

TeliaSonera January-March 2008

Good growth with improved EBITDA

- Net sales increased 7.4 percent to SEK 24,398 million (22,724). In local currencies net sales rose 6.6 percent.
- EBITDA, excluding non-recurring items, increased to SEK 7,755 million (7,583) and the margin was 31.8 percent (33.4).
- Operating income, excluding non-recurring items, increased to SEK 6,750 million (6,191).
- Net income attributable to shareholders of the parent company increased to SEK 4,465 million (3,976) and earnings per share increased to SEK 0.99 (0.89).
- Free cash flow was SEK 1,110 million (2,529).
- The number of subscriptions reached 119.3 million at the end of the first quarter with 1.4 million new subscriptions in the majority-owned operations and 3.1 million in the associated companies compared to year-end 2007.
- Outlook for 2008 unchanged.

Financial Highlights

SEK in millions, except per share data and return	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	24,398	22,724	96,344
EBITDA ¹⁾ excl. non-recurring items ²⁾	7,755	7,583	31,021
Operating income	6,570	6,061	26,155
Operating income excl. non-recurring items	6,750	6,191	27,478
Net income	4,992	4,582	20,298
of which attributable to shareholders of the parent company	4,465	3,976	17,674
Earnings per share (SEK)	0.99	0.89	3.94
Return on equity (% , rolling 12 months)	18.8	16.3	18.6
Free cash flow	1,110	2,529	13,004

1) Please refer to page 11 for definitions. 2) Non-recurring items; see table on page 15.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the first quarter of 2007, unless otherwise stated. 2007 figures for business areas Mobility Services and Broadband Services, and Other operations are restated to correspond to the new organizational structure introduced on January 1, 2008.

Comments from Lars Nyberg, President and CEO

“We reported a satisfactory set of numbers for the first quarter and managed to grow EBITDA (excluding non-recurring items) in absolute terms for the first time in more than a year. However, we still need to continue improving efficiency to be able to defend our leading positions in more mature markets and to provide high quality in networks and services throughout the Group.

The growth engine of the Group, Eurasia, continued its strong development in the first quarter. Meanwhile, in Mobility Services and Broadband Services focus remained on developing in line with the markets and executing ongoing efficiency measures. Overall trends in our markets were unchanged. However, growth in broadband slowed down somewhat in the first quarter and did not offset the decrease in fixed voice to the extent I would have liked to see in Sweden.”

Group outlook for 2008 (unchanged from the Year-end Report 2007)

Net sales are expected to show stable growth in the financial year 2008 compared to the previous year.

Despite continued aggressive investments in future growth and in the quality of our networks and services, TeliaSonera's ambition for 2008 is to maintain the EBITDA margin level of 2007, excluding non-recurring items.

Net income for 2008 is estimated to be somewhat higher than in 2007, excluding the positive one-off items of approximately SEK 2.0 billion in 2007 and potential positive one-off items in 2008.

Capital expenditure will be driven by continued investments in broadband and mobile capacity and is expected to be around SEK 15 billion in 2008.

Efficiency measures

Intensified efficiency improvement is imperative for TeliaSonera to be able to continue shifting the product mix by investing in mobility and IP-based services. Efficiency measures to be implemented primarily in the Swedish and Finnish operations during 2008 and 2009 are in total estimated to give annual gross savings effects of approximately SEK 5 billion compared to the cost base of 2007.

TeliaSonera estimates that about two-thirds of these efficiency measures comprising savings of addressable costs and sustainable savings in volume-related costs will be implemented during 2008 and the remaining one-third in 2009. The efficiency measures are expected to result in a reduction of approximately 2,900 employees, of whom about two-thirds in Sweden and one-third in Finland. The related restructuring costs, to be reported as non-recurring items, are estimated to be around SEK 4 billion, of which approximately two-thirds in 2008.

TeliaSonera estimates that the gross savings effect for 2008, from the ongoing efficiency measures, will be approximately SEK 1.5 billion compared to the cost base of 2007.

Review of the Group, First Quarter 2008

Net sales increased 7.4 percent to SEK 24,398 million (22,724). The net effect of acquisitions on sales was a positive 2.5 percent and the positive net effect from exchange rate changes was 0.8 percent. Organic growth was 4.1 percent.

In Mobility Services net sales grew 9.4 percent to SEK 11,519 million (10,530) driven by growth in all markets. The acquisition of debitel in Denmark, good intake of subscriptions in Spain, a positive effect from the Tele2 MVNO-agreement in Norway, volume growth in Lithuania and an overall increase in mobile data usage contributed to the rise.

In Broadband Services net sales were SEK 11,023 million (11,070). Sales increased in all markets except Sweden and Estonia.

In Eurasia net sales rose 31.6 percent to SEK 2,717 million (2,065) driven by continued strong volume growth, especially in Kazakhstan and Azerbaijan, and the acquisition of operations in Uzbekistan and Tajikistan.

The number of subscriptions rose by 19.8 percent from the end of the first quarter 2007 to 119.3 million, of which approximately 37.4 million in the majority-owned operations and about 81.9 million in the associated companies.

EBITDA, excluding non-recurring items, increased to SEK 7,755 million (7,583), mainly due to higher EBITDA in Eurasia and good underlying performance of Mobility Services and Broadband Services. The comparable quarter last year included positive one-off items of approximately SEK 200 million related to reversals of provisions for historical interconnect fees, and increased costs of approximately SEK 130 million for storm and other weather related damages in Sweden. The margin was 31.8 percent (33.4).

In the first quarter, the gross savings effect from the ongoing efficiency measures, primarily related to the Swedish and Finnish operations, was just over SEK 200 million. Thus far, some 250 employees have either been transferred to the redeployment unit in Sweden or to the competence pool in Finland.

Operating income, excluding non-recurring items, increased to SEK 6,750 million (6,191). Increased income from associated companies in Russia and Turkey along with higher EBITDA contributed to the rise. In the comparable quarter last year, income from associated companies was positively impacted by a capital gain of approximately SEK 100 million from a divestment in Russia.

Non-recurring items affecting operating income totaled SEK -180 million (-130), negatively impacted by charges of about SEK -233 million related to efficiency measures.

Financial items totaled SEK -13 million (-129), of which SEK -52 million (-183) related to net interest expenses. Financial items were positively affected by penalty interest of approximately SEK 275 million related to a court decision on historical interconnect fees in Sweden.

Income taxes amounted to SEK -1,565 million (-1,350). The effective tax rate was 23.9 percent (22.8).

Minority interests in subsidiaries were SEK 527 million (606) of which SEK 318 million (426) related to Fintur and SEK 201 million (180) to Eesti Telekom, LMT and TEO.

Net income attributable to shareholders of the parent company increased to SEK 4,465 million (3,976) and earnings per share to SEK 0.99 (0.89) due to higher operating income and financial items.

CAPEX increased to SEK 3,230 million (2,337), mainly related to Eurasia, where the investment level in the comparable quarter last year was low due to the timing of investments between the quarters. CAPEX-to-sales ratio was 13.2 percent (10.3).

Free cash flow decreased to SEK 1,110 million (2,529) mainly as a result of increased CAPEX. In the comparable quarter last year, dividends of approximately SEK 530 million received from associated companies affected free cash flow positively.

Net debt decreased during the first quarter to SEK 33,985 million (34,718 at year-end 2007). In April 2008, the payment of ordinary and extraordinary dividends to shareholders for the fiscal year 2007 totaled SEK 17,962 million.

The equity/assets ratio decreased during the first quarter to 48.4 percent (50.3 at year-end 2007).

Significant events in the first quarter

- TeliaSonera as from January 1, 2008, has combined all its sales resources for the enterprise market into one sales organization, Business Services. Subsequently, Integrated Enterprise Services is no longer a separate business area, and its operations are reported as part of Mobility Services and Broadband Services, and of Other operations.
- TeliaSonera on January 1, 2008, created a separate wholly owned telecom network infrastructure subsidiary, TeliaSonera Skanova Access AB, in Sweden, with the purpose of enhancing efficiency and increasing the market's confidence and trust in TeliaSonera as a supplier of wholesale products.
- TeliaSonera on March 7, 2008, announced that an arbitration tribunal of the International Chamber of Commerce in Vienna has issued an award finding that Cukurova has violated certain share transfer restrictions in the shareholders' agreement between Cukurova and TeliaSonera relating to Turkcell Holding. The violation occurred in connection with a transfer of Cukurova Holding's shares in Turkcell Holding to Cukurova Telecom Holdings, a joint venture formed in 2005 between the Turkish Cukurova Group and the Russian Alfa Group. The arbitration tribunal in Vienna has ordered Cukurova Holding to take all measures available to it, including good faith negotiations with Alfa, to repurchase the transferred shares. The arbitration tribunal has reserved its rights to decide about other claims brought by TeliaSonera, including damages.

Significant events after the first quarter

- Cygate, a TeliaSonera subsidiary specializing in systems integration, on April 3, 2008, signed an agreement to acquire Avansys AB in Sweden for SEK 120 million (enterprise value). The acquisition will strengthen Cygate in the business communications area with services such as server management, data storage and security services. The transaction requires approval by the Swedish Competition Authority.
- After the Supreme Court in Sweden on April 4, 2008, refused Tele2 leave to appeal, Tele2 must now, after a dispute of several years, pay approximately SEK 500 million to TeliaSonera. This ruling will have a positive impact of some SEK 500 million on TeliaSonera's cash flow once Tele2 makes the payment. The penalty interest included in the court decision affected TeliaSonera's financial items positively in the first quarter 2008, by approximately SEK 275 million.
- TeliaSonera on April 8, 2008, announced that Kim Ignatius, Executive Vice President and CFO of TeliaSonera AB, is leaving his current position after eight years with the company to take up a similar position outside TeliaSonera.

Strong sales growth in Mobility Services

The business area **Mobility Services** is responsible for personal mobility services for the consumer and enterprise mass markets. Products and services in focus include mobile voice & data, mobile content, WLAN Hotspots, mobile over broadband, mobile/PC convergence and Wireless Office. The operations comprise the mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

- Strong volume growth in the mobile markets continued, with demand for mobile broadband exploding. Intense competition together with regulatory interventions is putting a downward pressure on prices in all markets. Overall industry investments are focusing on technology evolution in order to meet the growing demand for higher network speeds and mobile data services. TeliaSonera is successfully defending its market positions.

SEK in millions, except margins and operational data	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	11,519	10,530	45,115
EBITDA excl. non-recurring items	3,388	3,399	13,084
Margin (%)	29.4	32.3	29.0
Operating income	2,253	2,304	8,386
Operating income excl. non-recurring items	2,294	2,332	8,751
CAPEX	825	764	4,168
MoU	191	184	190
ARPU, blended (SEK)	222	224	230
Churn, blended (%)	26	26	28
Subscriptions, period-end (thousands)	14,797	13,513	14,501

Additional segment information available at www.teliaSonera.com/ir

- **Net sales** increased 9.4 percent to SEK 11,519 million (10,530). Sales rose in all markets driven by volume growth. The acquisition of debitel in Denmark, good development in Spain, a positive effect from the Tele2 MVNO-agreement in Norway, volume growth in Lithuania and an overall increase in mobile data usage contributed to the rise. Net sales in local currencies, including effects from acquisitions, increased 7.0 percent.
- **Interconnect fees** that TeliaSonera receives from other mobile operators were lowered in Finland from EUR 0.066 to EUR 0.051 in January 2008 and are now on a symmetric basis with the second largest operator. In Denmark the interconnect fees will decrease from DKK 0.72 to DKK 0.62 on May 1, 2008, and in Norway from NOK 0.70 to NOK 0.60 as of July 1, 2008. In Sweden the prevailing symmetric interconnect fees are SEK 0.55.
- **The number of subscriptions** increased by 1,284,000 from the end of the first quarter 2007 to 14,797,000. Growth was strongest in Spain where the number of subscriptions increased by over 450,000 year-on-year to 559,000. The good growth in Denmark and Latvia was boosted by the acquisitions of debitel in Denmark and ZetCOM in Latvia. Positive development continued in Sweden with 272,000 net additions year-on-year, and in Finland, with 160,000, respectively. From year-end 2007 to the end of the first quarter, the total number of subscriptions rose by 296,000 driven by growth in Spain, Sweden and Finland.
- **Blended churn** for business area Mobility Services was 26 percent (26).

- **EBITDA**, excluding non-recurring items, was SEK 3,388 million (3,399) and the EBITDA margin was 29.4 percent (32.3). When adjusted for the reversal of provisions of approximately SEK 140 million for historical interconnect fees in Sweden in the comparable quarter last year, EBITDA increased as a result of higher sales in all markets. Increased costs of goods sold, related to strong volume growth, and promotional spending in order to keep market leadership and to capitalize on the migration to mobile services drove operating expenses higher. The start-up in Spain is running according to plan and the EBITDA loss was SEK 388 million. The negative net effect on EBITDA from changed interconnect fees in the Nordic and Baltic markets was approximately SEK 125 million. Margins were relatively stable in most Nordic and Baltic markets, with savings effects from efficiency measures supporting margins in Sweden and Finland. In Norway the margin declined mainly as a result of lower interconnect fees, and in Lithuania mainly as a result of higher marketing and sales expenses.
- **CAPEX** increased to SEK 825 million (764), and related to expanded network coverage and capacity.

	Jan-Mar	Jan-Mar	Jan-Dec
SEK in millions, except margins	2008	2007	2007
Net sales	11,519	10,530	45,115
of which Sweden	3,109	3,064	12,905
of which Finland	2,411	2,382	9,786
of which Norway	2,280	2,125	9,001
of which Denmark	1,660	1,321	6,138
of which Lithuania	677	576	2,484
of which Latvia	646	624	2,654
of which Estonia	525	507	2,305
of which Spain	335	76	589
EBITDA excl. non-recurring items	3,388	3,399	13,085
Margin (%), total	29.4	32.3	29.0
Margin (%), Sweden	36.1	39.1	37.4
Margin (%), Finland	33.6	32.4	29.4
Margin (%), Norway	35.0	37.5	34.1
Margin (%), Denmark	18.0	17.9	13.7
Margin (%), Lithuania	39.0	42.0	36.8
Margin (%), Latvia	44.7	45.5	45.2
Margin (%), Estonia	37.1	37.7	34.9
Margin (%), Spain	neg	neg	neg

Challenging transition in Broadband Services

The business area Broadband Services is responsible for mass-market services for connecting homes and offices and for home communications. Products and services in focus include broadband over copper, fiber 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, Norway, Denmark, Lithuania, Latvia (49 percent), Estonia and international carrier operations.

- Growth in broadband continued although at a somewhat lower rate than previously. Price erosion and the migration from fixed voice services are still evident in all markets. TeliaSonera defended its positions in all its markets. Operators and other market actors are focusing their investments on bundled solutions to cater to TV and other value-added services requiring higher bandwidth. TeliaSonera sees TV as an anchor for the new services to households in the future.

SEK in millions, except margins and operational data	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	11,023	11,070	44,478
EBITDA excl. non-recurring items	3,111	3,036	12,821
Margin (%)	28.2	27.4	28.8
Operating income	1,631	1,580	6,413
Operating income excl. non-recurring items	1,823	1,680	7,515
CAPEX	1,093	1,075	5,722
Broadband ARPU (SEK)	268	270	270
Subscriptions, period-end (thousands)			
Broadband	2,368	2,088	2,326
Fixed voice	6,121	6,393	6,218
Associated company, total	764	724	757

Additional segment information available at www.teliasonera.com/ir

- **Net sales** were almost unchanged at SEK 11,023 million (11,070). Net sales increased in nearly all markets, especially driven by growth in voice and IP traffic in the international carrier operations and by the consolidation of DLG Tele in Denmark. In Sweden the price erosion and decline in traditional fixed voice continued and burdened sales, together with somewhat lower broadband volume growth. Net sales in local currencies, including effects from acquisitions, decreased 1.1 percent.
- **The number of subscriptions** for broadband access rose by 280,000 from the end of the first quarter 2007, to 2,368,000. Meanwhile broadband ARPU was affected by price erosion and decreased to SEK 268 as broadband access remained the key revenue source. The number of fixed voice subscriptions declined by 272,000 year-on-year to 6,121,000. The total number of TV subscriptions rose to 797,000, of which more than 400,000 IPTV subscriptions. In Sweden alone, the successful push for IPTV resulted in a rise of 236,000 new subscriptions year-on-year to 318,000. From year-end 2007 to the end of the first quarter, the number of IPTV subscriptions in Sweden increased by 14,000, a slowdown compared to previous quarters due to increased churn and because the conversion from analogue to digital broadcasting came to an end in the fourth quarter 2007. The number of broadband access subscriptions increased by 42,000 from year-end 2007 to the end of the first quarter, while the number of fixed voice subscriptions fell by 97,000.
- **EBITDA**, excluding non-recurring items, increased to SEK 3,111 million (3,036) and the EBITDA margin to 28.2 percent (27.4). EBITDA grew mainly as a result of lower costs of goods sold, related to lower volumes, savings effects from efficiency measures and slightly lower sales and marketing costs. In Sweden, the comparable quarter last year included approximately SEK 60 million from the reversal of provisions for historical interconnect fees, and increased costs of some SEK 130 million from storm and other weather related damages.
- **CAPEX** was nearly unchanged at SEK 1,093 million (1,075) with continued investments in broadband platforms and common infrastructure, including the core network.

	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
SEK in millions, except margins			
Net sales	11,023	11,070	44,478
of which Sweden	4,867	5,148	20,343
of which Finland	1,939	1,898	7,598
of which Norway	231	213	891
of which Denmark	571	468	1,998
of which Lithuania	563	495	2,124
of which Estonia	485	489	1,926
of which Wholesale	2,615	2,496	10,495
EBITDA excl. non-recurring items	3,111	3,036	12,821
Margin (%), total	28.2	27.4	28.8
Margin (%), Sweden	29.7	27.6	31.1
Margin (%), Finland	21.2	22.9	23.4
Margin (%), Norway	23.4	20.7	22.1
Margin (%), Denmark	11.4	13.5	12.1
Margin (%), Lithuania	45.6	46.1	43.9
Margin (%), Estonia	29.9	19.6	24.4
Margin (%), Wholesale	28.1	30.1	27.5

Strong development in Eurasia

The business area Eurasia comprises mobile operations managed by Fintur in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia and Moldova and a shareholding of 12 percent in Afghanistan's largest operator Roshan. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (44 percent) and Turkish Turkcell (37 percent). The main responsibility is to create shareholder value and to exploit penetration growth in the respective countries.

- The region continued to show strong market growth in terms of volumes. Increased penetration together with strong competition and regulatory intervention are putting a downward pressure on margins. TeliaSonera maintained market leadership in Kazakhstan and Azerbaijan, and upheld its positions in all other markets.

SEK in millions, except margins and operational data	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	2,717	2,065	10,338
EBITDA excl. non-recurring items	1,339	1,146	5,255
Margin (%)	49.3	55.5	50.8
Income from associated companies			
Russia	1,017	773	4,181
Turkey	848	664	2,725
Operating income	2,802	2,274	10,883
Operating income excl. non-recurring items	2,802	2,274	10,883
CAPEX	1,223	431	3,114
Subscriptions, period-end (thousands)			
Subsidiaries	13,304	7,948	12,147
Associated companies	81,168	68,461	78,056

Additional segment information available at www.teliaSonera.com/ir

Consolidated operations

- **Net sales** rose 31.6 percent to SEK 2,717 million (2,065) with continued strong revenue growth in all six markets. Consolidated since July 1, 2007, the operations in Uzbekistan and Tajikistan affected net sales positively by 7.9 percent. Net sales in local currencies, including effects from acquisitions, increased 39.4 percent.
- **The number of subscriptions** rose by close to 5.4 million from the end of the first quarter 2007 to 13.3 million, including 1.7 million subscriptions from the acquired operations in Uzbekistan and Tajikistan. Subscription growth year-on-year excluding acquisitions was almost 50 percent, or 3.7 million subscriptions, with around 2.5 million net additions coming from Kazakhstan. From year-end 2007 to the end of the first quarter, the total number of subscriptions rose by close to 1.2 million, with the largest increases in Kazakhstan and Azerbaijan and some 0.4 million subscriptions coming from Uzbekistan and Tajikistan.
- **EBITDA**, excluding non-recurring items, increased to SEK 1,339 million (1,146) as a result of higher sales. However, the margin decreased to 49.3 percent (55.5) as a result of higher network and sales and marketing expenses.
- **CAPEX** increased to SEK 1,223 million (431), due to continued investments in capacity, improved coverage and high service quality in the networks. CAPEX in the comparable quarter last year was low mainly due to the timing of investments between the quarters, particularly in Kazakhstan.

SEK in millions	Jan-Mar	Jan-Mar	Jan-Dec
	2008	2007	2007
Net sales	2,717	2,065	10,338
of which Kazakhstan	1,419	1,144	5,582
of which Azerbaijan	741	599	2,958
of which Uzbekistan	76	–	139
of which Tajikistan	88	–	184
of which Georgia	308	243	1,123
of which Moldova	91	80	365

Associated companies – Russia

- MegaFon (associated company, 43.8 percent holding) in Russia continued to show strong performance and increased its subscription base by 1.3 million from year-end 2007 to 37.0 million at the end of the first quarter. MegaFon increased its market share in terms of subscriptions during the first quarter to 22 percent, and also strengthened its position in terms of revenue.
- TeliaSonera's income from Russia rose to SEK 1,017 million (773), as a result of strong sales and earnings growth in MegaFon. The comparative quarter last year included a SEK 100 million gain from the sale of Petersburg Transit Telecom by Telecominvest. The Russian ruble depreciated against the Swedish krona which had a negative impact of SEK 27 million.

Associated companies – Turkey

- Turkcell (associated company, 37.3 percent holding, reported with a one-quarter lag) in Turkey increased its subscription base by 0.6 million from year-end 2007 to 35.4 million at the end of the first quarter. In Ukraine, respectively, the number of subscriptions rose by 1.2 million to 8.8 million.

- TeliaSonera's income from Turkcell, which showed continued strong sales and earnings growth, rose to SEK 848 million (664). The Turkish lira appreciated against the Swedish krona, which had a positive impact of SEK 83 million.
- Turkcell's Board of Directors has proposed to the Annual General Meeting 2008, to be held on April 25, 2008, a cash dividend of approximately SEK 3 billion (TRY 648.7 million), corresponding to 50 percent of the distributable income for the fiscal year 2007. TeliaSonera's share of the proposed dividend will be approximately SEK 1.1 billion.

Other operations

Other operations comprise TeliaSonera Holding and Corporate functions, as previously, and Other Business Services. Other Business Services is responsible for sales and production of managed-services solutions to business customers. These operations were previously part of Integrated Enterprise Services.

	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
SEK in millions, except margins			
Net sales	542	385	2,049
EBITDA excl. non-recurring items	-64	15	-161
Income from associated companies	8	-1	740
Operating income	-105	-93	406
Operating income excl. non-recurring items	-158	-91	264
CAPEX	89	67	527

Additional segment information available at www.teliaSonera.com/ir

- Net sales for Other operations increased mainly due to the acquisitions of Cygate, Didata and Crescom in 2007. The positive EBITDA results for TeliaSonera Holding and Other Business Services were offset by the costs for Corporate functions.

Stockholm, April 25, 2008

Lars Nyberg
President and CEO

This report has not been subject to review by TeliaSonera's auditors.

TeliaSonera AB discloses the information provided herein pursuant to the Swedish Securities Markets Act and/or the Swedish Financial Instruments Trading Act. The information was submitted for publication at 07.30 CET on April 25, 2008.

Financial Information

Restated historical financial information and operational data for 2007 and 2006 for business areas Mobility Services and Broadband Services, and Other operations were released on April 3, 2008, according to the new organizational structure as from January 1, 2008.

Interim Report January–June 2008

July 24, 2008

Interim Report January–September 2008

October 28, 2008

Questions regarding the reports:

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Definitions

EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization. Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

ARPU, blended: Average monthly revenue per subscription.

Churn, blended: The number of lost subscriptions (postpaid and prepaid) expressed as a percentage of the average number of subscriptions (postpaid and prepaid).

MoU: Minutes of usage per subscription and month.

MVNO: Mobile Virtual Network Operator.

Condensed Consolidated Income Statements

SEK in millions, except per share data and number of shares	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	24,398	22,724	96,344
Cost of sales	-13,464	-12,543	-54,196
Gross profit	10,934	10,181	42,148
Selling, admin., and R&D expenses	-6,188	-5,768	-24,311
Other operating income and expenses, net	-43	187	621
Income from associated companies and joint ventures	1,867	1,461	7,697
Operating income	6,570	6,061	26,155
Finance costs and other financial items, net	-13	-129	-904
Income after financial items	6,557	5,932	25,251
Income taxes	-1,565	-1,350	-4,953
Net income	4,992	4,582	20,298
Attributable to:			
Shareholders of the parent company	4,465	3,976	17,674
Minority interests in subsidiaries	527	606	2,624
Shareholders' basic and diluted earnings per share (SEK)	0.99	0.89	3.94
Number of shares (thousands)			
Outstanding at period-end	4,490,457	4,490,457	4,490,457
Weighted average, basic and diluted	4,490,457	4,490,457	4,490,457
EBITDA	7,575	7,453	30,333
EBITDA excl. non-recurring items	7,755	7,583	31,021
Depreciation, amortization and impairment losses	-2,872	-2,853	-11,875
Operating income excl. non-recurring items	6,750	6,191	27,478

Condensed Consolidated Balance Sheets

SEK in millions	Mar 31, 2008	Dec 31, 2007
Assets		
Goodwill and other intangible assets	82,415	83,909
Property, plant and equipment	52,488	52,602
Investments in associates and joint ventures, deferred tax assets and other non-current assets	46,303	48,633
<i>Total non-current assets</i>	<i>181,206</i>	<i>185,144</i>
Inventories	1,196	1,168
Trade receivables, current tax assets and other receivables	19,948	20,881
Interest-bearing receivables	1,402	1,701
Cash and cash equivalents	13,819	7,802
<i>Total current assets</i>	<i>36,365</i>	<i>31,552</i>
<i>Non-current assets held-for-sale</i>	<i>7</i>	<i>6</i>
Total assets	217,578	216,702
Equity and liabilities		
Shareholders' equity	97,570	117,274
Minority interests	9,722	9,783
<i>Total equity</i>	<i>107,292</i>	<i>127,057</i>
Long-term borrowings	46,891	41,030
Deferred tax liabilities, other long-term provisions	16,488	16,748
Other long-term liabilities	2,258	2,366
<i>Total non-current liabilities</i>	<i>65,637</i>	<i>60,144</i>
Short-term borrowings	1,585	2,549
Trade payables, current tax liabilities, short-term provisions and other current liabilities	43,064	26,952
<i>Total current liabilities</i>	<i>44,649</i>	<i>29,501</i>
Total equity and liabilities	217,578	216,702

Condensed Consolidated Cash Flow Statements

SEK in millions	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Cash flow before change in working capital	5,005	6,558	27,541
Change in working capital	-787	-1,662	-1,012
Cash flow from operating activities	4,218	4,896	26,529
Intangible and tangible fixed assets acquired (cash CAPEX)	-3,108	-2,367	-13,525
Free cash flow	1,110	2,529	13,004
Cash flow from other investing activities	94	-186	-2,180
Total cash flow from investing activities	-3,014	-2,553	-15,705
Cash flow before financing activities	1,204	2,343	10,824
Cash flow from financing activities	4,920	11,995	-14,726
Cash flow for the period	6,124	14,338	-3,902
Cash and cash equivalents, opening balance	7,802	11,603	11,603
Cash flow for the period	6,124	14,338	-3,902
Exchange rate differences	-107	154	101
Cash and cash equivalents, closing balance	13,819	26,095	7,802

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Mar 2008			Jan-Dec 2007		
	Share-holders' equity	Minority interests	Total equity	Share-holders' equity	Minority interests	Total equity
Opening balance	117,274	9,783	127,057	119,217	8,500	127,717
Reporting financial instruments at fair value	-38	-	-38	39	-	39
Hedging of foreign operations, net of tax	35	-	35	-114	-	-114
Currency translation differences	-6,204	-473	-6,677	8,748	160	8,908
<i>Net income recognized directly in equity</i>	-6,207	-473	-6,680	8,673	160	8,833
Net income	4,465	527	4,992	17,674	2,624	20,298
<i>Comprehensive income</i>	-1,742	54	-1,688	26,347	2,784	29,131
Transactions with minority shareholders in subsidiaries	-	-115	-115	-	-42	-42
Dividends	-17,962	-	-17,962	-28,290	-1,459	-29,749
Closing balance	97,570	9,722	107,292	117,274	9,783	127,057

Basis of Preparation

General. As in the annual accounts for 2007, TeliaSonera's consolidated financial statements as of and for the three-month period ended March 31, 2008, have been prepared in accordance with International Financial Reporting Standards (IFRS) and, given the nature of TeliaSonera's transactions, with IFRSs as adopted by the European Union. The parent company TeliaSonera AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2.1 "Accounting for Legal Entities" and other statements issued by the Swedish Financial Reporting Board. This report has been prepared in accordance with IAS 34 "Interim Financial Reporting."

New accounting standards (not yet adopted by the EU). For information, see corresponding section in the 2007 Annual Report.

Non-recurring Items

	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
SEK in millions			
Within EBITDA	-180	-130	-688
Restructuring charges, synergy implementation costs, etc.:			
Mobility Services	-41	-28	-363
Broadband Services	-192	-100	-599
Other operations	53	-2	142
<i>of which TeliaSonera Holding</i>	55	-2	161
Capital gains:			
Broadband Services	-	-	132
Within Depreciation, amortization and impairment losses	-	-	-635
Impairment losses, accelerated depreciation:			
Broadband Services	-	-	-635
Within Income from associated companies and joint ventures	-	-	-
Within Financial net	-	-	-
Penalty interest:			
Tele2	275	-	-
Total	95	-130	-1,323

Deferred Taxes

	Mar 31, 2008	Dec 31, 2007
SEK in millions		
Deferred tax assets	11,577	12,017
Deferred tax liabilities	-10,004	-9,577
Net deferred tax assets	1,573	2,440

Segment and Group Operating Income

	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
SEK in millions			
Mobility Services	2,253	2,304	8,388
Broadband Services	1,631	1,580	6,413
Eurasia	2,802	2,274	10,883
Other operations	-105	-93	407
Total segments	6,581	6,065	26,091
Elimination of inter-segment profits	-11	-4	63
Group	6,570	6,061	26,155

Related Party Transactions

MegaFon. As of March 31, 2008, TeliaSonera had interest-bearing claims of SEK 278 million on its associated company OAO MegaFon.

Svenska UMTS-nät. In the three-month period ended March 31, 2008, TeliaSonera purchased services from its 50 percent owned joint venture Svenska UMTS-nät AB worth SEK 114 million and sold services worth SEK 134 million.

Investments

SEK in millions	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
CAPEX	3,230	2,337	13,531
Intangible assets	235	203	1,308
Property, plant and equipment	2,995	2,134	12,223
Acquisitions and other investments	239	664	7,171
Asset retirement obligations	–	–	82
Goodwill and fair value adjustments	233	663	6,483
Equity holdings	6	1	606
Total	3,469	3,001	20,702

Net Debt

SEK in millions	Mar 31, 2008	Dec 31, 2007
Long-term and short-term borrowings	48,476	43,579
Less short-term investments, cash and bank	-14,491	-8,861
Net debt	33,985	34,718

Loan Financing

The underlying cash-flow generation was positive in the first quarter of 2008. As a result of the on-going problems relating to in particular the “US Sub-prime market,” funding conditions in general continued to deteriorate during the quarter. The effects on the domestic Swedish debt capital markets have been less severe, while still unfavorable.

In the beginning of the year, TeliaSonera was active in raising medium and long-term debt financing, primarily in SEK. In early April, when dividends were distributed, TeliaSonera reentered the shorter-dated commercial paper market, focusing on the domestic Swedish market.

Funding conditions for the remainder of 2008 are uncertain, but they will most likely remain volatile with a negative bias.

Financial Key Ratios

	Mar 31, 2008	Dec 31, 2007
Return on equity (% , rolling 12 months)	18.8	18.6
Return on capital employed (% , rolling 12 months)	18.7	19.4
Equity/assets ratio (%)	48.4	50.3
Net debt/equity ratio (%)	32.3	31.8
Shareholders' equity per share (SEK)	21.73	26.12

Business Combinations

For minor business combinations in the first quarter, the combined cost of acquisition was SEK 49 million and the net cash outflow SEK 48 million. Goodwill totaled SEK 3 million, allocated to reportable segment Other operations.

Collateral Pledged and Guarantees

Collateral pledged at March 31, 2008, totaled SEK 1,377 million, mainly referring to blocked funds in bank accounts for Ipse 2000 S.p.A.'s future license payments and pledges of shares in Svenska UMTS-nät AB. Guarantees totaled SEK 2,108 million, of which SEK 1,806 million referred to credit guarantees on behalf of Svenska UMTS-nät. Under certain third-party agreements, the credit guarantees on behalf of Svenska UMTS-nät are capped at SEK 2,400 million.

Contractual Obligations

Contractual obligations at March 31, 2008, totaled SEK 1,324 million, of which SEK 863 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden and Lithuania.

Parent Company

Condensed Income Statements (SEK in millions)	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007
Net sales	4,019	4,429	17,809
Gross profit	531	1,649	7,084
Operating income	20,603	1,721	6,303
Income after financial items	20,388	1,785	23,845
Income before taxes	30,257	1,361	21,259
Net income	30,260	1,143	20,001

Net sales, primarily related to fixed network services in Sweden, declined due to migration to mobile services and lower priced IP-based services, and to operations being transferred to the subsidiary TeliaSonera Skanova Access AB (Skanova Access). Out of the total net sales for the period, SEK 3,103 million (3,149) was billed to subsidiaries. Operating income increased strongly due to capital gains on assets transferred to Skanova Access.

Condensed Balance Sheets (SEK in millions)	Mar 31, 2008	Dec 31, 2007
Non-current assets	163,772	142,469
Current assets	51,463	39,967
Total assets	215,235	182,436
Shareholders' equity	75,274	63,013
Untaxed reserves	10,192	20,061
Provisions	716	944
Liabilities	129,053	98,418
Total equity and liabilities	215,235	182,436

Total investments for the period amounted to SEK 35,124 million (1,330), including SEK 293 million (584) in property, plant and equipment primarily for the fixed network. Other investments totaling SEK 34,831 million (746) were mainly attributable to capital contributions to subsidiaries. Of the capital contributions, SEK 34,000 million was provided in kind in exchange for new shares issued by Skanova Access and SEK 35 million was provided through debt conversion.

Risks and Uncertainties

TeliaSonera operates in a broad range of geographic product and service markets in the highly competitive and regulated telecommunications industry. As a result, TeliaSonera is subject to a variety of risks and uncertainties. TeliaSonera has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals.

Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities. Additionally, these risks may affect TeliaSonera's share price from time to time.

TeliaSonera has an established risk management process in place to regularly identify, analyze and assess, and report business and financial risks and uncertainties, and to mitigate such risks when appropriate. Risk management is an integrated part of TeliaSonera's business planning process.

See "Report of the Directors – Risks and Risk Management" in TeliaSonera's Annual Report 2007 for a detailed description of some of the factors that may affect TeliaSonera's business, financial condition and results of operations. TeliaSonera believes that the risk environment has not materially changed from the one described in the Annual Report 2007.

Risks and uncertainties that could specifically impact the quarterly results of operations during the remainder of 2008 include, but may not be limited to:

- *Investments in future growth.* TeliaSonera is currently investing in future growth through, for example, building a customer base in Spain and increasing the expenditure on sales and marketing to retain and acquire customers in most markets. While TeliaSonera believes these investments will improve market position and financial results in the long term, they may not have the targeted positive effects yet in the short term and related expenditure may impact the results of operations between the quarters.

- *Efficiency programs.* TeliaSonera is in the process of shifting its cost base from traditional to new services. In the short term, depending on when the related decisions are made and carried out, these efficiency programs may not yet bring the cost savings that will be visible in the long term. Additionally, related amounts of restructuring costs and their timing may increase the volatility of quarterly results in the short term.
- *Non-recurring items.* In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, write-downs, etc. may impact the quarterly results in the short term with amounts or timing that deviate from those currently expected. Depending on external factors or internal developments, TeliaSonera might also experience non-recurring items that are not currently anticipated.
- *Associated companies.* A significant part of TeliaSonera's results derives from MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.
- *Acquisitions.* TeliaSonera has made a number of targeted acquisitions in accordance with its strategy. The efficient integration of these acquisitions and the realization of related cost and revenue synergies, as well as positive development of the acquired operations, are significant for the results of operations both in the long and short term. Integration of acquired companies always includes certain risks, and the integration process may increase the volatility of quarterly earnings in the short term.

Forward-Looking Statements

This report contains statements concerning, among other things, TeliaSonera's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent TeliaSonera's future expectations. TeliaSonera believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: TeliaSonera's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of TeliaSonera, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, TeliaSonera undertakes no obligation to update any of them in light of new information or future events.