

TeliaSonera January-June 2008

Continued good growth with improved margins

First half

- Net sales rose 6.5 percent to SEK 49,672 million (46,625). In local currencies net sales rose 6.2 percent.
- Net income attributable to shareholders of the parent company increased to SEK 8,595 million (7,808) and earnings per share to SEK 1.91 (1.74).
- Free cash flow was SEK 3,581 million (6,087).

Second quarter

- Net sales rose 5.7 percent to SEK 25,274 million (23,901). In local currencies net sales rose 5.9 percent.
- EBITDA, excluding non-recurring items, increased to SEK 7,978 million (7,516) and the margin to 31.6 percent (31.4).
- Operating income, excluding non-recurring items, increased to SEK 7,410 million (6,575).
- Net income attributable to shareholders of the parent company rose to SEK 4,130 million (3,832) and earnings per share to SEK 0.92 (0.85).
- Free cash flow was SEK 2,471 million (3,558).
- The number of subscriptions reached 122.9 million at the end of the second quarter with 1.4 million new subscriptions in the majority-owned operations and 2.2 million in the associated companies, compared to the end of the first quarter 2008.
- The group outlook for 2008 remains unchanged.

Comments from Lars Nyberg, President and CEO

“The overall market trends were essentially unchanged and we reported a satisfactory set of numbers for the second quarter. For the first time in more than a year, we managed to increase our margins. Our Eurasian operations develop strongly and Mobility Services showed good growth with improved margins, whereas margins within Broadband Services are under continued pressure. Intensive campaigns to promote mobile broadband affected the penetration growth of fixed broadband.

TeliaSonera is a strong business, based on leading market positions in the Nordic and Baltic countries. We are also very well positioned in several emerging markets with high growth potential and continue to look for new investment opportunities. Our success is and will be based on providing high quality networks and first class services at competitive cost. Hence, we need to continuously improve our operational efficiency to successfully manage the ongoing migration from traditional fixed voice services to mobility and IP-based services. This will drive strong and sustainable earnings growth and maximize value for our shareholders.”

Financial Highlights

SEK in millions, except per share data and return	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	25,274	23,901	49,672	46,625
EBITDA ¹⁾ excl. non-recurring items ²⁾	7,978	7,516	15,733	15,099
Operating income	6,818	5,796	13,388	11,857
Operating income excl. non-recurring items	7,410	6,575	14,160	12,766
Net income	4,640	4,294	9,632	8,876
of which attributable to shareholders of the parent company	4,130	3,832	8,595	7,808
Earnings per share (SEK)	0.92	0.85	1.91	1.74
Return on equity (% , rolling 12 months)	18.5	16.1	18.5	16.1
Free cash flow	2,471	3,558	3,581	6,087

1) Please refer to page 12 for definitions.

2) Non-recurring items; see table on page 16.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the second quarter 2007, unless otherwise stated.

Group outlook for 2008 (unchanged from 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, Second Quarter 2008

Net sales increased 5.7 percent to SEK 25,274 million (23,901). The net effect of acquisitions on sales was a positive 2.7 percent and the negative net effect from exchange rate changes was 0.2 percent. Organic growth was 3.2 percent.

In Mobility Services, net sales increased 6.8 percent to SEK 12,071 million (11,301). A continued good development in Spain, healthy volume growth in Sweden, wholesale revenues in Norway, higher usage in Denmark and an overall increase in mobile data usage were the main contributors to the rise.

In Broadband Services, net sales were SEK 11,089 million (11,054). Sales were driven by voice and IP-traffic capacity within the international carrier operations and supported by somewhat higher sales of IP-based services in most markets. In Sweden the decline in traditional fixed voice sales continued at a steady pace and was not offset by higher sales of IP-based services. The consolidation of DLG Tele was the main contributor to sales growth in Denmark.

In Eurasia, net sales rose 16.6 percent to SEK 2,858 million (2,451) as a result of higher sales in all markets and also supported by the acquisition of operations in Uzbekistan and Tajikistan. Net sales in local currencies, including effects from acquisitions, increased 25.0 percent.

The number of subscriptions rose 19.3 percent from the end of the second quarter 2007 to 122.9 million, of which 38.8 million in the majority-owned operations and 84.1 million in the associated companies.

EBITDA, excluding non-recurring items, increased to SEK 7,978 million (7,516), driven by continued good performance in Mobility Services and Eurasia. The margin rose to 31.6 percent (31.4).

In the second quarter, the gross savings effect from ongoing efficiency measures, primarily in the Swedish and Finnish operations, was about SEK 400 million. Thus far, 255 employees have accepted the offer for early retirement and 335 employees have either been transferred to the redeployment unit in Sweden or to the competence pool in Finland. The gross savings effect for the first half of 2008 from ongoing efficiency measures was approximately SEK 600 million, compared to the corresponding period 2007.

Operating income, excluding non-recurring items, increased to SEK 7,410 million (6,575), due to higher income from associated companies in Russia and Turkey and higher EBITDA. The comparable quarter last year included positive one-off items of some SEK 140 million in Russia.

Non-recurring items affecting operating income totaled SEK -592 million (-779), of which about SEK -545 million related to efficiency measures. The comparable quarter last year included a write-down of the access network in Finland and a provision for dismantling the network totaling some SEK 450 million.

Financial items totaled SEK -631 million (-151), of which SEK -643 million (-266) related to net interest expenses.

Income taxes amounted to SEK -1,547 million (-1,351). The effective tax rate was 25.0 percent (23.9).

Minority interests in subsidiaries were SEK 510 million (462) of which SEK 381 million (360) related to operations managed by Fintur and SEK 119 million (103) to Eesti Telekom, LMT and TEO.

Net income attributable to shareholders of the parent company increased to SEK 4,130 million (3,832) and earnings per share to SEK 0.92 (0.85). Higher operating income and lower negative non-recurring items offset higher negative net financial items and higher income taxes.

CAPEX increased to SEK 4,475 million (3,318), mainly due to the Swedish 2.6 GHz license auction and continued increased investments in network capacity and coverage within Mobility Services and Broadband Services. The CAPEX-to-sales ratio was 17.7 percent (13.9).

Free cash flow decreased to SEK 2,471 million (3,558) mainly as a result of increased CAPEX and higher negative net financial items. The decrease in free cash flow was partly offset by higher EBITDA and approximately SEK 500 million received in the form of a one-off payment related to historical interconnect disputes in Sweden.

Net debt increased during the second quarter to SEK 50,407 million (33,985 at the end of the first quarter 2008) due to the payment of ordinary and extraordinary dividend to shareholders for the fiscal year 2007 of SEK 17,962 million.

The equity/assets ratio increased during the second quarter to 49.3 percent (48.4 percent at the end of the first quarter 2008).

Significant events in the second quarter

- In April 2008, the privatization of the Republic of Azerbaijan's 35.7 percent ownership in Azercell Telekom B.M. (Azercell) was completed. Azertel Telekomünikasyon A.S., the parent company of Azercell and a majority-owned subsidiary of Fintur Holdings B.V. (Fintur), acquired the entire stake from the Republic of Azerbaijan, increasing Azertel's ownership in Azercell to 100 percent. At the same time, the previous minority shareholders in Azertel increased their ownership to 49 percent. Fintur's effective ownership in Azercell therefore remains at 51 percent. The largest minority shareholder was also granted a put option, giving the shareholder the right to sell its 42 percent stake to TeliaSonera at fair value in certain deadlock situations.
- After a dispute of several years, related to historical interconnect fees, the Supreme Court in Sweden on April 4, 2008, refused Tele2 leave to appeal. Therefore Tele2 paid approximately SEK 500 million to TeliaSonera in the second quarter 2008.
- TeliaSonera on May 8, 2008, became one of the winners in the auction for 4G, the new generation mobile network in Sweden. The license is valid for 15 years and the cost for 4 frequency blocks totaling 2 * 20 MHz in the 2.6 GHz band was SEK 563 million. The payment was made to the Swedish Post and Telecom Agency in the second quarter of 2008.
- TeliaSonera on May 15, 2008, named Per-Arne Blomquist Executive Vice President and Chief Financial Officer of TeliaSonera, to succeed Kim Ignatius. Currently, he is Executive Vice President and Chief Financial Officer of SEB (the North-European financial group).

- Cygate, a TeliaSonera subsidiary specializing in systems integration, closed the acquisition of Avansys AB in Sweden on May 27, 2008. Cygate paid SEK 138 million for Avansys.
- On June 5, 2008, TeliaSonera's Board of Directors rejected a non-binding, indicative offer by France Telecom regarding a potential acquisition of TeliaSonera AB. The indicative offer consisted of a combination of cash and shares in France Telecom, representing a blended spot value of approximately SEK 56 per TeliaSonera share. On June 29, 2008, France Telecom presented a revised indicative offer. The structure, terms and conditions of the June 29 revised indicative offer were largely unchanged. The cash part was increased to SEK 65 per share (originally SEK 63 per share). As a consequence of a lower France Telecom share value, the blended spot value of the combination of cash and shares was on June 29, 2008, somewhat below SEK 56 per share. The Board of TeliaSonera therefore maintained its view that the proposal substantially undervalues the company. France Telecom withdrew its indicative offer on June 30, 2008.

Significant events after the second quarter

- TeliaSonera on July 11, 2008, closed the acquisition of ComHouse on approval by the Norwegian competition authority.
- TeliaSonera on July 11, 2008, began sales of Apple iPhone 3G in Sweden, Finland, Norway and Denmark. TeliaSonera will also start distributing iPhone 3G in Estonia, Latvia and Lithuania later this summer.

Good sales growth and improved margins 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.

- Volume growth remained good in the mobile markets, with continued strong demand for mobile broadband. Intensifying competition together with regulatory interventions continue putting a downward pressure on prices in all markets. Overall industry investments are driven by technology evolution and aimed at meeting the growing demand for higher network speeds required by mobile data services. TeliaSonera successfully defended its market positions.

SEK in millions, except margins and operational data	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	12,071	11,301	23,590	21,831
EBITDA excl. non-recurring items	3,663	3,234	7,051	6,633
Margin (%)	30.3	28.6	29.9	30.4
Operating income	2,341	2,029	4,594	4,333
Operating income excl. non-recurring items	2,513	2,093	4,807	4,425
CAPEX	1,792	935	2,617	1,699
MoU	203	192	197	188
ARPU, blended (SEK)	230	236	226	230
Churn, blended (%)	27	27	26	27
Subscriptions, period-end (thousands)	15,086	13,998	15,086	13,998

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

- **Net sales** increased 6.8 percent to SEK 12,071 million (11,301). A continued good development in Spain, healthy volume growth in Sweden, wholesale revenues in Norway, higher usage in Denmark and an overall increase in mobile data usage were the main contributors to the rise. Regulatory interventions, including reductions of interconnect and roaming fees, weighed on sales particularly in Finland and Estonia. An overall weaker economic development in the Baltic countries marginally affected equipment sales and usage growth. Net sales in local currencies, including effects from acquisitions, increased 5.6 percent.
- **Interconnect fees** that TeliaSonera receives from other mobile operators were lowered in Denmark from DKK 0.72 to DKK 0.62 on May 1, 2008. On July 1, 2008, fees were lowered in Norway from NOK 0.70 to NOK 0.60 and on the same date in Sweden from SEK 0.55 to SEK 0.43. In Finland fees will be lowered from EUR 0.051 to EUR 0.049 as of January 1, 2009.

In Norway, the reduction of the interconnect fees and symmetric prices with Telenor from July 1, 2008, and the effect of losing the national roaming agreement with Network Norway, expected as of the fourth quarter 2008, are estimated to have a total annual negative effect of approximately SEK 500 million on sales.

- **The number of subscriptions** increased by close to 1.1 million from the end of the second quarter 2007 to 15.1 million. Growth was strongest in Spain where the number of subscriptions increased by 466,000 year-on-year to 627,000. The positive year-on-year development continued in Sweden with 363,000 net additions, in Finland with 204,000 and Denmark with 78,000. From the end of the first quarter 2008 to the end of the second quarter, the total number of subscriptions rose by 289,000 mainly driven by growth in Sweden, Spain and Finland.
- **Blended churn** for business area Mobility Services was 27 percent (27).

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
SEK in millions, except margins				
Net sales	12,071	11,301	23,590	21,831
of which Sweden	3,420	3,243	6,529	6,307
of which Finland	2,417	2,479	4,828	4,861
of which Norway	2,417	2,263	4,697	4,388
of which Denmark	1,665	1,537	3,325	2,858
of which Lithuania	664	599	1,341	1,175
of which Latvia	639	674	1,285	1,298
of which Estonia	561	589	1,086	1,096
of which Spain	420	117	755	193
EBITDA excl. non-recurring items	3,663	3,234	7,051	6,633
Margin (%), total	30.3	28.6	29.9	30.4
Margin (%), Sweden	37.0	31.6	36.6	35.2
Margin (%), Finland	30.1	31.3	31.9	31.8
Margin (%), Norway	37.3	36.0	36.2	36.7
Margin (%), Denmark	18.1	11.1	18.0	14.2
Margin (%), Lithuania	32.7	38.4	35.9	40.2
Margin (%), Latvia	46.3	47.3	45.5	46.5
Margin (%), Estonia	39.0	36.5	38.1	37.0
Margin (%), Spain	neg	neg	neg	neg

- **EBITDA**, excluding non-recurring items, rose to SEK 3,663 million (3,234) and the margin to 30.3 percent (28.6). EBITDA grew mainly as a result of a mixture of lower sales and marketing expenses and lower costs of goods sold, despite higher net sales, especially in Sweden, Denmark and Norway. In addition, savings effects from efficiency measures supported profitability in Sweden. The start-up in Spain is running according to plan and the EBITDA loss was SEK 269 million, adding up to a loss of SEK 657 million for the first half of 2008. The negative net effect on EBITDA from changed interconnect fees in the Nordic and Baltic markets was approximately SEK 125 million.
- **CAPEX** rose to SEK 1,792 million (935) driven by a one-off payment of SEK 563 million for the acquisition of the 2.6 GHz license in Sweden and continued investments in network coverage and capacity, including upgrading and building capacity for mobile broadband. In addition, the UMTS network build-out in Denmark increased CAPEX.

Flat sales amid 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.

- Overall price erosion is still evident in all markets and the migration from traditional fixed voice services persists. Intensive campaigns to promote mobile broadband affected penetration growth of DSL. Operators and other market actors are directing investments into the backbone and transmission networks to support services that require higher bandwidth, such as IPTV and mobile broadband. TeliaSonera defended its positions in most markets.

SEK in millions, except margins and operational data	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	11,089	11,054	22,112	22,124
EBITDA excl. non-recurring items	2,769	3,108	5,880	6,144
Margin (%)	25.0	28.1	26.6	27.8
Operating income	1,123	1,055	2,754	2,635
Operating income excl. non-recurring items	1,515	1,771	3,338	3,451
CAPEX	1,541	1,376	2,634	2,451
Broadband ARPU (SEK)	263	269	266	269
Subscriptions, period-end (thousands)				
Broadband	2,379	2,143	2,379	2,143
Fixed voice	6,013	6,335	6,013	6,335
Associated company, total	771	847	771	847

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

- **Net sales** were marginally higher at SEK 11,089 million (11,054). Sales were driven by voice and IP-traffic capacity, within the international carrier operations, and supported by somewhat higher sales of IP-based services in most markets. In Sweden, the decline in traditional fixed voice sales continued at a steady pace and was not offset by higher sales of IP-based services. The consolidation of DLG Tele was the main contributor to sales growth in Denmark. Net sales in local currencies, including effects from acquisitions, increased 0.1 percent.

- **The number of subscriptions** for broadband access rose by 236,000 from the end of the second quarter 2007, to 2,379,000. The number of fixed voice subscriptions declined year-on-year by 322,000 to 6,013,000. The total number of TV subscriptions rose to 816,000, of which nearly 430,000 IPTV subscriptions. In Sweden alone, the push for IPTV resulted in a year-on-year rise of 162,000 new subscriptions to 320,000. From the end of the first quarter 2008 to the end of the second quarter, the number of IPTV subscriptions in Sweden increased by 2,000. The number of broadband access subscriptions increased by 11,000 from the end of the first quarter 2008 to the end of the second quarter, while the number of fixed voice subscriptions fell by 108,000.
- **EBITDA**, excluding non-recurring items, decreased to SEK 2,769 million (3,108) and the EBITDA margin to 25.0 percent (28.1). The shift in sales from high-margin traditional services to IP-based and international carrier services continued putting pressure on EBITDA and the margin. In Sweden and Finland the decline in traditional fixed voice sales was not offset by savings effects from efficiency measures. In Denmark EBITDA decreased mainly as a result of higher costs of goods sold.
- **CAPEX** increased to SEK 1,541 million (1,376), including investments in common infrastructure and IP platforms, particularly in Denmark, Sweden and the international carrier operations.

SEK in millions, except margins	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	11,089	11,054	22,112	22,124
of which Sweden	4,917	5,138	9,784	10,286
of which Finland	1,825	1,857	3,764	3,755
of which Norway	228	221	459	434
of which Denmark	559	455	1,130	923
of which Lithuania	551	517	1,114	1,012
of which Estonia	512	458	997	947
of which Wholesale	2,836	2,680	5,451	5,176
EBITDA excl. non-recurring items	2,769	3,108	5,880	6,144
Margin (%), total	25.0	28.1	26.6	27.8
Margin (%), Sweden	25.2	27.3	27.4	27.4
Margin (%), Finland	18.0	26.7	19.7	24.8
Margin (%), Norway	20.2	22.2	21.8	21.4
Margin (%), Denmark	0.4	12.1	5.9	12.8
Margin (%), Lithuania	44.6	44.5	45.2	45.3
Margin (%), Estonia	28.3	24.7	29.1	22.1
Margin (%), Wholesale	26.9	28.5	27.5	29.3

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 continues to show strong market growth in terms of volumes, but due to the weakening of local currencies against the Swedish krona this is not fully reflected in the reported numbers. Higher penetration in an increasingly competitive market environment, together with regulatory intervention, put pressure on margins. In addition, slowing economic development and rising inflationary pressure in the region may affect consumer spending. TeliaSonera maintained market leadership in Kazakhstan and Azerbaijan, and upheld its positions in all other markets.

SEK in millions, except margins and operational data	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	2,858	2,451	5,575	4,516
EBITDA excl. non-recurring items	1,422	1,248	2,761	2,394
Margin (%)	49.8	50.9	49.5	53.0
Income from associated companies				
Russia	1,344	1,178	2,361	1,951
Turkey	1,033	602	1,881	1,266
Operating income	3,373	2,744	6,175	5,018
Operating income excl. non-recurring items	3,373	2,744	6,175	5,018
CAPEX	917	906	2,140	1,337
Subscriptions, period-end (thousands)				
Subsidiaries	14,511	8,671	14,511	8,671
Associated companies	83,365	70,303	83,365	70,303

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

Consolidated operations

- **Net sales** rose 16.6 percent to SEK 2,858 million (2,451) 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 8.2 percent. Net sales in local currencies, including effects from acquisitions, increased 25.0 percent.
- **The number of subscriptions** rose by over 5.8 million from the end of the second quarter 2007 to 14.5 million, including about 2.3 million subscriptions from the acquired operations in Uzbekistan and Tajikistan. Subscription growth year-on-year excluding acquisitions was 41.0 percent, or 3.5 million subscriptions, with around 2.4 million net additions coming from Kazakhstan. From the end of the first quarter 2008 to the end of the second quarter, the total number of subscriptions rose by close to 1.2 million, with the largest increase in Uzbekistan, driven by a successful rebranding that helped increase the subscription base by close to 0.5 million.
- **EBITDA**, excluding non-recurring items, increased to SEK 1,422 million (1,248) as a result of higher sales. A more balanced approach to capitalizing on the growth opportunities in the various markets, utilizing the combined strength and resources of the business area, resulted in the best year-on-year margin development in six quarters. The margin was 49.8 percent (50.9).

- **CAPEX** was SEK 917 million (906), with continued investments in capacity, coverage and service quality in the networks.

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
SEK in millions				
Net sales	2,858	2,451	5,575	4,516
of which Kazakhstan	1,443	1,374	2,862	2,518
of which Azerbaijan	802	716	1,543	1,315
of which Uzbekistan	93	–	169	–
of which Tajikistan	108	–	196	–
of which Georgia	321	271	629	514
of which Moldova	97	92	188	172

Associated companies – Russia

- MegaFon (associated company, 43.8 percent holding) in Russia continued to show strong performance and increased its subscription base by 1.9 million from the end of the first quarter 2008 to 38.9 million. MegaFon maintained its market share in terms of subscriptions during the quarter at 22 percent.
- TeliaSonera's income from Russia rose to SEK 1,344 million (1,178), fueled by continued strong sales and earnings growth at MegaFon. The comparative quarter last year included a positive one-off effect of SEK 140 million mainly related to a partial reversal of write-downs of old equipment. The Russian ruble depreciated against the Swedish krona, which had a negative impact of SEK 63 million.
- TeliaSonera owns 26.1 percent in OAO Telecominvest (TCI), which owns 31.3 percent of the shares in MegaFon. TeliaSonera has signed agreements with TCI and a shareholder of TCI in order to secure TeliaSonera's ownership in MegaFon, including an agreement under which TCI has pledged 8.2 percent of the shares in MegaFon to TeliaSonera. TCI has pledged its remaining shares in MegaFon, corresponding to a 23.1 percent ownership in MegaFon, in order to guarantee a loan in favor of AF Telecom Holding which is one of the shareholders of TCI.

Associated companies – Turkey

- Turkcell (associated company, 37.3 percent holding, reported with a one-quarter lag) in Turkey recorded a decrease of around 0.3 million subscriptions from the end of the first quarter 2008 to 35.1 million, due to regulatory developments regarding retail pricing and focus on maintaining high value generating subscribers. In Ukraine, the number of subscriptions rose by 0.6 million from the end of the first quarter 2008 to 9.4 million.
- TeliaSonera's income from Turkcell, which showed continued strong sales and earnings growth, rose to SEK 1,033 million (602). The Turkish lira appreciated against the Swedish krona, which had a positive impact of SEK 64 million.

Other operations

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

SEK in millions, except margins	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
	2008	2007	2008	2007
Net sales	647	457	1,189	842
EBITDA excl. non-recurring items	116	-100	52	-85
Income from associated companies	-16	88	-8	87
Operating income	-36	-68	-141	-161
Operating income excl. non-recurring items	-8	-69	-166	-160
CAPEX	223	101	312	168

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

- Net sales for Other operations increased mainly due to a good development of Other Business Services and TeliaSonera Holding. TeliaSonera Holding and Other Business Services supported EBITDA. In addition, EBITDA was positively affected by lower costs related to Corporate functions.

The Board of Directors and the President and CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 24, 2008

Tom von Weymarn
Chairman

Agneta Ahlström

Maija-Liisa Friman

Elof Isaksson

Conny Karlsson

Lars G Nordström

Timo Peltola

Jon Risfelt

Caroline Sundewall

Berith Westman

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 July 24, 2008.

Financial Information

Interim Report January–September 2008	October 28, 2008
Year-end Report January–December 2008	February 11, 2009
Annual General Meeting 2009 in Stockholm	April 1, 2009
Interim Report January–March 2009	April 24, 2009
Interim Report January–June 2009	July 24, 2009
Interim Report January–September 2009	October 28, 2009

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.

DSL: Digital Subscriber Line is a family of technologies that provide digital data transmission over the wires of a local telephone network.

Condensed Consolidated Income Statements

SEK in millions, except per share data and number of shares	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	25,274	23,901	49,672	46,625
Cost of sales	-13,854	-13,680	-27,318	-26,223
Gross profit	11,420	10,221	22,354	20,402
Selling, admin., and R&D expenses	-6,584	-6,123	-12,772	-11,891
Other operating income and expenses, net	-349	-167	-392	20
Income from associated companies and joint ventures	2,331	1,865	4,198	3,326
Operating income	6,818	5,796	13,388	11,857
Finance costs and other financial items, net	-631	-151	-644	-280
Income after financial items	6,187	5,645	12,744	11,577
Income taxes	-1,547	-1,351	-3,112	-2,701
Net income	4,640	4,294	9,632	8,876
Attributable to:				
Shareholders of the parent company	4,130	3,832	8,595	7,808
Minority interests in subsidiaries	510	462	1,037	1,068
Shareholders' basic and diluted earnings per share (SEK)	0.92	0.85	1.91	1.74
Number of shares (thousands)				
Outstanding at period-end	4,490,457	4,490,457	4,490,457	4,490,457
Weighted average, basic and diluted	4,490,457	4,490,457	4,490,457	4,490,457
EBITDA	7,427	7,234	15,002	14,687
EBITDA excl. non-recurring items	7,978	7,516	15,733	15,099
Depreciation, amortization and impairment losses	-2,940	-3,304	-5,812	-6,157
Operating income excl. non-recurring items	7,410	6,575	14,160	12,766

Condensed Consolidated Balance Sheets

SEK in millions	Jun 30, 2008	Dec 31, 2007
Assets		
Goodwill and other intangible assets	87,283	83,909
Property, plant and equipment	53,971	52,602
Investments in associates and joint ventures, deferred tax assets and other non-current assets	49,920	48,633
<i>Total non-current assets</i>	<i>191,174</i>	<i>185,144</i>
Inventories	1,080	1,168
Trade receivables, current tax assets and other receivables	20,291	20,881
Interest-bearing receivables	1,218	1,701
Cash and cash equivalents	6,246	7,802
<i>Total current assets</i>	<i>28,835</i>	<i>31,552</i>
<i>Non-current assets held-for-sale</i>	<i>5</i>	<i>6</i>
Total assets	220,014	216,702
Equity and liabilities		
Shareholders' equity	104,396	117,274
Minority interests	8,058	9,783
<i>Total equity</i>	<i>112,454</i>	<i>127,057</i>
Long-term borrowings	47,594	41,030
Deferred tax liabilities, other long-term provisions	22,529	16,748
Other long-term liabilities	2,179	2,366
<i>Total non-current liabilities</i>	<i>72,302</i>	<i>60,144</i>
Short-term borrowings	9,391	2,549
Trade payables, current tax liabilities, short-term provisions and other current liabilities	25,867	26,952
<i>Total current liabilities</i>	<i>35,258</i>	<i>29,501</i>
Total equity and liabilities	220,014	216,702

Condensed Consolidated Cash Flow Statements

SEK in millions	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Cash flow before change in working capital	6,767	6,652	11,772	13,210
Change in working capital	298	256	-489	-1,406
Cash flow from operating activities	7,065	6,908	11,283	11,804
Intangible and tangible fixed assets acquired (cash CAPEX)	-4,594	-3,350	-7,702	-5,717
Free cash flow	2,471	3,558	3,581	6,087
Cash flow from other investing activities	392	-873	486	-1,059
Total cash flow from investing activities	-4,202	-4,223	-7,216	-6,776
Cash flow before financing activities	2,863	2,685	4,067	5,028
Cash flow from financing activities	-10,467	-23,529	-5,547	-11,534
Cash flow for the period	-7,604	-20,844	-1,480	-6,506
Cash and cash equivalents, opening balance	13,819	26,095	7,802	11,603
Cash flow for the period	-7,604	-20,844	-1,480	-6,506
Exchange rate differences	31	-69	-76	85
Cash and cash equivalents, closing balance	6,246	5,182	6,246	5,182

Condensed Consolidated Statements of Changes in Equity

SEK in millions	Jan-Jun 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	7	-	7	-114	-	-114
Currency translation differences	-3,480	-335	-3,815	8,748	160	8,908
<i>Net income recognized directly in equity</i>	-3,511	-335	-3,846	8,673	160	8,833
Net income	8,595	1,037	9,632	17,674	2,624	20,298
<i>Comprehensive income</i>	5,084	702	5,786	26,347	2,784	29,131
Transactions with minority shareholders in subsidiaries	-	-1,496	-1,496	-	-42	-42
Dividends	-17,962	-931	-18,893	-28,290	-1,459	-29,749
Closing balance	104,396	8,058	112,454	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 six-month period ended June 30, 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). Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2009, earlier application permitted) were issued on May 22, 2008. The amendments address retrospective determination of the cost of an investment in separate financial statements when adopting IFRSs for the first time. The amendments to IFRS 1 and IAS 27 are not applicable to TeliaSonera.

The first annual *Improvements to IFRSs* (mostly effective for annual periods beginning on or after January 1, 2009; earlier adoption permitted) were issued on May 22, 2008. These improvements to about 20 IFRSs make necessary, but non-urgent, amendments that have not been included as part of other major projects. The amendments are presented in two parts: (a) those that involve accounting changes for presentation, recognition or measurement purposes, and (b) those involving terminology or editorial changes with minimal effect on accounting. All in all, the amendments to those IFRSs that are applicable to TeliaSonera have in certain cases already been applied and will otherwise have no or very limited impact on TeliaSonera's results or financial position.

IFRIC 15 *Agreements for the Construction of Real Estate* (effective for annual periods beginning on or after January 1, 2009; to be applied retrospectively) was issued on July 3, 2008. IFRIC 15 applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. IFRIC 15 provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* and when revenue from the construction should be recognized. IFRIC 15 is not applicable to TeliaSonera.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for annual periods beginning on or after October 1, 2008; prospective application required) was issued on July 3, 2008. IFRIC 16 applies to entities that hedge foreign currency risks arising from net investments in foreign subsidiaries, associates, joint ventures or branches and wish to qualify for hedge accounting in accordance with IAS 39. IFRIC 16 does not apply to other types of hedge accounting and should not be applied by analogy. IFRIC 16 clarifies that (a) the presentation currency does not create an exposure to which hedge accounting may be applied and consequently, an entity may designate as a hedged risk only the foreign exchange differences arising from a difference between its own functional currency and that of its foreign operation; (b) the hedging instrument(s) may be held by any entity or entities within the group; and (c) while IAS 39 *Financial Instruments: Recognition and Measurement* must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 *The Effects of Changes in Foreign Exchange Rates* must be applied in respect of the hedged item. TeliaSonera already, in previous periods, applied the principles stated by IFRIC 16.

For further information, see corresponding section in TeliaSonera's Annual Report 2007.

Non-recurring Items

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
SEK in millions				
Within EBITDA	-551	-282	-731	-412
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-169	-64	-210	-92
Broadband Services	-354	-219	-546	-319
Other operations	-28	1	25	-1
<i>of which TeliaSonera Holding</i>	-6	19	49	17
Within Depreciation, amortization and impairment losses	-41	-497	-41	-497
Impairment losses, accelerated depreciation:				
Mobility Services	-3	-	-3	-
Broadband Services	-38	-497	-38	-497
Within Income from associated companies and joint ventures	-	-	-	-
Within Finance costs and other financial items, net	15	-	290	-
Penalty interest:				
Tele2	15	-	290	-
Total	-577	-779	-482	-909

Deferred Taxes

	Jun 30, 2008	Dec 31, 2007
SEK in millions		
Deferred tax assets	11,394	12,017
Deferred tax liabilities	-10,134	-9,577
Net deferred tax assets	1,260	2,440

Segment and Group Operating Income

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
SEK in millions				
Mobility Services	2,341	2,029	4,594	4,333
Broadband Services	1,123	1,055	2,754	2,635
Eurasia	3,373	2,744	6,175	5,018
Other operations	-36	-68	-141	-161
Total segments	6,801	5,760	13,382	11,825
Elimination of inter-segment profits	17	36	6	32
Group	6,818	5,796	13,388	11,857

Related Party Transactions

MegaFon. As of June 30, 2008, TeliaSonera had interest-bearing claims of SEK 280 million on its associated company OAO MegaFon.

Svenska UMTS-nät. In the three-month and the six-month period ended June 30, 2008, TeliaSonera purchased services from its 50 percent owned joint venture Svenska UMTS-nät AB worth SEK 133 million and SEK 247 million, respectively, and sold services worth SEK 46 million and SEK 180 million, respectively.

Investments

	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
SEK in millions				
CAPEX	4,475	3,318	7,705	5,655
Intangible assets	927	384	1,162	587
Property, plant and equipment	3,548	2,934	6,543	5,068
Acquisitions and other investments	3,716	1,676	3,955	2,340
Goodwill and fair value adjustments	3,698	1,271	3,931	1,934
Equity holdings	18	405	24	406
Total	8,191	4,994	11,660	7,995

Relating to TeliaSonera's operations in Azerbaijan, TeliaSonera has granted the largest minority shareholder a put option giving the shareholder the right to sell its 42 percent holding at fair value to TeliaSonera in case of a deadlock situation regarding material decisions at the general assembly. TeliaSonera has accounted for the present value of the estimated option redemption amount as a provision (SEK 4,983 million) and derecognized the minority interest, which increased goodwill by SEK 3,608 million. Any future changes in the estimated redemption amount will be recognized in the income statement, while no minority interest will be recognized.

Net Debt

	Jun 30, 2008	Dec 31, 2007
SEK in millions		
Long-term and short-term borrowings	56,985	43,579
Less short-term investments, cash and bank	-6,578	-8,861
Net debt	50,407	34,718

Loan Financing and Credit Rating

The underlying cash-flow generation was positive also in the second quarter of 2008. However, substantial dividend payouts to the shareholders in early April contributed to a considerable increase in the Group's net debt during the quarter.

Funding activities during the second quarter have focused primarily on the domestic Swedish Commercial Paper market which has functioned well.

Turbulence in the financial markets has continued and is expected to linger for quite some time into 2009, with negative funding implications.

In early July, Standard & Poor's confirmed TeliaSonera AB's long-term and short-term credit rating of A-/A-2 with a "Stable" outlook.

Financial Key Ratios

	Jun 30, 2008	Dec 31, 2007
Return on equity (% , rolling 12 months)	18.5	18.6
Return on capital employed (% , rolling 12 months)	17.2	19.4
Equity/assets ratio (%)	49.3	50.3
Net debt/equity ratio (%)	46.5	31.8
Shareholders' equity per share (SEK)	23.25	26.12

Business Combinations

For minor business combinations in the second quarter, the cost of combination totaled SEK 138 million and the net cash outflow SEK 94 million. Goodwill was SEK 91 million, allocated to reportable segment Other operations. Goodwill is explained by strengthened market positions. The total cost of combination and fair values have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to refinement.

For minor business combinations after the balance sheet date, work on the purchase price allocation has been initiated. The cost of combination is expected to mainly be recognized as goodwill, allocated to business area Mobility Services.

Collateral Pledged and Guarantees

Collateral pledged at June 30, 2008, totaled SEK 1,530 million, mainly referring to blocked funds in bank accounts for Ipse 2000 S.p.A.'s future license payments and for certain court proceedings, and to pledges of shares in Svenska UMTS-nät AB. Guarantees totaled SEK 2,219 million, of which SEK 1,923 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 June 30, 2008, totaled SEK 1,395 million, of which SEK 926 million referred to contracted build-out of TeliaSonera's fixed networks in Sweden and Finland.

Parent Company

Condensed Income Statements (SEK in millions)	Apr-Jun 2008	Apr-Jun 2007	Jan-Jun 2008	Jan-Jun 2007
Net sales	4,164	4,671	8,183	9,100
Gross profit	825	2,085	1,356	3,734
Operating income	561	1,333	21,164	3,054
Income after financial items	156	16,439	20,544	18,224
Income before taxes	174	16,062	30,431	17,423
Net income	171	15,918	30,431	17,061

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 in the first half-year, SEK 6,402 million (6,545) was billed to subsidiaries. Operating income increased strongly due to capital gains on assets transferred to Skanova Access at the beginning of the year. In 2007, income after financial items was positively impacted by dividend payments from subsidiaries.

Condensed Balance Sheets (SEK in millions)	Jun 30, 2008	Dec 31, 2007
Non-current assets	163,543	142,469
Current assets	52,153	39,967
Total assets	215,696	182,436
Shareholders' equity	75,443	63,013
Untaxed reserves	10,174	20,061
Provisions	685	944
Liabilities	129,394	98,418
Total equity and liabilities	215,696	182,436

Total investments in the first half-year were SEK 35,549 million (10,569), of which SEK 602 million (1,217) in property, plant and equipment primarily for the fixed network. Other investments totaled SEK 34,815 million (9,352), of which SEK 34,000 million related to a capital contribution provided in kind in exchange for new shares issued by Skanova Access. In 2007, other investments included the acquisitions of Cygate and debitel Danmark (SEK 2,011 million) and intra-group transfers of shareholdings (SEK 7,132 million).

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.