On 24 April 2012, TeliaSonera announced that MegaFon's shareholders, TeliaSonera, AF Telecom and Altimo had resolved the governance disputes in Russia's second largest mobile operator and agreed that the company would pay a dividend of USD 5.15 billion and pursue an Initial Public Offering ("**IPO**"). On 28 November 2012, TeliaSonera confirmed the IPO of MegaFon which resulted in a net capital gain of SEK 8.39 billion from the offering. TeliaSonera now owns 25.2 per cent of MegaFon.

***Other operations***

Other operations comprise Other Business Services, TeliaSonera Holding and Corporate functions. Other Business Services is responsible for sales of managed-services solutions to business customers in the Nordic countries.




The following table sets forth TeliaSonera's net sales by business area for the year ended 31 December 2012:









<b>Business area</b>	<b><i>Net sales</i></b> <b><i>(SEK in millions)</i></b>
Mobility Services .....	50,637
Broadband Services.....	35,723
Eurasia .....	19,731
Other operations.....	3,799
Eliminations.....	(4,992)
<b>TOTAL.....</b>	<b>104,898</b>









## Markets and brands







The following table sets forth TeliaSonera's operations per country for the year ended 31 December 2012:





### Majority-owned companies

Country	Trademark	Ownership	Service	Market position	Market share <sup>1</sup>
<b>Sweden</b>					
	Telia, Halebop	100%	Mobile	1	40%
	Telia	100%	Broadband	1	38%
	Telia	100%	Fixed Voice incl. VoIP	1	61%
	Telia	100%	TV	4	13%
<b>Finland</b>					
	Sonera, TeleFinland	100%	Mobile	2	34%
	Sonera	100%	Broadband	2	30%
	Sonera	100%	Fixed Voice	2	22%
	Sonera	100%	TV	2	21%
<b>Norway</b>					
	NetCom, Chess	100%	Mobile	2	25%

Country	Trademark	Ownership	Service	Market position	Market share <sup>1</sup>
					
<b>Denmark</b>					
  	Telia, Call me, DLG Tele <sup>2</sup>	100%	Mobile	3	18%
	Telia, DLG Tele <sup>2</sup>	100%	Broadband	5	3%
	Telia, Call me, DLG Tele <sup>2</sup>	100%	Fixed Voice incl. VoIP	2	8%
	Telia	100%	TV	5	<1%
<b>Lithuania</b>					
  	Omnitel, Ezys	100%	Mobile	1	39%
	TEO	88.2%	Broadband	1	50%
	TEO	88.2%	Fixed Voice incl. VoIP	1	90%
	TEO	88.2%	TV	1	24%
<b>Latvia</b>					
	LMT, Okarte, Amigo	60.3%	Mobile	1	43%

Country	Trademark	Ownership	Service	Market position	Market share <sup>1</sup>
 					
<b>Estonia</b>					
  	EMT, Diil	100%	Mobile	1	44%
	Elion	100%	Broadband	1	58%
	Elion	100%	Fixed Voice incl. VoIP	1	78%
	Elion	100%	TV	1	34%
<b>Spain</b>					
	Yoigo	76.6%	Mobile	4	5%
<b>Kazakhstan</b>					
 	Kcell, Activ	61.9%	Mobile	1	47%

Country	Trademark	Ownership	Service	Market position	Market share <sup>1</sup>
<b>Azerbaijan</b>					
 Azercell	Azercell	38.1%	Mobile	1	52%
<b>Uzbekistan</b>					
 Ucell	Ucell	94%	Mobile	2	43%
<b>Tajikistan</b>					
 Tcell	Tcell	60%	Mobile	1	36%
<b>Georgia</b>					
 Geocell 	Geocell, Lailai	74.3%	Mobile	1	42%
<b>Moldova</b>					
 Moldcell	Moldcell	74.3%	Mobile	2	33%

Country	Trademark	Ownership	Service	Market position	Market share <sup>1</sup>
<b>Nepal</b>					
	Ncell	60.4%	Mobile	1	53%
<b>Associated companies</b>					
Country	Trademark	Ownership	Service	Market position	Market share
<b>Latvia</b>					
	Lattelecom	49%	Broadband	1	67%
	Lattelecom	49%	Fixed Voice incl. VoIP	1	74%
	Lattelecom	49%	TV	1	34%
<b>Russia</b>					
	MegaFon	25.2%	Mobile	2	27%
<b>Turkey</b>					
	Turkcell	38%	Mobile	1	52%

<sup>1</sup> In Broadband and Fixed Voice TeliaSonera's market share estimate is based on the share of revenues where data is available, and number of subscriptions where no data is available. In Mobile the market share is based on the number of subscriptions except for subsidiaries in Eurasia where it is based on interconnect traffic. For TV market share is based on the

number of pay-TV subscriptions of cable TV, satellite TV, terrestrial TV and IPTV. For Russia, market share is based on information from ACM Consulting. For Turkey, market share is based on information from ICTA.

<sup>2</sup> TeliaSonera owns 50 percent of DLG Tele and controls the company



## Regulation

### *European Union*

As Member States of the European Union (the "EU"), Sweden, Finland, Denmark, Lithuania, Latvia and Estonia are required to follow EU regulations and enact domestic legislation to give effect to EU directives. Norway is under similar obligations as a party to the European Economic Area Agreement.

In 2009, the European Parliament and the Council adopted a revised regulatory framework for electronic communications networks and services (the "**EU Communications Framework**"), which applies to the types of telecommunications services that TeliaSonera offers. The framework aims at enabling citizens, wherever they live and wherever they travel in the EU, to benefit from better and cheaper communication services, whether they use mobile phones, fast broadband internet connections or cable TV.

National regulatory authorities ("**NRAs**"), including those in the countries in which TeliaSonera operates, are expected to undertake a market analysis on the basis of markets listed in so-called Relevant Market Recommendations established by the European Commission (the "**Commission Recommendations**"). The present Recommendation of December 2007 comprises 7 markets that the NRAs must analyse. NRAs then determine and designate companies having significant market power ("**SMP**") within those markets. They can also impose or maintain *ex ante* sector-specific obligations when *ex post* remedies of competition law are not adequate to meet the market problems identified. Possible obligations could include *inter alia* transparency, accounting separation, network access and price control. If a market is found to be effectively competitive, existing obligations should, according to the regulatory framework, be withdrawn. The revised EU telecoms rules *inter alia* give the European Commission the power to oversee regulatory remedies proposed by national regulators (e.g. on the conditions of access to the network of an SMP operator; or on fixed or mobile termination rates). The objective is to avoid inconsistent regulation that could distort competition in the single telecoms market.

EU directives included in the EU Communications Framework also cover areas such as authorisation of networks and services, access and interconnection (including local loop access), universal service, and privacy and security issues. There are also special directives on electronic commerce and on a number of other areas of relevance to TeliaSonera's operations. The regulatory regimes in each of the aforesaid countries in which TeliaSonera operates are generally based on the requirements of the EU Communications Framework and other directives.

In December 2005, a political agreement was reached at EU level on a directive on data retention. The directive entered into force in May 2006 and should have been implemented by member states by 15 September 2007. However, in several member states the implementation has been delayed. The directive requires all 25 member states to impose obligations on the telecommunications service and network providers operating in their jurisdiction to retain traffic data and location data for law enforcement purposes. Depending on the national-level implementation of the Directive, there may be adverse economic effects on the Issuer's operations. The Commission will review the current data retention rules, in consultation with the police and the judiciary, industry, data protection authorities, and civil society with a view to proposing an improved legal framework.

The EU introduced the regulation of charges for international roaming in Europe starting from 2007. The regulation encompasses price caps on both wholesale and retail voice calls, data roaming and SMS, decreasing annually until 2016 (possibly also later), resulting in reduced roaming revenues for TeliaSonera. The current regulation, which will be in force until 2022, also includes a mandatory obligation for mobile network operators to provide wholesale roaming access to alternative roaming

providers. In addition, from March 2014, mobile network operators are to sell the alternative roaming provider's roaming services de-coupled from any domestic mobile subscription or service. Implementation of the technical support measures for the de-coupling is however still at an early stage, which may put the deadline in the regulation at risk. Therefore the costs and other financial consequences for TeliaSonera are currently uncertain, although they may become significant.

## **Implementation of EU Communications Framework**

### ***Sweden***

In Sweden, the Act on Electronic Communication implements the legislation relating to the EU Communications Framework. In 2005, the Swedish NRA published final SMP decisions on the retail markets for access to the public telephone network and on the market for wholesale terminating segments of leased lines. In these markets the NRA imposed obligations on TeliaSonera. On the retail markets for telephone services and the wholesale market for access to mobile networks, TeliaSonera was not found to have SMP status, and hence no obligations were imposed.

In 2006, the Swedish NRA published final SMP decisions on the wholesale markets for international roaming and for trunk segments of leased lines. In these markets TeliaSonera was not found to have SMP status, and hence no obligations were imposed. In summary, since 2004 TeliaSonera has been found to have SMP status in nine markets. In 2008, the NRA started a second round of SMP analyses of these markets based on the current Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation. In 2009, the NRA published revised decisions on the markets for interconnection in the fixed network and on the retail market for access to the public telephone network and, in 2010, revised decisions on the wholesale markets for network infrastructure access, for broadband access and for interconnection in mobile networks. TeliaSonera was found to have SMP status on all these six markets. Final decision for the remaining market is scheduled for 2012. In 2011, the NRA started a third round of analyses of the markets based on the current Recommendation. Final decisions for these markets are scheduled for 2013.

### ***Finland***

In Finland, TeliaSonera is subject to the Communications Market Act, and related regulations, decrees and administrative decisions, which implement the EU Communications Framework. Based on the current Commission Recommendation on relevant product and service markets within the electronic communications sector susceptible to *ex ante* regulation, TeliaSonera and its competitors are subject to obligations in several markets. The Finnish NRA has issued SMP decisions on the following markets: call termination and call origination on individual fixed networks, wholesale unbundled access, wholesale terminating segments of leased lines, wholesale broadband access and voice call termination on individual mobile networks.

The markets for fixed call origination and fixed and mobile termination have been analysed by the Finnish NRA and a draft report was published for national consultation in February 2013. The wholesale unbundled access markets and wholesale broadband access markets have also been analysed based on the current Commission Recommendation. In December 2012, the Finnish NRA introduced price cap regulation for access to copper and fibre networks in TeliaSonera's traditional operating areas. The price caps are expected to be set before the end of 2013. Currently the access prices must be cost oriented.

Markets for access and call origination on public mobile networks, wholesale national market for international roaming, wholesale trunk segments of leased lines, transit in the fixed network, retail international telephone services and retail national telephone services have been found competitive.

## ***Other***

In Denmark, TeliaSonera is designated an SMP operator in the wholesale markets of fixed and mobile termination and subject to price regulation. TeliaSonera has also been designated SMP operator in the wholesale market of SMS termination and is price regulated on SMS termination.

In Norway, NetCom has been designated an SMP operator in the market for mobile termination.

In Estonia, Latvia and Lithuania, TeliaSonera's companies have been found to have SMP status both in fixed and mobile markets.

Implementation of pricing restrictions such as fixed or cost-based pricing or other obligations imposed by the relevant NRAs on TeliaSonera in any of the jurisdictions it operates might have an adverse effect on its business, financial condition and results of operations.

## **Competition Laws**

TeliaSonera is subject to the competition laws of the countries in which it operates, in particular Swedish, Finnish and EU competition laws.

### ***The European Union***

The EU competition rules set out in the EC Treaty and EU legislation are binding on EU member states and are therefore applicable to TeliaSonera's operations in the EU. If those rules are breached, the European Commission may impose fines of up to ten per cent. of a company's revenues on a consolidated basis in the preceding financial year. The EU competition rules are applicable to restrictions on competition which may have an appreciable effect on trade between member states.

So long as the Kingdom of Sweden exercises a significant influence over TeliaSonera, the European Commission could bring proceedings against TeliaSonera directly, under Articles 81 and 82 of the EC Treaty, or bring proceedings against the Kingdom of Sweden under Article 86 of the EC Treaty, to ensure that TeliaSonera complies with EU competition rules. This means that TeliaSonera might face two different proceedings, the latter of which it could not directly influence and to which it would not be a party.

Given that the Swedish State and the Finnish State hold 37.3 per cent. and 11.7 per cent. of TeliaSonera's outstanding shares, respectively, there is always a risk that TeliaSonera's competitors might allege that TeliaSonera's transactions with the Finnish State or the Swedish State involve an element of state aid, or that the European Commission may launch a formal investigation of such a transaction on its own initiative. The European Commission has the power to order suspension of aid payments and require the recovery of aid already granted, including accrued interest. These rules do not apply when a state contributes capital in circumstances that would be acceptable to a private investor operating under normal market economy conditions.

### ***Sweden***

The Swedish Competition Authority is empowered to issue injunctions, and to enjoin a party to discontinue immediately practices that are not permitted under the Competition Act. The Swedish Competition Authority and the Swedish NRA cooperate to facilitate investigations of anti-competitive behaviour in the telecommunications services sector.

## ***Finland***

The Finnish Competition Authority is empowered to issue injunctions, and to enjoin a party to discontinue immediately practices that are not permitted under the Act on Competition Restrictions.

## **International Obligations**

Over 70 member countries of the World Trade Organisation ("**WTO**") have entered into a Basic Telecommunications Agreement ("**BTA**") to provide market access to some or all of their basic telecommunications services. The BTA took effect in February 1998. Signatories under the BTA have made commitments to provide "market access", requiring them to refrain from imposing certain quotas or other quantitative restrictions in specified telecommunications services sectors, and to provide "national treatment" by ensuring that foreign telecommunications service suppliers are accorded the same treatment as national service suppliers. In addition, a number of signatories, including Sweden and Finland, have agreed to abide by certain pro-competitive principles set forth in a reference paper relating to the prevention of anti-competitive behaviour, interconnection, universal service, transparency of licensing criteria, independence of the regulator and non-discriminatory allocation of scarce resources.

## **Sustainability**

TeliaSonera strives to achieve economic as well as environmental and social sustainability through responsible business operations.

TeliaSonera's sustainability work mainly involves ensuring environmental and social sustainability along its supply chain, taking care of the well-being of its employees, reducing its carbon footprint and the carbon footprint of its customers, respecting human rights, complying with ethical business practices in all markets, improving the protection of customer privacy, protecting children online and supporting research related to exposure to electromagnetic fields.

Managing sustainability opportunities and risk is an integral part of TeliaSonera's operations and one of the main risk areas within the enterprise risk management framework. Since 2012, compliance with sustainability related requirements, as well as sustainability risk management is a permanent item on the Audit Committee agenda. TeliaSonera aims to ensure that the sustainability management practices are constantly updated, and that its stakeholders can play a proactive role.

## ***Code of ethics and conduct***

Sustainability work is guided by TeliaSonera's Code of Ethics and Conduct (the "**Code**") which serves as an overall policy document.

The Code defines how TeliaSonera's employees should interact with different stakeholders, including customers, business partners, competitors, co-workers, shareholders, governments and regulatory bodies, as well as local communities wherever TeliaSonera operates. The policy document covers all entities in which TeliaSonera holds more than a 50 per cent. ownership and is available in 21 languages. In order to continue the implementation efforts which started in 2011, and to further ensure full compliance with the Code, a related e-learning tool has been created and the roll-out will start in 2013. The training tool focuses on anti-corruption and human rights.

## ***Policies on anti-corruption and supply chain conduct***

TeliaSonera has a clear position against corruption, and prioritises anti-corruption work. In 2012, TeliaSonera prepared a new group policy on anti-corruption, which is due to be finalized by early 2013. In order to further develop anti-corruption practices, cooperation with Transparency

International was initiated, with the aim of reaching a best-practice international standard. To ensure sustainability in the supply chain, the TeliaSonera Supplier Code defines the conduct expected from suppliers in relation to protecting human and labour rights, promoting occupational health and safety, environmental management and ethical business practices. The conduct rules are mandatory to major suppliers.

### ***Sustainability reporting***

TeliaSonera annually reports its sustainability performance in its Sustainability Report (the "**Sustainability Report**"). In 2012, the external auditors submitted a review report on the Sustainability Report. TeliaSonera applies the Global Reporting Initiative guidelines for reporting on sustainability including the telecommunications sector supplement pilot. The Sustainability Report is intended to respond to internal and external stakeholders' requests for information and increased transparency regarding sustainability work. Internally, TeliaSonera uses the Sustainability Report to collect, highlight and share information about best practices across the group.

### ***Whistle-blower process***

The Board of Directors has established a process which enables employees to anonymously report violations in accounting, reporting or internal controls, as well as non-compliance with the TeliaSonera Code of Ethics and Conduct, a so called whistle-blower process. The employees' whistle-blower tool is operated through the intranet.

### **Board of Directors**

Anders Narvinger notified the Nomination Committee in December 2012 that he will not stand for re-election as Chairman of the Board. He left the Board in conjunction with the AGM on 3 April 2013. Mr. Nyberg resigned from his position as President & CEO on 1 February 2013. Mr. Blomquist was appointed acting President & CEO on 1 February 2013. Mr. Christian Luiga, Head of Corporate Control, was appointed acting CFO and member of Group Management.

TeliaSonera's Board of Directors has 8 ordinary members and three employee representatives and, as such, union appointees. The current members of TeliaSonera's Board of Directors, elected at the Annual General Meeting held on 3 April 2013, are as follows:

#### ***Marie Ehrling*** (Born 1955)

Ms Ehrling was President of TeliaSonera's Swedish operations between 2002 and 2006. Prior to that she was employed by SAS AB (from 1982 to 2002). Today, Marie Ehrling has several board assignments; she is Vice-Chairman of Nordea and serves as member of the Board of Directors of Securitas, Oriflame and Schibsted, among others. Marie Ehrling holds a Masters in Business Administration.

Shares in TeliaSonera: 10,000.

#### ***Mats Jansson*** (Born 1951)

Mr Jansson was Chief Executive Officer of SAS AB between 2007 and 2010. Prior to that he worked as Chief Executive Officer of Axel Johnson AB (from 2005 to 2006) and served as Chairman of the Board and Chief Executive Officer of Axfood (from 2000 to 2005). Currently, Mr Jansson is Chairman of the Board of Directors of Delhaize Group and senior advisor to JP Morgan. Mr Jansson has studied economical history, geography and sociology.

Shares in TeliaSonera: 4,500

***Mikko Kosonen*** (Born 1957)

Since 2008, Mr Kosonen has been the president of the Finnish Innovation Fund, Sitra. Prior to that, he held several leading positions at Nokia (between 1984 and 2007). His final role at Nokia was Senior Vice President of Strategy and Business Infrastructure. He is on the Board of Directors of Fifth Element Oy, Technology Academy Finland, Tiera Oy and Foundation for Economic Education. Mr Kosonen holds a Masters in Economics, a Licentiate in Economics and International Business and a Doctorate in Economics and International Business.

Shares in TeliaSonera: 0

***Olli-Pekka Kallasvuo*** (Born 1953)

Mr Kallasvuo was elected to the Board of Directors in 2012 and is currently Vice-Chairman of the Board. Prior to that, Mr Kallasvuo was Chief Executive Officer and a member of the Board of Directors of Nokia Oyj (from 2006 to 2010). He held various executive positions at Nokia, including the positions of Chief Operating Officer, Chief Finance Officer, Head of Mobile Phones Division and Head of Nokia Americas. Today, Mr Kallasvuo is Vice-Chairman of SRV Group Plc. and is a member of the Board of Directors of Aperios Group, Zenterio AB and Foundation for Economic Education. Mr Kallasvuo holds a Masters in Law and an Honorary Doctorate.

Shares in TeliaSonera: 35,896.

***Nina Linander*** (Born 1959)

Ms Linander was a partner at Stanton Chase International from 2006 until 2012. Prior to that she was Head of Treasury at Electrolux (from 2001 to 2005). Ms Linander is currently a member of the Board of Directors of Neste Oil, Specialfastigheter and Awapatent, among others. Ms Linander holds a Business Science in Economics and a Masters in Business Administration.

Shares in TeliaSonera: 2,200.

***Martin Lorentzon*** (Born 1969)

Mr Lorentzon is founder and Chairman of the Board of Directors of Spotify. He was also founder of TradeDoubler where he also served as a member of the Board of Directors. Mr Lorentzon holds a Masters in Science Engineering.

Shares in TeliaSonera: 229,500<sup>2</sup>

***Kersti Strandqvist*** (Born 1963)

Ms Strandqvist has been Head of Corporate Sustainability since 2012 and is a member of the group management of SCA. Prior to that she served as business area manager within the SCA Group (from 1997 to 2010). Ms Strandqvist holds a Masters in Science Chemical Engineering and a Licentiate in technology.

Shares in TeliaSonera: 2,200.

***Per-Arne Sandström*** (Born 1947)

Elected to the Board of Directors in 2010. Mr. Sandström is a member of the Remuneration Committee of TeliaSonera. Mr. Sandström has been deputy CEO and Chief Operating Officer of

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<sup>2</sup> Via companies

Telefonaktiebolaget L M Ericsson and has held a number of managerial positions in the Ericsson Group. He is a board member of SAAB AB. Mr. Sandström studied engineering.

Shares in TeliaSonera: 400.

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For the purposes hereof, the business address of each Director is TeliaSonera AB, Stureplan 8, SE-106 63 Stockholm, Sweden.

TeliaSonera is not aware of any actual or potential conflicts of interest between the duties of TeliaSonera of the persons listed above and their private interests or duties.

### **Investigations in relation to investments in Uzbekistan**

In September 2012, serious allegations were directed at TeliaSonera in relation to the company's investments in Uzbekistan. On 26 September 2012, the Swedish Public Prosecutor, Gunnar Stetler, informed TeliaSonera that he was conducting an investigation into TeliaSonera's investment in a telecommunication operator business in Uzbekistan. On 3 October 2012, the Board of Directors of TeliaSonera assigned the law firm Mannheimer Swartling, led by its Chairman Biöm Riese, to investigate whether TeliaSonera's investment in a 3G license, frequencies and number blocks in Uzbekistan in 2007 involved corruption or money laundering. Later, the investigation was expanded to include the recent investments in connection with TeliaSonera's operations in Uzbekistan. Following the report presented by Biöm Riese on 1 February 2013, the Board of Directors concluded that Mannheimer Swartling has not found any substance to the allegations that TeliaSonera committed bribery or participated in money laundering in connection with its investments in Uzbekistan.

In March 2013, TeliaSonera was informed by the Swedish Public Prosecutor that "due to the current preliminary investigation into suspicion of aggravated bribery, an investigation will be initiated with regard to possible corporate fines and possible forfeiture". TeliaSonera continues to dispute the allegations and believes that the continued legal procedures will confirm that the corruption allegations are unfounded.

## TAXATION

### **The Kingdom of Sweden**

*The following summary outlines Swedish tax consequences to holders of Notes who are not residents of the Kingdom of Sweden for income tax purposes. Purchasers are urged to consult their professional advisers as to the tax consequences of holding or transferring Notes.*

Under Swedish law as presently in effect, payments of any principal or interest to the holder of any Note will not be subject to Swedish income tax, provided that such holder is (1) not resident in Sweden, (2) does not carry on trade or business in Sweden where the payments of principal or interest are attributable to a permanent establishment or (3) is an estate which is liable to pay tax in Sweden.

A person is resident in Sweden if he (a) has his principal home in Sweden or (b) has his habitual abode in Sweden (which normally means he is continuously present in Sweden for a period of more than six months) or (c) earlier has been having his principal home in Sweden and after having moved abroad continues to have an essential connection with Sweden (for example is engaged in trade or business in Sweden).

Swedish law does not impose a withholding tax on payments of principal or interest to the holder of any Note except on payments to a holder who is either an individual with tax residency in Sweden or an estate of a deceased individual resident in Sweden at the time of his death. The intermediary of the payment is obliged to notify holders of Notes outside Sweden and the Swedish tax authorities of payments exceeding SEK 150,000 made to holders who are private individuals, an estate or a legal entity.

Under Swedish law, capital gains on the disposal of Notes will not be subject to Swedish income tax provided that the holder is not tax resident in Sweden, holds the Notes as assets involved in a trade or business in Sweden or is a Swedish estate. There is no net wealth tax in Sweden.

### **EU Savings Directive**

Under European Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Luxembourg and Austria will, subject to certain exceptions, apply (unless during that period they elect to provide information in accordance with the Directive) a withholding system in relation to such payments deducting tax at rates rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.



## **Luxembourg Taxation**

*The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

### **Withholding Tax**

#### *(i) Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 as amended (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent fiscal authority of Luxembourg, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

#### *(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Law**") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident in Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, "**Programme Agreement**") dated 26 April 2013 agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

### **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **"offer of Notes to the public"** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Dealer shall have any responsibility therefor.

None of the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment and updates of the Programme and the issue of Notes thereunder have been duly authorised by resolutions of the Board of Directors of the Issuer dated 8 May 2003, 23 April 2007, 24 April 2007, 3 December 2009, 18 April 2011, 18 April 2012 and 18 April 2013.

### Approval of the Prospectus and (other than Swedish Registered Notes) Listing on the Official List of the Luxembourg Stock Exchange and Admission to Trading of Notes on the regulated market of the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes (other than Swedish Registered Notes) issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

### Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available (free of charge) from the specified offices of the Paying Agents for the time being in London and Luxembourg:

- (i) the constitutional documents (with an English translation thereof) of the Issuer;
- (ii) the consolidated and unconsolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2012 and 2011, in each case together with the audit reports prepared in connection therewith;
- (iii) the most recently published audited annual financial statements of the Issuer and the Group and the most recently published unaudited interim financial statements of the Group (the Group currently issues interim reports three times a year in respect of the following financial periods, 1 January to 31 March, 1 January to 30 June and 1 January to 30 September; the Issuer does not publish unconsolidated interim reports) and the most recently published audited annual unconsolidated financial statements of the Issuer where applicable, together with the audit reports prepared in connection therewith;
- (iv) the Programme Agreement, the Agency Agreement, the forms of the Temporary Global Notes, the Permanent Global Notes, the Definitive Notes, the Coupons, the Talons and the Deed of Covenant;
- (v) a copy of this Prospectus;
- (vi) any future offering circulars, prospectuses, information memoranda, supplements and Final Terms (save that a Final Terms relating to a Note (other than a Swedish Registered Note) which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to its holding and identity) and any other documents incorporated herein or therein by reference; and

- (vii) in the case of each issue of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market (other than Swedish Registered Notes) subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

So long as Swedish Registered Notes are capable of being issued under the Programme, copies of such documents as are required by Euroclear Sweden to be made available, will be made available in accordance with the rules of Euroclear Sweden.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Euroclear Sweden) the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Group since 31 March 2013 and there has been no material adverse change in the prospects of the Issuer since 31 December 2012.

### **Legal and administrative proceedings**

In its normal course of business, TeliaSonera is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial law issues and matters relating to telecommunications regulations and competition law. In particular, TeliaSonera is involved in numerous proceedings related to interconnect fees, which affects both costs and revenues. Except for the proceedings described below, TeliaSonera or its subsidiaries are not and have not been involved in any legal, arbitration or regulatory proceedings in the 12 months preceding the date of this Prospectus which management believes could have a material adverse effect on TeliaSonera's business, financial condition or results of operations.

#### *Regulatory proceedings*

During the second half of 2001, a number of operators filed complaints against TeliaSonera with the Swedish Competition Authority and the Authority initiated an investigation regarding TeliaSonera's pricing of ADSL services. The complaints suggest that the difference between TeliaSonera's wholesale prices and retail prices is too low to effectively enable competition in the retail market. In December 2004, the Competition Authority sued TeliaSonera at the Stockholm District Court claiming that TeliaSonera had abused its dominant position. The Authority demands a fee of SEK 144 million. In December 2011, the Stockholm District Court decided in accordance with the Competition Authority's demands. TeliaSonera's position is that it has not engaged in any prohibited pricing activities and has appealed the District Court's decision. Following the Competition Authority's lawsuit, Tele2 has in April 2005 and Spray Network in June 2006, respectively, claimed substantial damages from TeliaSonera due to the alleged abuse of dominant market position. TeliaSonera will vigorously contest Tele2's and Spray Network's claims. The actions for damages have been stayed pending the case between TeliaSonera and the Competition Authority.

#### *Other legal proceedings*

TeliaSonera is currently involved in court cases with Primav Construcoes e Comercio, former shareholder of the Brazilian mobile operator Tess, relating to such shareholders' disposal of its investment in Tess as well as certain call options and subscription rights in Tess. Whilst TeliaSonera has sold its holding in Tess, it has entered into certain guarantees to compensate the buyer for certain losses in connection with the above-mentioned court cases. TeliaSonera will vigorously contest any claims in connection with the disputes. Even if TeliaSonera believes that losing the disputes is not probable but, given the anticipated duration of the court proceedings, TeliaSonera has recognised a provision for estimated future legal fees.

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers AB, associated with FAR/SRS, who have audited the Issuer's accounts, without qualification, in accordance with IFRS for each of the two financial years ended 31 December 2012 and 2011.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Some of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

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