the smart mobile choice in Spain
Why Spain and why TeliaSonera?

1. Good and timely business opportunity to invest in profitable growth based on the strengths of our home market operations
2. Price for 3G-network equipment has fallen significantly and turnkey contracts possible
3. The availability of 3G terminals at commercial viable prices
4. Revised 3G license conditions
5. Strong Spanish partner
6. Experience and knowledge on how to build a cost efficient and competitive mobile operation in competitive markets
7. There is room for a fourth player on the Spanish market
Road to success

1. Low fixed costs ensure long term competitiveness
2. Flexible and cost efficient organization
3. Own high quality 3G network creating sustainable contribution to margin over time
4. Easy-to-use services at transparent and attractive prices
5. Experience & know-how
6. High market potential
7. Timing
8. Long term commitment
"Yoigo slashes prices in the mobile telephony sector"

"The fourth operator revolutionizes the market with 0.12 Euro for any call to fixed or mobile"

"Yoigo launches with the cheapest fare"

"The fourth operator has an aggressive commercial plan with calls at 0.12 Euro per minute"
History of Xfera/Yoigo

- Founding of Xfera: 4 Jan'00
- UMTS license award: 10 Mar'00
- Xfera abandons its plan for an anticipated GSM/GPRS launch in Q1'02: Oct'01
- Ministerial Order: Modification of Xfera license conditions, commitments and related guarantees: 23 Jun'04
- TeliaSonera majority shareholder: Jun'06
- Launch of mobile operations: 1 Dec'06
- Launch of Yoigo brand: 26 Oct'06

Resolution:
- The Admin. delays the committed launch date due to proven technology delay: 26 Jul'01
- The Admin. announces that no GSM/GPRS spectrum will be allocated to Xfera: Sep'01
- Resolution: The Admin. creates the floating guarantee that allows to reduce the financial charges: 21 Mar'03
- Resolution: The Admin. creates the floating guarantee that allows to reduce the financial charges: 21 Mar'03
- Resolution: The Admin. creates the floating guarantee that allows to reduce the financial charges: 21 Mar'03
History of Xfera/Yoigo
- New licence conditions vs. initial offer

**Population Covered (%)**

- Inicial offer
- New license (June'04)

<table>
<thead>
<tr>
<th>Year</th>
<th>Inicial offer</th>
<th>New license</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>63%</td>
<td>40%</td>
</tr>
<tr>
<td>L+1</td>
<td>90%</td>
<td>50%</td>
</tr>
<tr>
<td>L+2</td>
<td>95%</td>
<td>70%</td>
</tr>
<tr>
<td>L+5</td>
<td>70%</td>
<td>95%</td>
</tr>
<tr>
<td>L+10</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>L+15</td>
<td>95%</td>
<td></td>
</tr>
</tbody>
</table>

**Nodes B Installed (#)**

- Inicial offer
- New offer (Feb'04)

<table>
<thead>
<tr>
<th>Year</th>
<th>Inicial offer</th>
<th>New offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>4,500</td>
<td>2,000</td>
</tr>
<tr>
<td>L+1</td>
<td>6,500</td>
<td>2,750</td>
</tr>
<tr>
<td>L+2</td>
<td>6,500</td>
<td>4,350</td>
</tr>
<tr>
<td>L+5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Investment (€ MM)**

- Performance Guarantees
  - EUR 3 bn
  - EUR 176 mn

<table>
<thead>
<tr>
<th>Year</th>
<th>Inicial offer</th>
<th>New license</th>
</tr>
</thead>
<tbody>
<tr>
<td>L+1</td>
<td>4,000</td>
<td>1,393*</td>
</tr>
<tr>
<td>L+2</td>
<td></td>
<td>1,762*</td>
</tr>
<tr>
<td>L+5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Including historical investments initiated since the license was awarded in 2000. Yoigo has to date an accumulated CAPEX of ~ EUR 1 billion.

**Direct employment (# employees)**

- Inicial offer
- New license

<table>
<thead>
<tr>
<th>Year</th>
<th>Inicial offer</th>
<th>New license</th>
</tr>
</thead>
<tbody>
<tr>
<td>L</td>
<td>650</td>
<td>5,200</td>
</tr>
<tr>
<td>L+1</td>
<td>800</td>
<td>5,900</td>
</tr>
<tr>
<td>L+2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L+15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Shareholder structure

Shareholder structure prior to June 15, 2006

- TeliaSonera: 16%*
- FCC: 12%
- Abengoa Group: 6%
- Abertis: 9%
- Alba: March Group: 11%
- ACS: 38%
- Others: 16%*

* 16.55% with an additional share of shareholder capital commitment of 6.68%

New Shareholder Structure

- TeliaSonera: 76.6%
- ACS: 17%
- FCC: 3.4%
- Telvent: 3.0%
## Yoigo milestones post acquisition

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 Jun</td>
<td>Johan Andsjö appointed President</td>
</tr>
<tr>
<td>29 Jun</td>
<td>TeliaSonera increases ownership to 76.6%</td>
</tr>
<tr>
<td>2 Aug</td>
<td>Agreement with Ericsson on 3G radio, network and service equipment</td>
</tr>
<tr>
<td>19 Sep</td>
<td>First call on 3G network</td>
</tr>
<tr>
<td>10 Oct</td>
<td>Distribution agreement with The Phone House</td>
</tr>
<tr>
<td>26 Oct</td>
<td>2G roaming agreement with Vodafone re-signed</td>
</tr>
<tr>
<td>31 Oct</td>
<td>Launch of Yoigo brand</td>
</tr>
<tr>
<td>1 Nov</td>
<td>Managed service contract with Ericsson</td>
</tr>
<tr>
<td>1 Dec</td>
<td>Launch of services</td>
</tr>
</tbody>
</table>

From deal to launch in record time (< 6 months)
Yoigo set-up

Lean, flexible and capable…

- Streamlined organization geared towards low fixed internal costs
  - Start-up organization fully staffed, 70 employees (50 local employees + 20 expats)
- Management with experience from mobile start-ups
- Owners providing industrial knowledge (TeliaSonera) as well as financial resources
- Strong Spanish partner in ACS
Yoigo set-up

...with outsourced functions, including

- Managed service contract with Ericsson including
  - Network operations, optimization, system support, field maintenance, contract management
- Customer care outsourced to Emergia including
  - 1:st and second line support, telesales, credit scoring and bad debt management
- Logistics and warehousing to Dextra Móviles including
  - Phone warehousing, packaging and delivery of start packages from web and customer care
- Distribution channels
  - The Phone House, with 400 stores in Spain
  - Web-shop
  - Customer care

Provides a unique set up for low cost mobile operation
Spanish mobile market: General

One of the most dynamic markets in Europe...

- Cumulative growth rate >7% (2003-05) – highest growth in Europe
  - Yearly growth 04-05 ~10%
- ~20 million handsets sold (2006)
- High penetration (103% Q3 2006)
- Immature market (churn 22% in 2005)
- Price/volume elasticity >1
- Price per minute dropping <3%
- > 9,500,000 number ported (2002-06)
- ARPU EUR ~35/month (2005)
- MoU 158/month (H1/2005)

With high potential...

- Customer generally consider mobile prices to be high
- Price, network quality and service transparency customer’s main reasons for churn
- Number Portability likely to increase further migration between operators
- MoU likely to increase due to intensified competition
- Lower mobile interconnect charges
- Entrance of Yoigo and MVNO/SP will increase usage and competition

Source: Spanish Market Outlook
## MVNO/SPs on the Spanish market

### MVNO negotiation status in Spain, November 2006

<table>
<thead>
<tr>
<th>MNO</th>
<th>Movistar</th>
<th>Orange</th>
<th>Vodafone</th>
<th>Carrefour</th>
<th>Euskaltel</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>M V N O</strong></td>
<td>Operations launched</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>V N O</strong></td>
<td>Agreement reached</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>O N S P</strong></td>
<td>Currently negotiating</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- At the moment, over 40 companies are reported to be interested in the MVNO/SP opportunity

TeliaSonera expects at least 5-10 more MVNO/SPs to launch during first half of 2007
MVNO/SPs on the Spanish market

• MVNO/SPs expected to gain moderate market share in Spain by 2010
• Current development of MVNO/SPs in Spain in line with our expectations and forecast
• The Yoigo Business Plan does not include MVNO/SP services
• TeliaSonera has vast experience of MVNO/SP markets:

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>Denmark</th>
<th>Finland</th>
<th>Norway</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network operators</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>No of launched MVNO/SP</td>
<td>27</td>
<td>25</td>
<td>10</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td>Market share of MVNO / SP</td>
<td>2%*</td>
<td>12%*</td>
<td>2%*</td>
<td>19%</td>
<td>0%</td>
</tr>
<tr>
<td>Population, million</td>
<td>9.1</td>
<td>5.4</td>
<td>5.3</td>
<td>4.6</td>
<td>44.1 million</td>
</tr>
</tbody>
</table>

Source: Competition & regulation in the Nordic mobile markets, September 2006  NPT, FICORA, PTS, NITA, PTA

MVNO/SP overall effect on market development:
• Driving traffic & increasing MoU = Improving efficiency in network
• Enhancing competition and educating customers about real and transparent pricing

* Excluding MNOs vertically integrated MVNO/SPs
The Spanish interconnection regime

CMT decision 28 September
• Reduction by 41-47%, glide path to Sept 2009 with end-price EUR 0.07
• CMT decision in line with general development of tariffs in Europe

<table>
<thead>
<tr>
<th>Operator (EUR)</th>
<th>Pre CMT decision</th>
<th>Oct 06</th>
<th>Apr 07</th>
<th>Oct 07</th>
<th>Apr 08</th>
<th>Oct 08</th>
<th>Apr 09-Sep 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yoigo</td>
<td>0.1197</td>
<td>0.114</td>
<td>0.1031</td>
<td>0.0948</td>
<td>0.0866</td>
<td>0.0783</td>
<td>0.07</td>
</tr>
<tr>
<td>Vodafone</td>
<td>0.1221</td>
<td>0.1135</td>
<td>0.1048</td>
<td>0.0961</td>
<td>0.0874</td>
<td>0.0787</td>
<td>0.07</td>
</tr>
<tr>
<td>Orange</td>
<td>0.1315</td>
<td>0.1213</td>
<td>0.1110</td>
<td>0.1008</td>
<td>0.0905</td>
<td>0.0803</td>
<td>0.07</td>
</tr>
</tbody>
</table>

• Lower interconnect tariffs will benefit Yoigo as net purchaser of interconnection traffic
• Yoigo does not have “Significant Market Power” – free to set own prices
• Yoigo goal to maintain an interconnect premium of ~40% until SMP-status is reached
Yoigo strategy - Vision and Mission

**VISION:**
Our market and what we want to be

In the dynamic Spanish market…
… Yoigo will be the European benchmark operator for **SIMPPLICITY** and **EFFICIENCY**

**MISSION:**
How do we do it

Zero broken promises
One minute to get started
Two times more cost effective
3G is an evolution, not a revolution
Yoigo strategy - Positioning

Yoigo is positioned as a no frills operator with own network focusing on SIMPLICITY, EFFICIENCY AND LOW COST.
Yoigo strategy - Values and principles

**Simplicity**
- easy to be a Yoigo customer

**Fair**
- open to everyone with decent and transparent prices

**Witty**
- different, challenging and competitive

**Honest**
- clear, simple and understandable offerings

**Efficient**
- the fast & small challenger; roll-out in record time
Yoigo strategy - Brand

We wanted:
- Something fresh in the Spanish market that stands out
- “Empty” brand without connotation
- With available .com address

We evaluated:
- Continuing with Xfera
- “Importing” a brand from TS group
- Developing a new brand

Why Yoigo?
Yoigo strategy - Brand

• “Yo oigo” = “I hear”
• Brand established initially through PR followed by commercial campaigns
• Brand manifested in sales campaigns focused on direct response rather than lifestyle campaigns
• Differentiate brand by using several colors
• Around 500,000 hits on Google today*, there were 0 hits on October 1

* November 30, 2006
Yoigo strategy - Commercial strategy

**Market**
- Yoigo will be perceived as the provider of easy-to-use services at transparent and attractive prices
- Yoigo will initially focus on mass market segments: consumer and SOHO plus inbound roaming
- Yoigo will differentiate itself through simplicity, efficiency and low cost

**Customer Care**
- Yoigo will strive for very high first call resolution rates, solving issues at first point of contact
- Yoigo customer care is outsourced
- Yoigo customer care is open 24/7
- Localized in Yoigo premises
- Self service functions will be available to a large extent in all digital channels

**Products and Handsets**
- Yoigo will offer basic services that work on all phones and both 2G and 3G networks
- Yoigo will offer 3G handsets in mid/low range
- Price plans will be low cost and transparent
- Initially the following products are offered, in addition to post- and prepaid voice services:
  - SMS, MMS, mobile Internet access and mobile portal services, and international roaming

**Distribution**
- Yoigo will distribute via selected physical channels starting with The Phone house. More channels are being developed
- Yoigo will also distribute via WEB-shop and customer care
## Yoigo strategy - Technical strategy

### Network
- Yoigo will build out in line with or faster than license requirements
- Site sharing will be used actively to limit social impact and investment levels
- Yoigo will primarily build urban networks and use national roaming for full coverage

### VAS-services
- Synergies with TS group - common platforms such as portal, MMS, OTA etc., complemented with VAS-platform in local environment
- All VAS-services are open for all Yoigo customers
- SIM-cards, handsets etc are sourced in common process with TS-group when beneficial

### IT
- 90% of IT-systems are hosted by external partner
- Yoigo operate both prepaid and postpaid services on a single platforms basis for systems related to customer care, billing, distribution, provisioning, thereby reducing integration complexity
- Number portability, e-payment and self-service are 100% automatized systems

### Operation and maintenance
- Yoigo has outsourced operation and maintenance of the network and all VAS-platforms to Ericsson
- O&M contract includes network optimization, supervision, field maintenance, system support and contract management
- O&M contract is geared towards business performance KPIs monitored by independent system
Yoigo’s network coverage at year end 2006

- Yoigo 3G network with coverage of approx. 26% of population
- Vodafone 2G network with coverage of > 99% of population
National 2G roaming

The Yoigo license conditions include the right to get GSM national roaming on reasonable commercial conditions.

Agreement re-signed with Vodafone on September 19

- Updates 2001-agreement to reflect market developments
- Includes seamless 3G <-> 2G handover
- > 99% of population covered
- Long-term commitment
- Non-exclusive
- Conditions in accordance with business plan and estimated financing needs
- Includes prepayment of capacity every year
- Commercial conditions -> Margins not regulated by CMT other than that the conditions should be reasonable
- Prices as a discount to prevailing interconnection prices
Yoigo strategy
- Launch offer: Easy-to-use, transparent and attractive prices

<table>
<thead>
<tr>
<th></th>
<th>Post and Pre-paid</th>
<th>Existing market offers and tariffs (Residential)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up fee</td>
<td>€0.12</td>
<td>€0.12 (pre &amp; post-paid)</td>
</tr>
<tr>
<td>National voice any network, any time</td>
<td>€0.12/min</td>
<td>€0.11-0.21 (post-paid) €0.18-0.30 (pre-paid)</td>
</tr>
<tr>
<td>National SMS</td>
<td>€0.10/SMS</td>
<td>€0.15/SMS</td>
</tr>
<tr>
<td>National MMS</td>
<td>€0.30/MMS</td>
<td>€0.60/SMS</td>
</tr>
<tr>
<td>National Data</td>
<td>€0.0012 per Kb Max €1.2/day ~1 Mb</td>
<td>€0.005-€0.02 per Kb</td>
</tr>
<tr>
<td>International calls</td>
<td>€0.30/min to all destinations</td>
<td>From €0.32/min to more than € 1/min depending on destinations</td>
</tr>
<tr>
<td>Minimum consumption</td>
<td>€6/month</td>
<td>€9-€90/month</td>
</tr>
<tr>
<td>Handsets offered</td>
<td>3 SonyEricsson 2 Nokia 1 Motorola</td>
<td>Up to 30 different models from up to 8 different brands</td>
</tr>
</tbody>
</table>

Target customers and profiling
- Mass-market customers
- Same price for post and pre-paid
- Same price all across Spain
- Marketing focused to area with own coverage
- Same price regardless of 2G or 3G handsets
- 1st minute followed by 30 sec billing

Competitiveness
- Prices approximately 20% below Carrefour
- Prices on average 20-50% below Movistar, Orange and Vodafone
- True simplicity and transparency

Profitability
- In line with business plan
- Prices still double in comparison to Nordic markets
TeliaSonera investments in Xfera/Yoigo

- Investments pre-acquisition: approx. EUR 95 million
  - 1/3 acquisition of shares
  - 1/3 share capital increase
  - 1/3 shareholder loan and capital investment obligation
  - Book value of pre-acquisition investments: zero

- Investments in relation to and post acquisition: approx. EUR 150 million
  - Acquisition of shares to 76.6% holding: EUR 67 million (June 2006)
  - Share capital increase: EUR 85 million (July 2006)
Earn-out model

- Valid 20 years from closing
- TeliaSonera’s net share capped at approx. EUR 195 million
- Earned out via dividends (30/70% to old/new shareholders) and/or if the company is sold, the proceedings of the sale
- In addition, if the company is sold, TeliaSonera, ACS/Telvent and FCC will receive a yearly return of 25% on new investments made
Call-put option

• TeliaSonera has a call option exercisable when the pre-agreed criteria are fulfilled
  − After 5 years and at least 50% of the earn-out has been paid and there has been at least 2 years of consecutive net profit
  − If call exercised, the exercise price of the call option will be determined based on the valuation at the time of the exercise

• Other owners have a put option exercisable when the pre-agreed criteria are fulfilled:
  − After 5 years and there has been at least 2 years of consecutive net profit
  − If put exercised, the exercise price of the put option will be determined based on the valuation at the time of the exercise
## Yoigo financial goals

<table>
<thead>
<tr>
<th><strong>Market share</strong></th>
<th><strong>ARPU</strong></th>
</tr>
</thead>
</table>
| • Yoigo 2007 market share goal <1%  
  • In 2007 11,000,000 gross adds expected  
  • Yoigo 2007 goal 3% of gross adds  
  • Long-term goal 10% of market by 2015 | • 2005 average ARPU EUR ~35/month  
  • Initial Yoigo ARPU EUR ~30/month (outgoing & incoming traffic)  
  • Over time ARPU will gradually decrease due to price erosion |

<table>
<thead>
<tr>
<th><strong>SAC</strong></th>
<th><strong>Churn</strong></th>
</tr>
</thead>
</table>
| • Average Spanish postpaid EUR ~120  
  • Average Spanish prepaid EUR ~40  
  • Yoigo goal is lower SAC for postpaid and slightly higher for prepaid  
  • As market matures and 3G terminals continue to drop in price SAC will slowly go down | • Average Spanish churn 2005 was above 20%  
  • Churn levels expected to be maintained over foreseeable future due to increased competition  
  • Yoigo & MVNO/SPs lower churn initially but later expected to move towards market average |
Yoigo financial goals

**EBITDA and Cash flow**
- Operation expected to be cash flow positive and earnings accretive within 5 years
- Long term goal to reach EBITDA* margin of ~30% by 2015
- Yoigo total financing need < SEK 9 billion
- Accrued spectrum fees will be paid 2006-07

**CAPEX**
- Average cost per site expected to be between EUR 50–70,000
- Rollout plan according to minimum license requirements
- Additional deployment will be demand driven

**Capital injections**
- Owners will inject capital on a running basis
- Timing and amounts depend on cash flows generated by Yoigo

* Excl. non-recurring items
We have done one of Europe’s fastest start-ups and...

We succeeded in our goal to launch before the end of the year

ROBUST BUSINESS CASE
SHARP BUSINESS FOCUS

BENCHMARK LOW COST
3G-LICENSE / 2G-ROAMING
Forward-looking statements

Statements made in this document relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of TeliaSonera.