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TeliaSonera in Brief
TeliaSonera provides network access and telecommunication services that help people and companies communicate in an easy, efficient and environmentally friendly way.

TeliaSonera is an international group with a global strategy, but wherever we operate we act as a local company. We offer our services in 20 markets in the Nordic and Baltic countries, the emerging markets of Eurasia, including Russia and Turkey, and in Spain.

World-class Service Company
Our focus areas are:
- To build a world-class service company
- To secure high quality in our networks
- To create a best-in-class cost efficiency

TeliaSonera is listed on the NASDAQ OMX Stockholm and NASDAQ OMX Helsinki stock exchanges.

Highlights and achievements

Strong financial performance
Although 2009 was a difficult year in the world economy, we reported the highest operating income in the company’s history.

4G – World premiere in Stockholm and Oslo
We opened up the world’s first commercial 4G networks in Stockholm and Oslo, providing customers with up to ten times faster speeds than today’s networks.

Employee satisfaction and commitment improved
We reached the highest level since TeliaSonera started measurements in 2004.

Agreement with Altimo
TeliaSonera and Altimo agreed to combine their ownership interests in Turkcell and MegaFon into a new company.

Strong subscription growth
The number of subscriptions grew substantially and mobile data traffic volumes in the Nordic and Baltic markets increased by almost 200 percent.

Financial Highlights
SEK in millions except key ratios, per share data and margins

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
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<th>2007</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>109,161</td>
<td>103,585</td>
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<tr>
<td>EBITDA, excluding non-recurring items</td>
<td>36,666</td>
<td>32,954</td>
<td>31,021</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>33.6</td>
<td>31.8</td>
<td>32.2</td>
</tr>
<tr>
<td>Operating income</td>
<td>30,324</td>
<td>28,648</td>
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</tr>
<tr>
<td>Operating income, excluding non-recurring items</td>
<td>31,679</td>
<td>30,041</td>
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<tr>
<td>Net income</td>
<td>21,280</td>
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<td>of which attributable to owners of the parent company</td>
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<td>Earnings per share (SEK)</td>
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<td>Return on equity (%)</td>
<td>15.2</td>
<td>17.2</td>
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<tr>
<td>CAPEX-to-sales (%)</td>
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<td>15.2</td>
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<td>Free cash flow</td>
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Net sales and EBITDA margin, excluding non-recurring items, 2007–2009

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<tr>
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<th>2009</th>
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<tbody>
<tr>
<td>Net sales SEK billion</td>
<td></td>
<td></td>
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<tr>
<td>EBITDA margin</td>
<td>26%</td>
<td>30%</td>
<td>34%</td>
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EPS and Dividends, 2007–2009

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<tbody>
<tr>
<td>EPS per share</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary dividend</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extraordinary dividend</td>
<td></td>
<td></td>
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<tr>
<td>Proposed dividend</td>
<td></td>
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</table>
Letter from the CEO

Dear Shareholders,

TeliaSonera’s performance is strong. 2009 was a difficult year in the world economy, with low or even negative GDP growth in many markets. In this tough economic environment, TeliaSonera reported the highest operating income in the company’s history.

The financial crisis is still prominent and affected several of our markets during the year, but our business is resilient. Due to a healthy mix of mature and emerging markets, we were able to keep revenues in local currencies intact and at the same time improve our profitability.

Traffic volumes increased, although prices have been under significant pressure. The telecom sector is not immune to lower economic activity and is pressured by regulatory intervention as well as lower roaming revenues related to less business travel.

Therefore, one of the things I and the rest of the management team are very proud of is that we have managed to break the trend of continuous cost increases. This is a result of major cost reductions in the Nordic and Baltic countries and tight cost control in Eurasia.

In this context, I am encouraged that employee satisfaction and commitment continued to improve. For the second year in a row, we have made significant progress and reached the highest level since TeliaSonera started measurements in 2004.

Improvement in profitability and cash flow

In 2009, TeliaSonera’s EBITDA grew by 11 percent and the EBITDA margin improved to 33.6 percent. Operating income improved by 6 percent, despite notably lower income from associated companies. Cash flow improved by as much as 50 percent.

The improvement in profitability and cash flow is driven by actions that we can control ourselves, namely successful efficiency improvements, cost reductions and careful capital spending.

“TeliaSonera is a well positioned and financially strong company, with motivated and competent employees.”

Lars Nyberg, President and CEO, TeliaSonera

Focus areas

When I joined TeliaSonera, we identified five focus areas – and later added another one – so they became six.

By now I think we can actually tick some of them off. For example, our B2B sales division is now established and up and running. We are in the middle of the migration to IP-based services and we continue to grow our business in Eurasia.

Therefore, the focus areas have been reduced to three, which we will live with for many years to come – and they apply to all our business areas.

• Building a world class service company and delivering a superior customer experience
• Securing high quality in our networks
• Cost efficient operations

TeliaSonera – a pioneer

In addition to this, it is important that TeliaSonera is regarded as a pioneer, by being at the forefront in adopting new technology and introducing new services to our customers in all markets.

We can thereby add value and contribute to a society with better communication opportunities for people and businesses.

Expanding in Eurasia and increasing ownership in core holdings

TeliaSonera aims to grow in line with the markets and take advantage of the increased demand for bandwidth, while maintaining profitability in the Nordic and Baltic regions, where we have leading market positions. Eurasia is our growth engine and in this region, fixed networks are limited and mobile penetration is lower.

Our mobile services provide people and businesses with opportunities to communicate with each other and to connect to the rest of the world.

Contribution to economic growth

TeliaSonera’s investments in infrastructure and services contribute to increased transparency and contribute to economic growth.

We aim to expand our operations in Eurasia by increasing ownership in core holdings and making complementary acquisitions within our existing footprint, as well as selectively looking at new markets.
Increased ownership
In October, we successfully completed the cash offer for Eesti Telekom in Estonia and in January 2010 we took full control of the company. We also increased our ownership in TEO LT in Lithuania.

In February 2010 we increased our ownership in UCell, which during 2009 became the second largest operator in Uzbekistan.

These transactions underline our strategy to increase ownership in core holdings and we are actively exploring further possibilities to pursue this strategy.

Aligning ownership with Altimo
For a number of years, we have had the ambition to increase our ownership in both Turkcell and MegaFon and to consolidate those businesses. However, this has proven to be very difficult and we have explored different routes to increase our control over and the liquidity of these assets.

In November, we took an important step towards resolving the long lasting ownership deadlock, by aligning our ownership interests with Altimo into a new company.

The real value of the agreement is in the execution of it, which depends on the resolution of the legal disputes with Cukurova regarding the ownership of Turkcell and regulatory approvals in Turkey and Russia. Once these issues have been resolved, the shareholder structure and control of Turkcell and MegaFon will improve, as well as the liquidity of these assets.

We have focused on creating a governance structure where all major parties will have good possibilities to influence, without single-handedly controlling, the management of the new telecommunications group.

Turkcell and MegaFon will both continue to operate as independent companies. They are both very strong and professionally managed operators and cross-border synergies are limited.

It may take some time before we reach the end result, but the new listed company will have exciting future prospects and add value to TeliaSonera and our shareholders.

Entering a new decade
As we close 2009, we also leave the first decade of the 21st century behind.

In this period, TeliaSonera expanded eastward into new markets with growing economies and populations, and low mobile penetration.

We are now present in 20 countries with more than 48 million subscriptions in majority-owned operations and close to 100 million in our associated companies. This means that more than 100 million new subscribers have gained access to telecommunication services and the internet since Telia and Sonera were merged in late 2002.

Telecommunication services have become a necessity
In the same period, telecommunication services have become a basic necessity for people in their everyday lives. Society is being digitalized as we are constantly online, working from multiple locations, engaging in e-commerce, enjoying interactive entertainment and connecting to social networks on the internet.

The introduction of 3G services, rapid development of telecommunication networks and the development of new devices, such as computers with integrated SIM cards and more advanced and user-friendly mobile phones have all contributed to this trend.

At the same time, mobile penetration in our Eurasian markets increased and we introduced mobile internet in markets where we have 3G licences.

The world’s first 4G commercial networks
In December 2009, TeliaSonera opened up the world’s first 4G commercial networks in the city centers of Stockholm and Oslo.

By the end of 2010, we will cover 25 Swedish municipalities and holiday areas and four Norwegian municipalities.

4G is the fastest mobile technology available on the market, with speeds up to ten times higher than today’s turbo 3G.

4G will open up new possibilities for customers to use and enjoy services on their laptops, that require high transmission speeds and capacity, such as advanced web-TV broadcasting, extensive online gaming and web conferences.

Changed competitive landscape
The competitive landscape in the telecommunications industry is changing. Hardware manufacturers are developing applications and content. Software manufacturers and internet search engines, like Microsoft and Google, are developing mobile phones and applications.

Our core business is, and will continue to be, providing network access and telecommunication services that help people and companies to communicate in an easy, efficient and environmentally friendly way.

Unlimited demand for bandwidth
We believe the future demand for bandwidth will be virtually unlimited. At the right price, customers will use as much capacity as we can provide.

Two primary consequences
This has two primary consequences. First, the fixed networks will remain competitive, where there is already an infrastructure, as fixed networks are superior to mobile for communication between fixed locations with multiple users, such as homes and offices, requiring high-speed and transmission of large data volumes.

Second, in order to cater for the exploding volumes of data, we need to develop our business model to secure our future profitability and to be able to continue investing in expanding our networks, mobile as well as fixed.

We will move in the same direction as utilities, by charging for the network connection and for each of the services required, such as voice, broadband and IPTV. In addition to this, a variable fee for the consumption will be added. This is based on the assumption that low volume users are not willing to subsidize high volume users or pay for services they do not require.

In addition to providing a world-class customer experience, these will be our primary challenges as we enter the new decade.

Well positioned for the future
TeliaSonera is a well positioned and financially strong company, with motivated and competent employees. Add to that a growing number of customers and improving customer satisfaction. This makes me convinced that we have a bright future ahead of us.

Stockholm, March 9, 2010

Lars Nyberg
President and CEO
Vision and Strategy
TeliaSonera is an international group with a global strategy, but wherever we operate we act as a local company. We provide network access and telecommunication services that help people and companies communicate in an easy, efficient and environmentally friendly way.

Mission – to provide network access and telecommunication services
TeliaSonera’s mission is to provide network access and telecommunication services that help people and companies communicate in an easy, efficient and environmentally friendly way.

We create value by focusing on delivering a world-class customer experience, securing quality in our networks and achieving a best-in-class cost structure.

TeliaSonera is an international group with a global strategy, but wherever we operate we act as a local company.

Vision – a world-class service company and an industry leader
TeliaSonera’s vision is to be a world-class service company, recognized as an industry leader. We are proud of being pioneers of the telecom industry, a position we have gained by being innovative, reliable and customer friendly.

We act in a responsible way, based on a firm set of values and business principles.

Our services form a major part of people’s daily lives – for business, education and pleasure. Thereby, we contribute to a world with better opportunities.

Shared values – a platform for our everyday work
Our shared values form the foundation of our everyday work. They are:
- Add value
- Show respect
- Make it happen

Add value
The key to adding value lies in being customer focused and business minded. Being innovative and acting as pioneers is part of our heritage. We strive to share knowledge and collaborate in teams and across borders, as well as use our resources efficiently. We take ownership, follow up and give feedback to ensure that we foster simple and sustainable solutions that add value to our customers.

Show respect
We show trust, courage and integrity. Our employees’ knowledge and diversity are highly valued, and we are all responsible for creating a good working climate. We treat others the way we want to be treated, in a professional and fair manner. Customer privacy and network integrity are carefully protected, and we always act in the best interest of our customers and the company.

Make it happen
We make decisions to drive development and change. Planning and fast implementation are crucial. We foster a lively business climate where everyone can contribute, and we make use of our employees’ competence and commitment. Our customers should experience that it is easy and rewarding to do business with us, and recognize that we deliver on our promises.

World-class Service Company
Our focus areas are:
- To build a world-class service company
- To secure high quality in our networks
- To create a best-in-class cost efficiency

Overall strategy – offerings based on deep understanding
TeliaSonera’s overall strategy is to deliver products and services to our different customer segments based on a deep understanding of present and future customer needs.

To create shareholder value through sustainable and improved profitability and cash flows, we will deliver our services in a cost-effective and sustainable manner.

Nordic and Baltic markets – focus on margins and cash flow
The Nordic and Baltic markets are mature markets with high mobile penetration. Here TeliaSonera has a leading market position. The aim is to grow in line with the markets, to take advantage of the increased growth in mobile data and to maintain profitability.

The Nordic and Baltic markets are exposed to price pressure caused by intense competition and regulatory intervention. In this environment operational efficiency is a top priority. TeliaSonera strives to improve efficiency continuously in order to be able to develop new mobile and IP-based services.

Our strategy in the Nordic and Baltic markets is to focus on:
- Strong growth in mobile data
- Migration to IP-based services
- Margins and cash flow

Eurasia – growth and high margins
TeliaSonera aims to expand in Eurasia and the surrounding region. Therefore we aim to increase ownership in core holdings and make complementary acquisitions within our existing footprint.
The focus is on markets with low mobile penetration, reasonably sized populations and growing economies where we can leverage our management experience.

In Eurasia, the mobile penetration is lower than in TeliaSonera’s other markets and the fixed networks are not as developed. These countries therefore must rely on mobile networks. This creates a great potential for TeliaSonera.

Our strategic priorities for Eurasia in the coming years are:

- Strengthening and creating leading market positions
- Securing high quality networks and services
- Achieving balanced growth and cost control
- Providing new services, like mobile broadband
- Securing strong corporate governance and risk management

Spain – development of Yoigo

In the Spanish market TeliaSonera aims, together with its local partners, to create an efficient low-cost mobile operator with a market position that achieves sustainable strong profits and cash flows and thereby grow the value of the operation.

Data traffic increases more than customers

Our strategy is built upon the assumption that data and voice traffic increases more than customers and there is an unlimited demand for bandwidth. This has two consequences:

- Fixed networks remain competitive in regions where fixed networks already exist with strong growth in new services such as IPTV, video-on-demand and IP-based broadband.
- The pricing model will evolve. We will move from a voice based price model to introducing charging for access, consumption and speed.
The TeliaSonera Share

The TeliaSonera share is listed on the NASDAQ OMX Stockholm and the NASDAQ OMX Helsinki stock exchanges. The share rose 33.3 percent to SEK 51.85 during 2009. During the same period, the OMX Stockholm 30 Index rose 43.7 percent and the Dow Jones Euro Stoxx Telecommunications Index rose 6.6 percent.

The highest price in 2009 was paid on December 30 and amounted to SEK 53.35. The lowest price was paid March 3 and amounted to SEK 34.40.

Europe’s fifth largest telecom company

TeliaSonera’s market capitalization was SEK 233 billion at the end of 2009, representing 7 percent of the total market value on the Stockholm stock exchange. In terms of market value, TeliaSonera was the third largest company on the Stockholm stock exchange at the end of 2009 and Europe’s fifth largest telecommunications operator.

Dividend SEK 2.25 per share

For 2009, the proposed ordinary dividend is SEK 2.25 (1.80) per share, totaling SEK 10.1 billion, or 54 percent of net income attributable to owners of the parent company. The proposal is in accordance with TeliaSonera’s capital structure and dividend policy.

The number of shareholders decreased

The number of shareholders decreased during 2009 from 651,816 to 635,799. Ownership by the Swedish State as a percentage of outstanding shares was 37.3 percent and ownership by the Finnish State was 13.7 percent. Holdings outside Sweden and Finland decreased from 15.6 percent to 13.8 percent.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of outstanding shares¹</th>
<th>Percent of outstanding shares/votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swedish State</td>
<td>1,674,310,553</td>
<td>37.3</td>
</tr>
<tr>
<td>Finnish State</td>
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<tr>
<td>Swedbank Robur Funds</td>
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<td>Alecta</td>
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<td>SEB Funds</td>
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<td>AMF Insurance and Funds</td>
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<td>Nordea Funds</td>
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<td>Skandia Life Insurance</td>
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<td>SHB Funds</td>
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<td>AFA Insurance</td>
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<td>Fourth National Pension Fund</td>
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<tr>
<td>Total other shareholders</td>
<td>1,448,548,809</td>
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<td><strong>Total outstanding shares</strong></td>
<td><strong>4,490,457,213</strong></td>
<td><strong>100.0</strong></td>
</tr>
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</table>

¹ Each TeliaSonera share represents one vote at the General Meeting of Shareholders and no shareholder has any special voting rights.

Source: SIS Ägarservice

**Major shareholder countries by number of shares, as of December 31, 2009**

- Sweden, 66.5%
- Finland, 19.7%
- Great Britain, 4.3%
- USA, 3.8%
- Luxembourg, 1.8%
- Norway, 0.9%
- France, 0.5%
- Japan, 0.4%
- Singapore, 0.3%
- Germany, 0.3%
- Other countries, 1.5%

Source: Euroclear Sweden
Trends
In an all-communicating society – where everyone wants to be able to connect anytime, anywhere, on any device – demand for bandwidth will be unlimited. New technologies and services are available to meet the demands. The telecommunication trends are in many ways similar in the emerging markets and in the more developed countries. But there are also differences. Underlying drivers contrast due to differences in demography, economy and infrastructure.

Customer and technology trends

A new competition context is evolving
While the telecommunication industry is growing, convergence means that it is undergoing significant change. The result is that there are numerous opportunities for telecom companies but they also face several challenges. A new competition context is evolving, where the telecom value chain covers a larger set of services and a larger number of partners and competitors.

People are becoming increasingly dependent on constant access to electronic communications for:
- Work
- Education
- Entertainment
- Social life
- Care

Internet based services are becoming increasingly important for private businesses and the public sector alike.

Telecom services are becoming increasingly device centric
People want access to all communications services wherever, whenever, and on their own personal device. Functionality and simplicity are key drivers of customer satisfaction.

Telecom services are thus becoming increasingly device centric, meaning that each screen – handset, computer or TV – should allow users full access to all digital applications, content or files.

Attractive user interfaces are becoming more strategic, as this makes customers more likely to use advanced and high-volume services.

There is now an exciting development where a number of competing platforms are offered, such as:
- Android
- iPhone
- Symbian
- Mobile Windows

The successful platforms will be the ones that offer the best user experience and implementation advantages, thereby lowering development and support costs. The trend towards device and location independence also makes cloud based web services more attractive.

Strong growth in new applications
The use of services and content is changing, both for mobile and fixed access. For example, in fixed access the trend towards less voice and more data, media, music, film etc. is very strong. A positive customer experience is a key success factor, and customers will assign an increasing value to end-to-end application quality.

Online socializing increases consumer power
Virtual communities and online social networking sites are popular means of social interaction that emerged in the mid 2000’s.

These focus on personal contacts and social interaction and sharing as a complement to meeting physically or talking on the phone. The individual can spread and share views and attitudes quickly and widely in a way that only the large media houses had the power to do before.

Modern communications change the way we consume media
Modern communications are fundamentally changing the way we consume media. Information and entertainment have long been among the most attractive services over the internet.

With the introduction of smart home gateways, new possibilities are opening up as the TV set and the computer come together, both connected to the internet.

Strong interest for music and video-on-demand
There is a strong interest in accessing music via the computer or mobile phone. Digital distribution of music is steadily gaining ground at the expense of physical distribution, as it allows instant access, at the time and place preferred by the user.

Video-on-demand similarly provides customer value as this allows customers to rent a movie without having to go to the video store.

Demand for interaction drives take up of IPTV
As broadband infrastructure is being upgraded, digital broadband TV, also called IPTV, is gaining ground. The digitalization of the TV networks opens up for a higher degree of interactivity as well as new types of services.

From a consumer perspective the freedom of choice will increase, as TV programs and movies can be consumed at any given point in time. As TV is becoming IP based, the possibility to consume media via multiple devices will be a fact.
Growing demand for smart home solutions
The connected home – often referred to as triple play – with convergence of broadband, TV and telephony is growing. As technology advances and more services converge into one single offering, so called smart home solutions, simplicity will become even more important in attracting consumer attention.

TeliaSonera took the offer one step further during 2009, by adding mobile phones and starting to offer quadruple play.

More sustainable work patterns emerging through modern telecom
New technology provides opportunities to manage and operate companies more efficiently.

Modern telecommunications contribute to reducing both long-distance travel, as well as commuting. Working out of the home is becoming more and more common. Reasons for wanting to work from home include less travel and more flexible hours.

Work outside of the office with secure access solutions
Demand for access to the same service irrespective of device is very evident in the business segment.

Secure internet and intranet access means employees can work just as efficiently outside office walls. Business travelers, maintenance workers and others who spend many hours outside of the office can now become more efficient.

Increased demand for unified systems
Business customers show an increasing demand for unified communications system.

The current situation with several different systems and constant development makes it difficult to reap the full benefits off the respective systems. Large and growing support and maintenance costs are also adding to the attraction of unified communications.

Many ways to save energy through green IT solutions
Saving energy through green IT solutions takes many forms. One is de-materialization – the digital distribution of:

- Books
- Music
- Video
- News
- Games

In transportation, a heavy user of energy, new solutions make it possible to plan, co-ordinate, and direct both people and goods in more efficient ways.

Green IT can also, though online monitoring applications, improve efficiency in:

- Heating systems
- Cooling systems
- Lightning systems

Fast technological evolution
Mobile broadband drives traffic
The development of new technologies for wireless access drives data traffic.

The single most important driver of mobile non-voice traffic is the increased use of mobile broadband. In a few years from now more families are likely to have mobile broadband connections for each family member as a complement to the household’s fixed broadband connection.

Built-in modems in laptops provide simplicity
A key driver behind this development is the simplicity provided by built-in modems in laptops. Sophisticated private consumers now buy high-end laptops that were previously demanded by business customers only.

The fixed network sees strong growth driven by increasing customer use of the internet for:

- Data
- Media
- TV
- Video
- Music etc.

Launch of 4G in the Nordic region
To meet the increasing demand for capacity and speed, in 2009, TeliaSonera was the first operator in the world to offer 4G services to consumers. 4G provides mobile broadband speeds that are up to 10 times faster than the current Turbo-3G network.

10,000 times faster in 10 years

Mobile broadband

Mobile data

WAP

1999

2G GSM/GPRS from 0.01 Mbit/s

3G HSPA around 1Mbit/s

4G 4G up to 100 Mbit/s

The development in mobile data is very rapid – from the first mobile portals in mobile phones using WAP (Wireless Application Protocol) to today’s mobile broadband services with 4G where users can easily look at TV and play advanced online gaming on their laptops. The speed has increased with over 10,000 times in ten years and the capacity has continuously increased to meet the accelerating demand for bandwidth.

¹ 2009 the 4G LTE max speed is 100 Mbit/s due to limitation in modems.
New mobile core network of major importance

New technology is turning telecommunication into an all-IP world. The new mobile core network, Evolved Packet Core, will be of major importance. It offers fully seamless IP-connectivity management between different access networks and reduces delays. The new network will significantly improve performance, efficiency and quality for IP-based services.

Improved indoor coverage

Unlicensed Mobile Access, UMA, is a standard for extension of mobile services using a WLAN radio link and access point in the customer’s premises. Improved indoor coverage facilitates migration from fixed to mobile. UMA requires specific handsets. Femtocells are low-power wireless access points that operate in the 3G spectrum to connect to a mobile core network using the residential digital subscriber line, DSL, thereby improving the overall efficiency of the existing network.

IP Multimedia System becomes default control platform

The IP Multimedia Subsystem, IMS, is a telecom architecture for building and delivering IP-based services. It is now being accepted by fixed, mobile as well as cable operators as the future default control platform for IP-based communication services such as Voice over Internet Protocol, VoIP.

Cloud computing – a growing service

Cloud computing is internet-based (“cloud”-based) development and use of computer technology (“computing”). In this concept customers do not own the physical infrastructure. Instead, they avoid capital expenditure by renting usage from a third-party provider. They consume resources as a service and pay only for resources that they use. The users no longer need knowledge of, expertise in, or control over the technology infrastructure that supports them.

Typical providers deliver common business applications online which are accessed from a web browser, while the software and data are stored on the servers.

Sharing computing power among multiple tenants in cloud computing can improve utilization rates, as servers are not left unnecessarily idle. A side-effect of this approach is that overall computer usage rises dramatically, as customers do not have to engineer for peak load limits.

Cloud computing services are still at an early stage. TeliaSonera has already stepped into the cloud with many applications and telematic services in the Nordic and Baltic countries.

Touch based interactions with NFC

Near Field Communications, NFC, enables touch based interactions in consumer electronics, mobile devices, PCs and in smart objects. In NFC the SIM card can be used as a secure element to store important data for such services as:

- Payments
- Ticketing
- Building access

Market trends

In more developed as well as emerging markets communication services have grown as a share of gross domestic product and disposable income over the past few years.

More customers and increased mobile usage promises growth in emerging markets.

With the limited developed fixed line infrastructure and mobile markets only partially penetrated, the growth potential in emerging markets lies in growing the customer base significantly, adding new services and increasing mobile usage.

In emerging markets the correlation between telecom penetration and economic growth is strong.

Mobile usage and subscription numbers increase fast due to:
- Young and large populations
- Low mobile penetration
- Growing economies

### Mobile penetration Eurasia, TLSN estimate (year-end 2009)

<table>
<thead>
<tr>
<th>Country</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>0%</td>
</tr>
<tr>
<td>Georgia</td>
<td>25%</td>
</tr>
<tr>
<td>Kazakhstan</td>
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<td>Moldova</td>
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<tr>
<td>Tajikistan</td>
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<tr>
<td>Nepal</td>
<td>150%</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0%</td>
</tr>
<tr>
<td>Turkey</td>
<td>25%</td>
</tr>
<tr>
<td>Russia</td>
<td>50%</td>
</tr>
</tbody>
</table>

Increased service usage – potential in more mature markets

Penetration rates are high in the more mature Nordic and Baltic markets. Here evolving customer behavior and new technology – allowing attractive and easy-to-use services – drives the migration from traditional fixed voice services to mobile and IP-based services.

The challenge for the telecom industry is to accomplish an orderly migration of the customer base to the new technology.

The potential lies in new SIM cards and new services, not in new customers, as customers start using more than one device. Despite the relatively stable customer base, growth can be achieved through additional services and increasing service usage.
Convergence among sectors, services and devices
As customer behavior is evolving and new technology allows attractive and easy-to-use services, the telecom market is converging with other sectors such as media, entertainment and IT. It is converging both in terms of services and devices.

Customers now expect the same services regardless of device and the distinctions between mobile phones, laptops and TV are becoming blurred.

Converged offerings will continue to increase as there is demand from private consumers and businesses alike for accessing services independent of technology.

Broadband constitutes the base on which the customer can find a wide variety of IP-based services, not only telephony and access to the internet, but also media services such as TV, video and video-on-demand, VoD.

Mobile operators adapt price models
Competition is intense and regulations are also putting pressure on prices. Retail mobile voice rates in the Nordic markets have been declining for some years.

Operators are starting to adapt price models so that they better reflect the consumption and different services provided.

The traditional pricing model with a flat rate for mobile data, can hamper potential revenue growth, and result in higher costs because of increased data volumes.

Broadband operators expand their offers
In the broadband market the average retail revenue per user is holding steady. Here data consumption is growing as customers demand higher bandwidths in tandem with increased usage, but it is difficult to achieve corresponding price increases.

Operators try to adapt by expanding their offers to include a number of individually priced, related services such as storage, TV and VoD.

Fixed lines are efficient for access for many years
TeliaSonera believes that fixed lines will provide the most efficient access for many years for servicing fixed locations with multiple users, such as offices or homes in regions where fixed networks already exist.

To capture new business opportunities, TeliaSonera will invest in upgrading the fixed network. Wireless technologies are being implemented for increased coverage and reach in all markets, especially where fixed network presence is not economically feasible.

Fixed network remains competitive
TeliaSonera believes that fixed lines will provide the most efficient access for many years for servicing fixed locations with multiple users, such as offices or homes in regions where fixed networks already exist.

To capture new business opportunities, TeliaSonera will invest in upgrading the fixed network. Wireless technologies are being implemented for increased coverage and reach in all markets, especially where fixed network presence is not economically feasible.

Regulatory intervention remains a challenge
Regulation is part of the market environment in which TeliaSonera operates. As a strong player in many markets, TeliaSonera can potentially be significantly impacted by alterations in regulations, where these can change business conditions.

Regulatory intervention therefore remains a big challenge.

The regulatory environment in Eurasia is different from that of the EU. In Eurasia, there is no overall regulatory “umbrella” for telecom, such as there is in the EU.

The topical regulatory issues are specific to each country and they often relate to spectrum assignment for mobile operations and regulation of mobile roaming and termination rates.

Fixed network remains competitive
## Markets and Brands

<table>
<thead>
<tr>
<th>Country</th>
<th>Trademark</th>
<th>Ownership (percent)</th>
<th>Service</th>
<th>No. of Subscriptions (thousands)</th>
<th>Market Position</th>
<th>Market Share (percent)¹</th>
<th>Main Competitors</th>
<th>Logotypes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Majority-owned companies</strong></td>
<td></td>
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<td>Tel2, Telenor, &quot;3&quot;</td>
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### Associated companies

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<thead>
<tr>
<th>Country</th>
<th>Trademark</th>
<th>Ownership (percent)</th>
<th>Service</th>
<th>No. of Subscriptions (thousands)</th>
<th>Market Position</th>
<th>Market Share (percent)¹</th>
<th>Main Competitors</th>
<th>Logotypes</th>
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<tbody>
<tr>
<td>Latvia</td>
<td>Lattelecom</td>
<td>49</td>
<td>Broadband</td>
<td>194</td>
<td>1</td>
<td>48</td>
<td>Balticcom TV, Izzi</td>
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<tr>
<td></td>
<td>Lattelecom</td>
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<td>Fixed Voice incl. VoIP</td>
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<td>Ukraine⁶</td>
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<td>Kyivstar, MTS, VimpelCom</td>
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<td>Belarus⁶</td>
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<td>800</td>
<td>3</td>
<td>6</td>
<td>Velcom, MTS</td>
<td></td>
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</tr>
</tbody>
</table>

¹ In Broadband and Fixed Voice TeliaSonera’s market share estimate is based on the share of revenues. In Mobile the market share is based on the number of subscriptions except for subsidiaries in Eurasia where it is based on interconnect traffic.  
² TeliaSonera owns 50 percent of DLG Tele and controls the company.  
³ For Kazakhstan, Azerbaijan, Georgia and Moldova, the ownership percent indicates Fintur Holdings B.V.’s ownership. TeliaSonera holds directly and indirectly 74 percent in Fintur Holdings.  
⁴ Comprising Indigo Tajikistan (60 percent) and Somoncom (59.4 percent).  
⁵ For Nepal and Cambodia the ownership percent indicates TeliaSonera Asia Holding B.V.’s ownership. TeliaSonera holds 51 percent in TeliaSonera Asia Holding B.V.  
⁶ Turkcell’s subsidiaries in Ukraine and Belarus, in which Turkcell holds 55 percent and 80 percent, respectively.
Our Operations

TeliaSonera offers services that help people and companies communicate in an easy, efficient and environmentally friendly way. We are the leading telecommunications company in the Nordic and Baltic countries as well as a leader in mobile communication services in Eurasia.

More and more people want to be connected all the time, which creates a constantly increasing demand for our services.

Our markets have different conditions and maturity levels and our operations are organized into three business areas: Mobility Services, Broadband Services and Eurasia.

Mobility Services
Mobility Services offers mobile communication services via strong brands in the Nordic and Baltic countries.

TeliaSonera is the market leader in Sweden, Lithuania, Latvia and Estonia. In Finland and Norway we are number two and in Denmark number three. In Spain we are the fourth largest mobile network operator.

Broadband Services
Broadband Services offers traditional telephony, broadband over copper and fiber, TV and voice over IP. We also operate the group’s common core network.

TeliaSonera is the market leader in Sweden and the Baltic countries. In Finland and Norway we are number two and in Denmark number three. The International Carrier is ranked number five globally.

Eurasia
TeliaSonera is a leader in mobile communication services in several markets in Eurasia. We have strong or leading brands in eight markets in Eurasia and minority holdings in Russia and Turkey.

The growing economies in Eurasia provide a growth opportunity for TeliaSonera.
Mobility Services

Mobility Services offers mobile communication services, including voice and data through leading brands in the Nordic and Baltic countries. We also have operations in Spain through the low-cost operator Yoigo.

Our services include mobile telephony and mobile data via mobile phones or laptops.

We operate through strong brands and are market leaders in Sweden, Lithuania, Latvia and Estonia.

In Norway and Finland we are number two and in Denmark we are number three. In Spain, Yoigo is the fourth operator and is positioned as a low-cost operator.

Mobile data traffic in our Nordic and Baltic markets increased almost 200 percent in 2009. More advanced and attractive devices designed for easy internet surfing and data usage contribute strongly to this increase.

Voice still generates the largest portion of our revenues, whilst data traffic drives growth.

Traffic increase due to new technology and attractive pricing

The development of new wireless access technologies has encouraged the rapid increase in mobile data traffic. A part of these technological advances are new handsets and laptops with greater optimization for internet surfing and downloading of data.

More and more people are discovering the benefits of being able to surf, download data and send e-mail when they are outside the home, office or traveling. Attractive pricing has also contributed to the rapid increase in data traffic.

The strong technical development continuously enables increased network capacity and speed. This is of key importance for the rapid growth in data traffic.

Regulations – an unavoidable challenge

Regulation is part of the market environment and forms one of our primary challenges.

Managing the effects of regulatory intervention – including interconnect and roaming fees – is an inevitable part of our business and the impact on TeliaSonera varies from country to country.

Strategic priorities

The strategic priorities for business area Mobility Services in the coming years are to:

- Defend profitability in the Nordic and Baltic countries
- Develop business models and to meet the mobile data explosion
- Roll out of 4G services
- Turn Yoigo into a profitable business

Defend profitability in the Nordic and Baltic countries

Mobile market competition is particularly strong in the Nordic and Baltic markets where almost everyone already has at least one mobile phone. In these markets, competition is focused on developing voice offerings and on increasing data traffic by extending service offerings.

Due to strong competition, retail mobile voice prices in the Nordic and Baltic markets have been declining for some years. At the same time, regulation is putting pressure on prices.
Develop business models and handle the mobile data explosion
The traditional price model for telephony customers has been to pay per spoken time unit. In contrast, the mobile data price model has been based on fixed prices. The customers’ fixed fees have not changed in relation to how much the service is being used.
Adhering to the traditional fixed price model for mobile data would reduce the impact of strong volume growth on revenues. The strong volume growth also generates higher costs, e.g. the potential need to upgrade network capacity.
TeliaSonera has therefore started to introduce differentiated price models that better reflect the level of usage and the demands for network capacity.
This means that customers who use more data and need more capacity pay more than customers who use less.

Roll out of 4G services
We are proud of our history as pioneers of the telecom industry, a position we have gained by being innovative, reliable and customer friendly.
TeliaSonera was the first operator in the world to launch 4G services at the end of 2009. 4G is the fastest mobile broadband technology available on the market, bringing speeds that are up to ten times faster than today’s networks.
4G will considerably improve our customers’ experience of interactive or capacity demanding services such as advanced web TV broadcasting, extensive online gaming and web conferences.
During 2010 the roll out of 4G services will continue to Sweden’s 25 largest municipalities and recreation areas and to Norway’s four largest municipalities. TeliaSonera also holds a nation wide 4G license in Finland.

Turn Yoigo into a profitable business
Yoigo has continued to increase its market share and now serves approximately 1.5 million subscribers. Behind this achievement is a change in sales strategy – from web based sales to franchise agreements with retailers. The strong brand recognition for Yoigo has also contributed to this improvement.
Our target for Yoigo is to be profitable on EBITDA level by the end of 2010, and to have a positive cash flow one year later.

2009: Strong revenue growth
Mobility Services showed strong development during 2009 with net sales rising 5 percent to SEK 51,077 million (48,673), despite regulatory intervention and macroeconomic downturns in many of our markets.
• In Sweden, the strong trend for mobile data and mobile broadband continued. The revenue decline in the other Nordic countries was mainly driven by regulatory effects and the loss of service provider agreements in Norway.
• The situation in the Baltic countries remained challenging during the year and the deep macro economic downturn had a negative effect on revenues in this region. We demonstrated our long-term commitment to the region by increasing our ownership in Eesti Telekom in Estonia and TEO in Lithuania, from 60 percent to 100 percent and to 64.90 percent respectively. Similarly, our strategy is to continue to look for opportunities to increase ownership in our core holdings.
• The number of subscriptions rose by 1.1 million to 17.0 million during 2009. Growth was strongest in Spain, supported by the change in sales strategy and increased brand recognition.
• TeliaSonera opened up the world’s first commercial 4G networks in the city centers of Stockholm and Oslo.

Financial overview Mobility Services

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<tr>
<th>MSEK, except margin and no of subscriptions</th>
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</thead>
<tbody>
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<td>Margin (%)</td>
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<td>CAPEX</td>
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<tr>
<td>Subscriptions, period-end (thousands)</td>
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</table>
Broadband Services

Broadband Services offers communication and entertainment services to homes and offices through leading brands in the Nordic and Baltic countries. This includes voice, broadband, datacom and TV services. Broadband Services also operates the group’s common core network.

Our services include:
- Traditional fixed line telephony and datacom
- Broadband and IP-VPN access over copper and fiber
- Voice over IP
- Entertainment services such as TV and video-on-demand
- Business communication services such as unified communication, video and teleconferencing
- Infrastructure services such as storage, security and managed LAN

These services are combined in The Digital Home concept for the consumer and in The Digital Office concept for business customers.

We are the market leaders in Sweden, Lithuania and Estonia – as well as in Latvia through our associated company Lattelecom. In Finland, Norway and Denmark we are ranked second and third.

Broadband Services also has a strong position in the carrier market where TeliaSonera International Carrier is ranked fifth in the world.

Strategic priorities

The strategic priorities for business area Broadband Services in the coming years are:
- Migrate customers and grow IP-based services
- Access renewal to meet demand for increased bandwidth
- World class customer experience
- Operational excellence

Migrate customers and grow IP-based services

An increasing number of customers choose not to have traditional fixed line telephony in favor of IP-based (VoIP) or mobile services.

Our challenge is to provide customers with the service that suits them best and maintain our relationship through introducing new attractive IP-based, and/or mobile services, if they decide to leave their traditional fixed voice service.

In 2009, we have met this need by launching, as the first operator in Sweden, a quadruple play package featuring broadband, TV, fixed and mobile telephony.

The migration from traditional fixed voice to voice over internet (VoIP), is a big opportunity since it also drives growth in Broadband Services.

Broadband constitutes the base from which our customers can find a variety of services, not only telephony and access to the internet, but also online media services such as TV and video-on-demand. We meet this demand and will grow through the Digital Home concept.

For business customers, services in the Digital Office concept generate benefits like instant transmission, unlimited availability, lower travel costs and reduced carbon dioxide
emissions. New communication and collaboration tools allow the rapid exchange of documents as well as video presentations and usage of virtual meeting services. These services have accelerated in recent years in tandem with tightening economic conditions and increasing awareness of the environmental benefit of virtual meetings.

IP-based services are a growing part of our business and we estimate that by the end of 2012 about half of our revenues will come from these services.

Access renewal to meet demand for increased bandwidth
The demand for bandwidth is constantly increasing since our customers are using the internet for an increasing number of new purposes; including TV, on-demand entertainment, gaming, social networking, surveillance, secure storage, business meetings and customer relations. This is transforming us from a carrier of voice to a carrier of data and video.

To meet this demand we continue to modernize our networks in densely populated areas where we see the greatest demand. In Sweden we have therefore accelerated the build-out of fast fiber accesses in these areas while increasing the capacity of our transport network.

In Finland, the building of a fiber optic access network began in 2007 across the country’s 15 biggest cities and now covers access to almost 300,000 households.

World-class customer experience
Our aim is to transform our business into IP-based services at a competitive cost level with the best customer experience. High quality products, services and networks are the base for our success.

World-class customer service is the key to success and in 2009 we managed to increase customer satisfaction in most Nordic and Baltic markets, according to EPSI. For more information on EPSI, see TeliaSonera Corporate Responsibility Report 2009.

Operational excellence
Evolving market conditions, where the level of fixed line telephony revenues are decreasing, changes our prerequisite for profitability.

In this transformation, the new IP-based services enable us to achieve higher ARPU (Average Revenue Per User) but margins on the new services are generally lower than for the traditional fixed voice services. This means that we need to grow the volumes as well as produce and operate these services in a more efficient manner to secure our future profitability.

The leading European carrier
TeliaSonera enjoys a strong position in the international carrier market and is currently ranked among the top 5 carriers globally.

TeliaSonera International Carrier is the leading European carrier with 43,000 kilometers of network and the fastest IP growth rate in Europe. We serve the communications industry with quality IP and cross-border services and provide direct internet connectivity to 85 percent of all European broadband service providers. The carrier has won awards during 2009 for Best New Service as well as Best Wholesale Carrier, for the second time.

2009: Significantly improved cash flow
Broadband Services showed strong development in profitability during 2009 with EBITDA excl. non-recurring items rising 19 percent to SEK 13,922 million (11,705). This was driven by efficiency measures, mainly in Sweden and Finland.

- Efforts to reduce operating expenses and capex significantly improved profitability and cash flow almost tripled compared to last year.
- The loss of fixed voice customers continued but was partly compensated for by a strong demand for bundled offerings, including IPTV and VoIP subscriptions.
- Investments have been directed into fiber access and transmission networks, to support the increased demand for services requiring higher bandwidth, during this year.
- The number of IPTV subscriptions increased and about 26 percent of TeliaSonera’s broadband customers also subscribe to the IPTV services.
- The number of subscriptions for broadband access rose to 2,348,000, an increase of 3 percent compared to 2008.

Financial overview Broadband Services

<table>
<thead>
<tr>
<th>MvEK, except margin and no of subscriptions</th>
<th>Jan–Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>43,342</td>
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<tr>
<td>EBITDA excl. non-recurring items</td>
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<td>Margin (%)</td>
<td>32.1</td>
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<td>Operating income excl. non-recurring items</td>
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<td>CAPEX</td>
<td>4,942</td>
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<td>Subscriptions, period-end (thousands)</td>
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</table>
**Eurasia**

TeliaSonera is a leader in mobile communication services in several markets in Eurasia. We have majority-owned companies with strong or leading brands in eight markets and minority holdings in leading operators in Russia and Turkey.

The markets in Eurasia differ from the Nordic and Baltic markets in many ways. The populations are large and younger, while mobile penetration is lower and fixed networks are limited. The majority of revenues come from prepaid mobile voice services. The economies are growing, making Eurasia a valuable opportunity for TeliaSonera to grow.

TeliaSonera has majority-owned operators in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal and Cambodia.

In addition, we are minority owners of MegaFon in Russia and Turkcell in Turkey, including Turkcell’s subsidiaries in the Ukraine and Belarus.

TeliaSonera has a strong track record of creating value in Eurasia. Already in the early 1990s we were founding partners in some of the operations in Eurasia. By combining local expertise and international experience we, together with our local partners, are developing our business to become the leading telecom operator in this part of the world.

**Growing in Eurasia – a top priority**

In markets with a combined population of more than 380 million, including Russia and Turkey, TeliaSonera’s majority-owned and minority-owned operators contribute strongly to group earnings and the focus ahead continues to be on growth and high profitability.

The popularity of mobile services in general has grown dramatically during recent years due to limited fixed networks, more comprehensive network coverage, more developed international roaming, sought after value added services and attractive pricing.

We see several market trends promoting continued strong development of telecommunication services in the Eurasian markets:

- Emergence of a middle class with increasing real wages
- Growing domestic consumption
- Higher foreign direct investment
- Opening up of regulatory frameworks and transparency

In addition, the share of telecommunication as a percentage of gross domestic products is still low and represents a great opportunity. So does the less developed fixed-line infrastructure, as this leaves room for high mobile services demand.

**A contributor to society**

Telecommunication services drive growth, competitiveness and transition to a knowledge-based society. These services strongly encourage and promote economic, social and environmental benefits across industries, driving domestic and foreign investments to the region.

Therefore, the development of telecommunication and IT infrastructure and services is essential for the future prosperity of the emerging markets where we are present.

People, who previously have never had access to telecommunication services, will inevitably gain from increased possibilities to connect to others and access information.

However, being a good corporate citizen means more. Our companies are important contributors to the societies in which they operate. TeliaSonera is a significant investor in the region and plays an important role as an infrastructure builder, employer and tax payer.

Being part of local society is a prerequisite for success in the...
region, in addition to a deep understanding of, and the ability to manage, local culture and maintaining strong internal control.

We view high ethical standards and continuous follow-up of business conduct as the path toward sustainability.

For more information see TeliaSonera Corporate Responsibility Report 2009.

Strategic priorities
Growing in Eurasia is a top priority for TeliaSonera and the growth potential lies in expanding the customer base and increasing mobile voice usage.

Furthermore, we see the mobile data market taking off with an emerging demand for mobile broadband. Our success in these areas is based upon providing high-quality services and networks.

The strategic priorities for business area Eurasia in the coming years are:

- Strengthening and creating leading market positions
- Securing high quality networks and services
- Achieving balanced growth and profitability
- Providing new services, like mobile broadband
- Securing strong corporate governance and risk management

Strengthening and creating leading market positions
We intend to grow our assets in Eurasia both organically, through increased ownership in our core holdings and selectively through acquisitions.

We aim to be the number one or two in each of our Eurasian markets and our first priority is to stimulate subscription and revenue growth. In addition, to support the growth in the majority-owned operations, we are implementing a regional brand harmonization.

Securing high quality networks and services
Providing high quality networks and the best customer experience are key to success in the region, making securing them an important priority for us.

Our networks are strong assets, providing a competitive advantage over our competitors, since many of them cannot afford the investments required to offer the best quality service.

Our investment focus in Eurasia is network coverage and capacity, licenses and subsequently, the further development of transmission and transport networks to cater to a growing demand for mobile data and internet access.

Achieving balanced growth and profitability
We have a good mix in the region, featuring more penetrated markets, such as Kazakhstan, and less penetrated markets, such as Uzbekistan and Nepal. This mixture gives us the opportunity to achieve balanced growth and profitability.

Providing new services, like mobile broadband
We expect to see a gradually increased demand for mobile data in Eurasia, and our past experience in this field from the Nordic market is a strength that we can benefit from.

Securing strong corporate governance and risk management
Political and economic risks could be a challenge – but TeliaSonera is well equipped to handle such risks, which are also outweighed by the opportunities in the region.

As we expand to new, fast-growing, and profitable markets we do this in cooperation with strong local partners. We keep strong corporate governance and risk management.

2009: An eventful year in Eurasia
Eurasia showed good growth in terms of traffic volumes. The economic downturn has not had a major effect on usage, but customers have become more price-sensitive. Profitability improved despite decreasing average price per minute in all markets. Net sales rose 13 percent to SEK 14,866 million (13,204).

- The number of subscriptions in majority-owned operations increased by 22.5 percent to 22.6 million. Subscription growth was strongest in Uzbekistan. This was mainly driven by a successful rebranding that helped stimulate growth of the subscription base by 2.4 million to 5.1 million.
- In November, TeliaSonera agreed with Altimo to combine the ownership interests in Turkcell and MegaFon, into a new company. The aim is to create a leading international operator, with over 90 million subscriptions in Russia, Turkey and the CIS countries, with well functioning corporate governance and increased control over and liquidity of these assets.
- TeliaSonera maintained market leadership in Kazakhstan, Azerbaijan, Tajikistan and Georgia. At the end of June 2009, UCell became the second largest mobile operator in Uzbekistan. TeliaSonera maintained its positions in all other markets.

Financial overview Eurasia

<table>
<thead>
<tr>
<th>MSEK, except margin and no of subscriptions</th>
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<td>Operating income excl. non-recurring items</td>
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<td>Subsidiaries</td>
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<tr>
<td>Associated companies</td>
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</tbody>
</table>
Global Approach to Corporate Responsibility

Customers today are making better informed choices, increasingly rewarding companies with genuine corporate responsibility practices. TeliaSonera’s services drive growth, competitiveness and contribute to a more open and inclusive society. We believe that corporate responsibility must be integrated into our day-to-day work to be effective.

Governance of CR is integrated in the governance framework of TeliaSonera. Adhering to global principles and standards, we act locally to address the relevant market risks, challenges and opportunities as part of our daily operations. It is our objective to be a clean company and a good corporate citizen.

In 2009, we took steps to re-emphasize our global commitment to corporate responsibility by introducing a group wide Code of Ethics and Conduct.

We have improved the transparency of our CR work by including all majority-owned operations in group CR reporting and engage in regular stakeholder dialogues.

As a result, TeliaSonera has regained the position in the FTSE4Good responsible investment index, confirmed the position in Swedbank Robur fund and regained inclusion in Banco Ethical fund. Furthermore, the CR requirements for suppliers introduced in 2008, now cover more than 70 percent of the Group Sourcing purchasing volume.

Aligning CR priorities with business goals

A comprehensive stakeholder and materiality analysis performed during the year helped to identify future CR priorities in order to address the most material issues to our business. The areas that were identified as the most material for TeliaSonera to address in our CR work were:

- Long-term sustainable growth
- Customer privacy and network integrity
- Leadership and employee competence
- Fair business practices
- Digital inclusion
- Protecting children online
Adding value to customers
TeliaSonera’s vision is to be a world class service company and contribute to a world with better opportunities for people and businesses. To achieve this, we must deliver high-quality, safe services that offer good value for money.

Our long-term goal is to be among the best rated service companies with highly satisfied customers. If measured by the European Performance Satisfaction Index (EPSI), this equates to reaching a score of 75, but we have set our long-term target even higher, at 77.

Currently the group average result is 67.6. In 2009, we focused on improving monitoring systems to better understand our customers' needs and to improve the quality of our customer service.

Employees are key to our success
TeliaSonera depends on the skills, knowledge and experience of our employees to ensure continued success, and therefore we put a lot of effort into recruitment, employee training and competence development. In 2009 the Employee Commitment Score (ECS), group average score, exceeded our target of 67 and reached 68, an all time high result and a continuing upward trend.

At the same time, TeliaSonera completed a 2 year cost savings program, with restructuring processes affecting some 2,900 employees in Finland and Sweden. TeliaSonera offered generous conditions to the employees who were made redundant and supported them in finding new jobs outside the company.

Throughout the year we continued implementing the performance management process, which helps to promote and optimize performance and progress. Working with performance management in a structured way will ensure that every employee understands how s/he can contribute to business success. It stimulates motivation and offers opportunities for employees to develop and grow, which in turn help to move the organization forward.

Sustainable services help to tackle climate change
Modern communication technology can offer environmentally sound alternatives in the day-to-day lives of people and companies. TeliaSonera strives to minimize the environmental impact of our own operations while we can help customers by providing solutions to reduce their environmental impact.

Adapting to different conditions in our markets, TeliaSonera promotes environmental awareness and invests in modern technology to have energy-efficient solutions and maintain our networks available for customers 24/7.

In 2009, we took the first steps in expanding the environmental performance reporting to include our majority-owned operations. We also substituted our own business travel significantly by increasing the use of tele conferencing and videoconferencing.

In Finland and Sweden, the number of videoconference meetings tripled, travel costs decreased by 43 percent and as a result of this, the CO2 emissions were reduced by 32 percent. In our wholly-owned operations, we continued to report our environmental performance in the Carbon Disclosure Project (CDP), where TeliaSonera ranked number one in the Nordic region and number two globally among telecom operators.

Highlights 2009
- A Group wide Code of Ethics and Conduct was introduced.
- A Stakeholder and materiality analysis to identify future CR priorities was performed.
- A Performance management process reaching 300 managers globally was performed.
- Employee Commitment Score (ECS) reached an all time high of 68.
- TeliaSonera regained its position in the FTSE4Good responsible investment index, Banco Ethical fund and confirmed position in Swedbank Robur fund.
- 100 percent of sourcing managers was trained in how to implement CR requirements and more than 70 percent of Group Sourcing purchasing volume is now covered by new CR requirements.
- Environmental performance reporting recognized in Carbon Disclosure Project with #1 position in the Nordic and #2 globally among telecom operators.