

TeliaSonera January-June 2009

Strong performance driven by cost savings

Second quarter

- Net sales increased 8.7 percent to SEK 27,478 million (25,274). Net sales in local currencies and excluding acquisitions decreased 0.7 percent.
- The addressable cost base in local currencies and excluding acquisitions decreased 5.8 percent.
- EBITDA, excluding non-recurring items, increased 13.3 percent to SEK 9,043 million (7,978) and the margin to 32.9 percent (31.6).
- Operating income, excluding non-recurring items, increased 10.3 percent to SEK 8,176 million (7,410).
- Net income attributable to owners of the parent company rose to SEK 4,469 million (4,130) and earnings per share to SEK 1.00 (0.92).
- Free cash flow rose to SEK 3,499 million (2,471).
- During the quarter the number of subscriptions grew by more than 2.4 million, of which 0.9 million new subscriptions in the majority-owned operations and 1.5 million in the associated companies, totaling 139.4 million.
- The forecast EBITDA margin has been raised and is expected to be higher in 2009 than in 2008. Net sales in local currencies and excluding acquisitions are expected to be in line with or slightly below the level of 2008. The addressable cost base is expected to be lower than in 2008 and the CAPEX-to-sales ratio 13-14 percent.

First half

- Net sales increased 10.1 percent to SEK 54,682 million (49,672). Net sales in local currencies and excluding acquisitions decreased 0.1 percent.
- Net income attributable to owners of the parent company increased to SEK 8,909 million (8,595) and earnings per share to SEK 1.98 (1.91).
- Free cash flow rose to SEK 7,781 million (3,581).

Financial highlights

SEK in millions, except key ratios, per share data and changes	Apr-Jun	Apr-Jun	Chg	Jan-Jun	Jan-Jun	Chg
	2009	2008	(%)	2009	2008	(%)
Net sales	27,478	25,274	9	54,682	49,672	10
EBITDA ¹⁾ excl. non-recurring items ²⁾	9,043	7,978	13	17,864	15,733	14
Margin (%)	32.9	31.6		32.7	31.7	
Operating income	7,464	6,818	9	14,715	13,388	10
Operating income excl. non-recurring items	8,176	7,410	10	15,653	14,160	11
Net income	5,085	4,640	10	10,103	9,632	5
of which attributable to owners of the parent	4,469	4,130	8	8,909	8,595	4
Earnings per share (SEK)	1.00	0.92	9	1.98	1.91	4
Return on equity (%), rolling 12 months)	17.0	18.5		17.0	18.5	
CAPEX-to-sales (%)	10.8	17.7		11.1	15.5	
Free cash flow	3,499	2,471	42	7,781	3,581	117

1) Please refer to page 13 for definitions.

2) Non-recurring items; see table on page 17.

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 of 2008, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

"I am very pleased that despite a challenging macroeconomic environment in the second quarter, we reported among the highest EBITDA, excluding non-recurring items, in the company's history. We are delivering on the issues that we can control ourselves, namely cost reductions and careful capital spending. As a result, our cash flow for the first six months more than doubled compared to last year's first half.

Our cost efficiency measures are now having visible effects throughout our operations and in Sweden and Finland operating expenses decreased by as much as 12 percent in the second quarter. We maintained the profitability improvement in Broadband Services and also noted some effects within Mobility Services. At the same time, Eurasia maintained its high profitability.

We experienced similar market trends in the second quarter as in the first quarter with lower equipment sales, reduced roaming due to less business travel and lower usage. In Eurasia, however, organic revenue growth improved somewhat compared to the first quarter.

Looking ahead, we expect that our efforts to lower addressable costs and capital expenditure will offset the negative impact from declining GDP and rising unemployment in our markets. Therefore we are raising our outlook on the EBITDA margin and now expect a higher margin in 2009 than in 2008."

Group outlook for 2009 (revised)

Net sales in local currencies and excluding acquisitions are expected to be in line with or slightly below the level of 2008. Currency fluctuations may have an increasing influence on reported figures in Swedish krona.

TeliaSonera will continue to invest in future growth and the quality of networks and services. We expect the addressable cost base in 2009 to be below the SEK 33.8 billion of 2008, in local currencies and excluding acquisitions. The EBITDA margin in 2009 is expected to exceed the level of 2008, excluding non-recurring items.

Capital expenditures will be driven by continued investments in broadband and mobile capacity as well as in network expansion in our acquired operations. The CAPEX-to-sales ratio is expected to be in the range of 13-14 percent in 2009.

Please refer to page 22 for the previous Group outlook for 2009 (published on April 24, 2009).

Efficiency measures

The intention is to keep the addressable cost base for 2009 below the SEK 33.8 billion of 2008, in local currencies and excluding acquisitions, and that the number of employees will be around 30,000 by year-end 2009 (32,171). In the first half of 2009, the addressable cost base in local currencies and excluding acquisitions decreased 4.3 percent compared to last year's first half. In the second quarter of 2009, the decrease was 5.8 percent compared to the corresponding period last year. The number of employees was 30,918 at the end of the second quarter of 2009.

Restructuring costs, reported as non-recurring items, are estimated to be lower than SEK 3 billion, of which about SEK 1.6 billion in 2008. These ongoing efficiency measures affect 2,900 employees in Sweden and Finland, about 1,300 in 2008 and about 1,600 in 2009, as announced in February 2008. In the first half of 2009, approximately 300 employees in Finland and approximately 700 in Sweden left the company, agreed to be transferred to the competence pool in Finland or accepted an offer for early retirement.

Review of the Group, second quarter 2009

Net sales increased 8.7 percent to SEK 27,478 million (25,274). Net sales in local currencies and excluding acquisitions decreased 0.7 percent. The positive effect of acquisitions was 1.1 percent and of exchange rate changes 8.3 percent.

In Mobility Services, net sales increased 7.9 percent to SEK 13,030 million (12,071). Net sales in local currencies and excluding acquisitions decreased 1.4 percent due to regulatory intervention, lower equipment sales and roaming revenues. Net sales were positively impacted by the increased number of subscriptions in Spain. Sweden showed continued strong growth driven mainly by mobile data and sales rose 5.1 percent. In Norway lower interconnect revenues and the loss of a national roaming agreement caused a substantial decline in sales. In the other markets sales decreased mainly because of the slowdown in economic activity.

In Broadband Services, net sales increased 1.7 percent to SEK 10,740 million (10,557). Net sales in local currencies and excluding acquisitions decreased 4.7 percent mainly due to a revenue decline in domestic wholesale and international voice traffic. The price increases in fixed telephony in Sweden that were announced in March 2009 had a modest positive impact in the second quarter.

In Eurasia, net sales rose 32.5 percent to SEK 3,786 million (2,858). The acquisition of the operations in Nepal and Cambodia, consolidated in the fourth quarter of 2008, contributed to the rise. Organic growth in local currencies was 8.6 percent for the business area. In Kazakhstan, TeliaSonera's largest Eurasian market, growth was 8.1 percent, an improvement from the first quarter. In Uzbekistan, net sales nearly tripled and in Tajikistan revenue grew by more than 50 percent.

The number of subscriptions rose by 16.5 million from the end of the second quarter of 2008 to 139.4 million, of which approximately 6.4 million to 45.2 million in the majority-owned operations and 10.1 million to 94.2 million in the associated companies.

During the quarter the number of subscriptions grew by more than 2.4 million, of which 0.9 million new subscriptions in the majority-owned operations and 1.5 million in the associated companies.

EBITDA, excluding non-recurring items, increased 13.3 percent to SEK 9,043 million (7,978). Efficiency measures, mainly in Sweden and Finland, and maintained high profitability in Eurasia contributed to the rise. The margin rose to 32.9 percent (31.6).

Operating income, excluding non-recurring items, rose to SEK 8,176 million (7,410) mainly due to higher EBITDA.

Non-recurring items affecting operating income totaled SEK -712 million (-592). Non-recurring items included charges of approximately SEK -840 million (-545) related to efficiency measures. Non-recurring items also included a capital gain of SEK 134 million from the sale of SmartTrust within TeliaSonera Holding.

Financial items totaled SEK -788 million (-631), of which SEK -824 million (-643) were related to net interest expenses. Financial items were negatively affected by higher net debt.

Income taxes amounted to SEK -1,591 million (-1,547). The effective tax rate decreased to 23.8 percent (25.0).

Minority interests in subsidiaries totaled SEK 616 million (510), of which SEK 532 million (381) were related to operations in Eurasia and SEK 69 million (119) to Eesti Telekom, LMT and TEO.

Net income attributable to owners of the parent company rose to SEK 4,469 million (4,130) and earnings per share to SEK 1.00 (0.92).

CAPEX decreased to SEK 2,974 million (4,475) and the CAPEX-to-sales ratio to 10.8 percent (17.7).

Free cash flow rose to SEK 3,499 million (2,471) mainly as a result of higher EBITDA and lower CAPEX.

Net debt increased to SEK 50,777 million at the end of the second quarter (45,026 at the end of the first quarter of 2009), following the payment of ordinary dividend of SEK 8,083 million to shareholders in April for the 2008 fiscal year.

The equity/assets ratio was 51.8 percent at the end of the second quarter (50.3 at the end of the first quarter of 2009).

Acquisitions and divestitures

- TeliaSonera sold its 24 percent shareholding in SmartTrust on June 3, 2009, and recognized a capital gain of SEK 134 million in the second quarter.

Significant events in the second quarter

- TeliaSonera Finland on April 9, 2009, reached an agreement with Elisa Oyj and DNA Finland Oy on new mobile interconnection fees for the years 2010-2011. Under the agreement, the parties will adopt symmetrical interconnect pricing as of December 2009. The new pricing is estimated to have a combined positive effect on EBITDA in Mobility Services Finland of approximately SEK 65 million (EUR 6 million) for the period 2010-2011, assuming 2008 traffic volumes.
- TeliaSonera's Swedish infrastructure company Skanova Access on March 5, 2009, announced higher prices for access to the copper network following a change in the price regulation. Consequently, Telia raised the price for fixed telephony in Sweden on April 14, 2009. The increase, from SEK 125 to SEK 145 per month (SEK 132, excluding VAT, for Telia business subscriptions), was the first for fixed telephony subscriptions since 2001. The impact of the price increases will be gradual and started in the second quarter of 2009.

Significant events after the end of the second quarter

- TeliaSonera's subsidiary NextGenTel, the second largest Norwegian broadband supplier, on July 1, 2009, acquired the broadband and VOIP business of Tele2 Norge for NOK 100 million in cash, debt free.

Continued strong mobile data growth in Mobility Services

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

- The impact of the economic downturn is visible in most countries in terms of lower equipment sales and reduced roaming due to less business travel. Mobile usage showed a somewhat weaker trend than in previous quarters. Regulatory intervention remains a prime cause of price pressure in all markets and impacted net sales negatively by approximately 3 percent in the second quarter.
- In Sweden, the strong trend for mobile data and mobile broadband continued and TeliaSonera gained market share in Spain. In the Baltic countries, the economic recession continued to cause substantial sales declines in local currencies.

SEK in millions, except margins, operational data and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	13,030	12,071	8	25,608	23,590	9
EBITDA excl. non-recurring items	3,720	3,663	2	7,132	7,051	1
Margin (%)	28.5	30.3		27.9	29.9	
Operating income	2,488	2,341	6	4,682	4,594	2
Operating income excl. non-recurring items	2,610	2,513	4	4,907	4,807	2
CAPEX	1,019	1,792	-43	1,768	2,617	-32
MoU	194	203	-4	191	197	-3
ARPU, blended (SEK)	225	230	-2	223	226	-1
Churn, blended (%)	26	27	-4	28	26	8
Subscriptions, period-end (thousands)	16,284	15,086	8	16,284	15,086	8
Employees, period-end	8,086	8,070	0	8,086	8,070	0

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

- **Net sales** rose 7.9 percent to SEK 13,030 million (12,071). Net sales in local currencies and excluding acquisitions decreased 1.4 percent. The positive effects from acquisitions and exchange rate fluctuations were 0.6 percent and 8.7 percent, respectively.

In local currencies, net sales grew in Sweden and Spain. Net sales in Sweden rose 5.1 percent, mainly as a result of strong growth in mobile data and an increasing number of paying mobile broadband subscribers. In Spain, Yoigo continued to strengthen its market position by offering low-price services. As in previous quarters, revenue drew additional support from the decision in 2008 to purchase terminals directly from vendors and sell them, without intermediaries, to the distribution channels.

In Norway, net sales in local currency decreased 9.4 percent mainly as a result of lower interconnect revenues and the loss of the national roaming agreement with Network Norway. In Finland, net sales in local currency fell 3.7 percent due to a reduction in postpaid traffic and roaming mainly in the business segment. In the Baltic countries, net sales in local currencies decreased approximately 20 percent due to lower equipment sales and declining traffic revenues.

- **Interconnect fees** that TeliaSonera receives from other mobile operators were further lowered in Sweden on July 1, 2009, from SEK 0.43 to SEK 0.32. On the same date, fees in Norway were lowered from NOK 0.60 to NOK 0.50. In Denmark, interconnect fees were lowered from DKK 0.62 to DKK 0.54 on May 1, 2009. In Finland, interconnect fees were lowered from EUR 0.051 to EUR 0.049 on January 1, 2009. On the same date, fees in Lithuania were reduced from LTL 0.337 to LTL 0.267.
- **The number of subscriptions** rose by 1.2 million from the second quarter of 2008 to 16.3 million, with increases in most markets. Growth was strongest in Spain with a rise of 560,000 subscriptions to 1.2 million despite the elimination of approximately 70,000 inactive subscribers during the second quarter. Sweden followed with 429,000 new subscriptions and Finland with 153,000. During the quarter the total number of subscriptions rose by 164,000, with Sweden and Spain showing the largest increases.
- **EBITDA**, excluding non-recurring items, increased 1.6 percent to SEK 3,720 million (3,663). Addressable costs in local currencies and excluding acquisitions decreased 0.9 percent compared to last year. The EBITDA margin decreased to 28.5 percent (30.3) but improved compared to the previous quarter.

In Sweden, EBITDA increased 11.4 percent to SEK 1,411 million (1,267) as a result of higher sales and unchanged costs. Consequently, the margin increased to 39.2 percent (37.0). The EBITDA loss in Spain widened to SEK 327 million (269) due to more gross additions and a higher intake of postpaid subscribers but narrowed compared to the first quarter of 2009.

In Finland, the EBITDA margin improved to 33.0 percent (30.1) as a result of cost efficiency and lower interconnect and roaming related expenses. In Denmark, the decrease in net sales in local currency was compensated for by reduced costs and the EBITDA margin improved to 18.5 percent (18.1) from 14.8 percent in the first quarter of 2009. In Norway, cost savings did not compensate for lower interconnect revenues and the loss of the national roaming agreement with Network Norway, and the EBITDA margin decreased to 34.3 percent (37.3).

Lithuania and Estonia have successfully reduced operating costs and the EBITDA margins remained largely at the same level as last year at 33.4 percent (32.7) and 38.2 percent (39.0), respectively. In Latvia, cost savings did not offset the decline in sales and the margin fell to 39.8 percent (46.3).

- **CAPEX** was reduced to SEK 1,019 million (1,792) and the CAPEX-to-sales ratio to 7.8 percent (14.8). Cash flow, measured as EBITDA minus CAPEX, increased to SEK 2,701 million (1,871). The second quarter of 2008 included a one-off payment of SEK 563 million for the acquisition of the 2.6 GHz license in Sweden.

SEK in millions, except margins and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	13,030	12,071	8	25,608	23,590	9
of which Sweden	3,595	3,420	5	6,937	6,529	6
of which Finland	2,684	2,417	11	5,337	4,828	11
of which Norway	2,267	2,417	-6	4,519	4,697	-4
of which Denmark	1,849	1,665	11	3,715	3,325	12
of which Lithuania	592	664	-11	1,169	1,341	-13
of which Latvia	575	639	-10	1,227	1,285	-5
of which Estonia	529	561	-6	1,046	1,086	-4
of which Spain	1,082	420	158	1,925	755	155
EBITDA excl. non-recurring items	3,720	3,663	2	7,132	7,051	1
of which Sweden	1,411	1,267	11	2,651	2,390	11
of which Finland	886	728	22	1,679	1,539	9
of which Norway	778	902	-14	1,545	1,699	-9
of which Denmark	342	302	13	618	600	3
of which Lithuania	198	217	-9	385	481	-20
of which Latvia	229	296	-23	530	585	-9
of which Estonia	202	219	-8	391	414	-6
of which Spain	-327	-269	22	-667	-657	2
Margin (%), total	28.5	30.3		27.9	29.9	
Margin (%), Sweden	39.2	37.0		38.2	36.6	
Margin (%), Finland	33.0	30.1		31.5	31.9	
Margin (%), Norway	34.3	37.3		34.2	36.2	
Margin (%), Denmark	18.5	18.1		16.6	18.0	
Margin (%), Lithuania	33.4	32.7		32.9	35.9	
Margin (%), Latvia	39.8	46.3		43.2	45.5	
Margin (%), Estonia	38.2	39.0		37.4	38.1	
Margin (%), Spain	neg	neg		neg	neg	

Significant profitability improvement in Broadband Services

Business area Broadband Services provides mass-market services for connecting homes and offices. Products and services 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.

- The economic downturn has so far had a limited impact on net sales, and the efforts to reduce operating expenses have significantly improved profitability and cash flow compared to last year. Demand for IP-based services increased and revenues now represent more than one-third of Broadband Services' total net sales. The loss of fixed-voice subscriptions was somewhat higher than in previous quarters.
- Investments are being directed into fiber access and transmission networks to support services requiring higher bandwidth, such as IPTV and broadband. TeliaSonera has strengthened its market position in IPTV in the Baltic countries and Sweden.

SEK in millions, except margins, operational data and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	10,740	10,557	2	21,704	21,003	3
EBITDA excl. non-recurring items	3,345	2,741	22	6,842	5,790	18
Margin (%)	31.1	26.0		31.5	27.6	
Operating income	1,347	1,118	20	3,344	2,709	23
Operating income excl. non-recurring items	2,056	1,510	36	4,172	3,294	27
CAPEX	1,188	1,490	-20	2,268	2,561	-11
Broadband ARPU (SEK)	311	247	26	310	258	17
Subscriptions, period-end (thousands)						
Broadband	2,288	2,228	3	2,288	2,228	3
Fixed voice	5,491	6,013	-9	5,491	6,013	-9
Associated company, total	765	771	-1	765	771	-1
Employees, period-end	14,380	16,148	-11	14,380	16,148	-11

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

- **Net sales** increased 1.7 percent to SEK 10,740 million (10,557). However, in local currencies and excluding acquisitions net sales decreased 4.7 percent. The positive effect from exchange rate fluctuations was 6.4 percent. Sales of IP-based services increased 19.7 percent in reported currency.

In Sweden, net sales decreased 2.8 percent to SEK 4,716 million (4,853). Growth in IP-based services remained strong. Revenues for IPTV tripled and revenues for IP telephony increased more than four times compared to the second quarter last year. However, the growth in IP-based services and price increases in fixed telephony could not offset the decline in traditional fixed-voice services and equipment sales. The price increases in fixed telephony in Sweden that were announced in March 2009 had a modest positive impact in the second quarter.

In Wholesale, net sales were SEK 3,003 million (3,009). In local currencies, net sales were negatively impacted by a revenue decline in domestic wholesale and international voice traffic.

- **The number of subscriptions** for broadband access rose to 2,288,000, an increase of 60,000 from the second quarter of 2008 and a decrease of 12,000 during the quarter.

The total number of TV subscriptions rose by 104,000 from the second quarter of 2008 to 711,000, of which 532,000 were IPTV subscriptions. More than 20 percent of TeliaSonera's broadband customers also subscribe to the TV services. The total number of IPTV subscriptions increased by 23,000 during the quarter, of which 17,000 in Sweden.

The number of fixed-voice subscriptions decreased by 522,000 from the second quarter 2008 to 5,491,000, and was down 169,000 from the first quarter 2009.

- **EBITDA**, excluding non-recurring items, increased 22.0 percent to SEK 3,345 million (2,741), with approximately two-thirds of the rise coming from cost savings and one-third from currency fluctuations. Addressable costs in local currencies and excluding acquisitions fell 14.8 percent compared to last year, with the Swedish and Finnish operations showing the largest decline of 17.5 percent in total. The EBITDA margin improved to 31.1 percent (26.0).

In Sweden, the EBITDA margin, excluding non-recurring items, improved to 32.3 percent (24.9) due to lower operating expenses as a result of efficiency measures and reduced costs of goods sold related to lower volumes and lower interconnect costs.

In Finland, price increases, improved cost efficiency and lower maintenance and sub-contractor costs lifted the margin to 30.6 percent (17.1).

- **CAPEX** was SEK 1,188 million (1,490) and the CAPEX-to-sales ratio 11.1 percent (14.1). Cash flow, measured as EBITDA minus CAPEX, increased to SEK 2,157 million (1,251).

SEK in millions, except margins and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	10,740	10,557	2	21,704	21,003	3
of which Sweden	4,716	4,853	-3	9,425	9,657	-2
of which Finland	1,711	1,512	13	3,494	3,073	14
of which Norway	237	228	4	475	459	3
of which Denmark	262	230	14	552	496	11
of which Lithuania	635	551	15	1,286	1,114	15
of which Estonia	537	512	5	1,070	997	7
of which Wholesale	3,003	3,009	0	6,088	5,793	5
EBITDA excl. non-recurring items	3,345	2,741	22	6,842	5,790	18
of which Sweden	1,524	1,209	26	3,128	2,623	19
of which Finland	523	259	102	1,107	577	92
of which Norway	56	46	22	106	100	6
of which Denmark	23	-43		51	-39	
of which Lithuania	300	246	22	598	503	19
of which Estonia	160	145	10	324	290	12
of which Wholesale	759	877	-14	1,528	1,733	-12
Margin (%), total	31.1	26.0		31.5	27.6	
Margin (%), Sweden	32.3	24.9		33.2	27.2	
Margin (%), Finland	30.6	17.1		31.7	18.8	
Margin (%), Norway	23.6	20.2		22.3	21.8	
Margin (%), Denmark	8.8	neg		9.2	neg	
Margin (%), Lithuania	47.2	44.6		46.5	45.2	
Margin (%), Estonia	29.8	28.3		30.3	29.1	
Margin (%), Wholesale	25.3	29.1		25.1	29.9	

High profitability maintained in Eurasia

Business area Eurasia comprises mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova, Nepal and Cambodia 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.

- Eurasia showed good growth in terms of traffic volumes. However, the economic downturn is evident, particularly in Azerbaijan and Georgia. Overall, mobile usage was not dramatically affected but the average price per minute declined mainly as a result of regulatory intervention, intense competition and promotional campaigns.
- TeliaSonera maintained market leadership in Kazakhstan, Azerbaijan, Tajikistan and Georgia, and retained its positions in all other markets.

SEK in millions, except margins, operational data and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	3,786	2,858	32	7,527	5,575	35
EBITDA excl. non-recurring items	1,900	1,422	34	3,765	2,761	36
Margin (%)	50.2	49.8		50.0	49.5	
Income from associated companies						
Russia	1,299	1,344	-3	2,501	2,361	6
Turkey	941	1,033	-9	1,682	1,881	-11
Operating income	3,536	3,373	5	6,668	6,175	8
Operating income excl. non-recurring items	3,536	3,373	5	6,668	6,175	8
CAPEX	542	917	-41	1,570	2,140	-27
Subscriptions, period-end (thousands)						
Subsidiaries	20,045	14,511	38	20,045	14,511	38
Associated companies	93,494	83,365	12	93,494	83,365	12
Employees, period-end	4,731	4,213	12	4,731	4,213	12

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

Consolidated operations

- **Net sales** rose 32.5 percent to SEK 3,786 million (2,858). Consolidated since October 1, 2008, the operations in Nepal and Cambodia affected net sales positively by 6.3 percent. The positive effect from exchange rate fluctuations was 17.6 percent. Organic growth in local currencies was 8.6 percent. In Kazakhstan, TeliaSonera's largest market in Eurasia, growth was 8.1 percent, an improvement from the first quarter. In Uzbekistan net sales nearly tripled and in Tajikistan revenue grew more than 50 percent.
- **The number of subscriptions** totaled 20.0 million, an increase of 5.5 million, or 38 percent, from the second quarter of 2008, including 1.9 million subscriptions from the acquired operations in Nepal and Cambodia. Subscription growth excluding acquisitions was 25 percent, with the largest increase in Uzbekistan mainly driven by a successful rebranding that helped grow the subscription base by 2.5 million. During the quarter the total number of subscriptions rose by 0.9 million.
- **EBITDA**, excluding non-recurring items, increased 33.6 percent to SEK 1,900 million (1,422) as a result of higher reported sales. The margin rose to 50.2 percent (49.8), driven by a balanced-growth approach and efficient cost control. The profitability improvement was achieved despite price erosion, caused by growing competition, and higher promotional spending.

- **CAPEX** decreased to SEK 542 million (917) and included continued investments in capacity, coverage and higher service quality in the networks, particularly in Uzbekistan. The CAPEX-to-sales ratio fell to 14.3 percent (32.1), mainly due to the timing of investments between quarters. Cash flow, measured as EBITDA minus CAPEX, increased to SEK 1,358 million (505).

SEK in millions, except changes	Apr-Jun	Apr-Jun	Chg	Jan-Jun	Jan-Jun	Chg
	2009	2008	(%)	2009	2008	(%)
Net sales	3,786	2,858	33	7,527	5,575	35
of which Kazakhstan	1,670	1,443	16	3,335	2,862	17
of which Azerbaijan	1,002	802	25	1,990	1,543	29
of which Uzbekistan	303	93	226	586	169	247
of which Tajikistan	182	108	69	353	196	80
of which Georgia	332	321	3	674	629	7
of which Moldova	123	97	27	245	188	30
of which Nepal	175	–		342	–	
of which Cambodia	5	–		16	–	

Associated companies – Russia

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia grew its subscription base to 45.6 million, an increase of 1.9 million from the first quarter of 2009, and 6.7 million, or 17 percent, from the second quarter of 2008. MegaFon maintained its market share in terms of subscriptions at 23 percent during the quarter.
- TeliaSonera's income from Russia decreased to SEK 1,299 million (1,344). The Russian ruble depreciated 2.9 percent against the Swedish krona, which had a negative impact of SEK 37 million.

Associated companies – Turkey

- Turkcell (associated company, in which TeliaSonera holds 37.3 percent, reported with a one-quarter lag) in Turkey grew its subscription base to 36.4 million, an increase of 1.3 million from the corresponding period last year, but a decrease of 0.6 million from the first quarter of 2009. In Ukraine, the number of subscriptions rose by 2.1 million to 11.5 million and by 0.3 million during the quarter.
- TeliaSonera's income from Turkey decreased to SEK 941 million (1,033). The Turkish lira depreciated 3.4 percent against the Swedish krona, which had a negative impact of SEK 36 million.
- On November 28, 2008, Turkcell was granted the A Type license providing the widest frequency band for a consideration of EUR 358 million (excluding VAT) following the tender for the issue of four separate licenses by the Information and Communication Technologies Authority (ICTA) to provide IMT 2000/UMTS services and infrastructure. On April 30, 2009, Turkcell signed the license agreement with ICTA and paid EUR 422.4 million (including VAT) to the Turkish Treasury.
- Turkcell's Annual General Meeting 2009, held on May 8, decided to distribute a cash dividend of approximately SEK 5.8 billion (TRY 1.1 billion), corresponding to 50 percent of Turkcell's distributable net income for the 2008 fiscal year. TeliaSonera's direct and indirect share of the dividend is in total approximately SEK 2.1 billion (1.1). During the second quarter, TeliaSonera received SEK 733 million (403) in cash dividend from Turkcell, corresponding to TeliaSonera's direct ownership share.

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 changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	1,331	1,190	12	2,686	2,323	16
EBITDA excl. non-recurring items	45	144	-69	102	142	-28
Income from associated companies	176	-16		198	-8	
Operating income	56	-31		-11	-96	-89
Operating income excl. non-recurring items	-64	-3		-126	-122	3
CAPEX	224	274	-18	441	385	15

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

- **Net sales** increased 11.8 percent to SEK 1,331 million (1,190). In local currencies and excluding acquisitions, net sales decreased 0.4 percent.

Net sales of the cable TV company Stofa, which was transferred from Broadband Services Denmark to Other operations on January 1, 2009, increased 18.6 percent to SEK 376 million (317). In local currency, net sales grew 2.6 percent. The number of subscriptions for broadband access decreased by 4,000 from the second quarter of 2008 to 147,000, while the number of subscriptions for cable TV increased by 2,000 to 211,000.

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, 2009

Tom von Weymarn
Chairman

Agneta Ahlström

Magnus Brattström

Maija-Liisa Friman

Conny Karlsson

Lars G Nordström

Timo Peltola

Lars Renström

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, 2009.

Financial Information

Interim Report January–September 2009	October 28, 2009
Year-end Report January–December 2009	February 11, 2010
Interim Report January–March 2010	April 23, 2010
Interim Report January–June 2010	July 23, 2010
Interim Report January–September 2010	October 28, 2010

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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.

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	Apr-Jun 2009	Apr-Jun 2008	Chg (%)	Jan-Jun 2009	Jan-Jun 2008	Chg (%)
Net sales	27,478	25,274	9	54,682	49,672	10
Cost of sales	-15,269	-14,076	8	-30,668	-27,763	10
Gross profit	12,209	11,198	9	24,014	21,909	10
Selling, admin. and R&D expenses	-6,491	-6,362	2	-12,916	-12,327	5
Other operating income and expenses, net	-703	-349	101	-794	-392	103
Income from associated companies and joint ventures	2,449	2,331	5	4,411	4,198	5
Operating income	7,464	6,818	9	14,715	13,388	10
Finance costs and other financial items, net	-788	-631	25	-1,647	-644	156
Income after financial items	6,676	6,187	8	13,068	12,744	3
Income taxes	-1,591	-1,547	3	-2,965	-3,112	-5
Net income	5,085	4,640	10	10,103	9,632	5
Foreign currency translation differences	-3,008	2,674		-1,258	-3,922	-68
Income from associated companies	-10	149		205	117	115
Cash flow hedges	89	52	71	71	40	78
Available-for-sale financial instruments	21	-38		36	-67	
Income taxes relating to other comprehensive income	-76	-3		-110	-14	
Other comprehensive income	-2,984	2,834		-1,056	-3,846	-73
Total comprehensive income	2,101	7,474	-72	9,047	5,786	56
Net income attributable to:						
Owners of the parent	4,469	4,130	8	8,909	8,595	4
Minority interests	616	510	21	1,194	1,037	15
Total comprehensive income attributable to:						
Owners of the parent	2,010	6,826	-71	9,272	5,084	82
Minority interests	91	648	-86	-225	702	
Earnings per share (SEK), basic and diluted	1.00	0.92	9	1.98	1.91	4
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	8,213	7,427	11	16,824	15,002	12
EBITDA excl. non-recurring items	9,043	7,978	13	17,864	15,733	14
Depreciation, amortization and impairment losses	-3,198	-2,940	9	-6,520	-5,812	12
Operating income excl. non-recurring items	8,176	7,410	10	15,653	14,160	11

Condensed Consolidated Statements of Financial Position

SEK in millions	Jun 30, 2009	Dec 31, 2008
Assets		
Goodwill and other intangible assets	101,571	100,968
Property, plant and equipment	60,086	61,946
Investments in associates and joint ventures, deferred tax assets and other non-current assets	62,703	62,265
<i>Total non-current assets</i>	<i>224,360</i>	<i>225,179</i>
Inventories	1,474	1,673
Trade receivables, current tax assets and other receivables	21,904	23,434
Interest-bearing receivables	1,609	2,147
Cash and cash equivalents	14,442	11,826
<i>Total current assets</i>	<i>39,429</i>	<i>39,080</i>
<i>Non-current assets held-for-sale</i>	<i>41</i>	<i>27</i>
Total assets	263,830	264,286
Equity and liabilities		
Equity attributable to owners of the parent	131,576	130,387
Minority interests	9,179	11,061
<i>Total equity</i>	<i>140,755</i>	<i>141,448</i>
Long-term borrowings	59,619	54,178
Deferred tax liabilities, other long-term provisions	24,832	24,594
Other long-term liabilities	1,783	2,565
<i>Total non-current liabilities</i>	<i>86,234</i>	<i>81,337</i>
Short-term borrowings	9,302	11,621
Trade payables, current tax liabilities, short-term provisions and other current liabilities	27,539	29,880
<i>Total current liabilities</i>	<i>36,841</i>	<i>41,501</i>
Total equity and liabilities	263,830	264,286

Condensed Consolidated Statements of Cash Flows

SEK in millions	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Cash flow before change in working capital	9,278	6,767	15,794	11,772
Change in working capital	-2,848	298	-1,904	-489
Cash flow from operating activities	6,430	7,065	13,890	11,283
Cash CAPEX	-2,931	-4,594	-6,109	-7,702
Free cash flow	3,499	2,471	7,781	3,581
Cash flow from other investing activities	-110	392	-561	486
Total cash flow from investing activities	-3,041	-4,202	-6,670	-7,216
Cash flow before financing activities	3,389	2,863	7,220	4,067
Cash flow from financing activities	-8,236	-10,467	-4,962	-5,547
Cash flow for the period	-4,847	-7,604	2,258	-1,480
Cash and cash equivalents, opening balance	19,137	13,819	11,826	7,802
Cash flow for the period	-4,847	-7,604	2,258	-1,480
Exchange rate differences	152	31	358	-76
Cash and cash equivalents, closing balance	14,442	6,246	14,442	6,246

Condensed Consolidated Statements of Changes in Equity

	Jan-Jun 2009			Jan-Jun 2008		
	Owners of the parent	Minority interests	Total equity	Owners of the parent	Minority interests	Total equity
SEK in millions						
Opening balance	130,387	11,061	141,448	117,274	9,783	127,057
Dividends	-8,083	-1,628	-9,711	-17,962	-931	-18,893
Transactions with minority interests	-	-29	-29	-	-1,496	-1,496
Total comprehensive income	9,272	-225	9,047	5,084	702	5,786
Closing balance	131,576	9,179	140,755	104,396	8,058	112,454

Basis of Preparation

General. As in the annual accounts for 2008, TeliaSonera's consolidated financial statements as of and for the six-month period ended June 30, 2009, have been prepared in accordance with International Financial Reporting Standards (IFRSs) 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 2.2 *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). On June 18, 2009, amendments on group cash-settled share-based payment transactions to IFRS 2 *Share-based Payment* (effective for annual periods beginning on or after January 1, 2010; earlier application permitted, to be applied retrospectively) were issued. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. The amendments also incorporate guidance previously included in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*, which as a result are withdrawn. IFRS 2 is currently not relevant to TeliaSonera.

On July 9, 2009, the self-contained *IFRS for SMEs* (effective immediately on issue) was published, tailored for the needs and capabilities of small and medium-sized businesses (SMEs). *IFRS for SMEs* is not relevant to TeliaSonera.

On July 23, 2009, amendments on retrospective application of IFRSs to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective for annual periods beginning on or after January 1, 2010; earlier application permitted) were published. IFRS 1 is not applicable to TeliaSonera.

For additional information, see corresponding sections in TeliaSonera's Interim Report January-March 2009 and Annual Report 2008.

Non-recurring Items

	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
SEK in millions				
Within EBITDA	-830	-551	-1,040	-731
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-123	-169	-225	-210
Broadband Services	-693	-354	-796	-547
Other operations	-14	-28	-19	26
<i>of which TeliaSonera Holding</i>	8	-6	6	50
Within Depreciation, amortization and impairment losses	-16	-41	-32	-41
Impairment losses, accelerated depreciation:				
Mobility Services	—	-3	—	-3
Broadband Services	-16	-38	-32	-38
Within Income from associated companies and joint ventures	134	—	134	—
Capital gains:				
SmartTrust	134	—	134	—
Within Finance costs and other financial items, net	—	15	—	290
Penalty interest:				
Tele2	—	15	—	290
Total	-712	-577	-938	-482

Deferred Taxes

	Jun 30, 2009	Dec 31, 2008
SEK in millions		
Deferred tax assets	12,628	13,206
Deferred tax liabilities	-12,208	-11,260
Net deferred tax assets	420	1,946

Segment and Group Operating Income

	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
SEK in millions				
Mobility Services	2,488	2,341	4,682	4,594
Broadband Services	1,347	1,118	3,344	2,709
Eurasia	3,536	3,373	6,668	6,175
Other operations	56	-31	-11	-96
Total segments	7,427	6,801	14,683	13,382
Elimination of inter-segment profits	37	17	32	6
Group	7,464	6,818	14,715	13,388

Related Party Transactions

MegaFon. As of June 30, 2009, TeliaSonera had interest-bearing claims of SEK 359 million on its associated company OAO MegaFon. OAO Telecominvest (TCI), 26.1 percent owned by TeliaSonera, owns 31.3 percent of the shares in MegaFon. TeliaSonera has signed agreements with TCI and a TCI shareholder 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.

Svenska UMTS-nät. In the three-month and the six-month period ended June 30, 2009, TeliaSonera purchased services from its 50 percent-owned joint venture Svenska UMTS-nät AB worth SEK 171 million and SEK 353 million, respectively, and sold services worth SEK 26 million and SEK 153 million, respectively.

Investments

	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
SEK in millions				
CAPEX	2,974	4,475	6,048	7,705
Intangible assets	419	927	672	1,162
Property, plant and equipment	2,555	3,548	5,376	6,543
Acquisitions and other investments	10	3,716	103	3,955
Asset retirement obligations	—	—	12	—
Goodwill and fair value adjustments	7	3,698	80	3,931
Equity holdings	3	18	11	24
Total	2,984	8,191	6,151	11,660

Net Debt

	Jun 30, 2009	Dec 31, 2008
SEK in millions		
Long-term and short-term borrowings	68,921	65,799
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-3,311	-4,327
Less short-term investments, cash and bank	-14,833	-12,858
Net debt	50,777	48,614

Loan Financing

The underlying cash flow generation was positive also in the second quarter of 2009.

Conditions for funding activities continued to improve during the first half of the year and TeliaSonera issued longer-dated bond financing with maturities from 5 to 15 years. During the second quarter, TeliaSonera issued bonds denominated in EUR and JPY with final maturity in 2017.

No short-dated debt issuance was made during the first half of the year. TeliaSonera is well funded for the remainder of the year.

In April, the last outstanding Eurobond issued by TeliaSonera Finland Oyj (former Sonera Oyj) was repaid.

Overall financial market sentiment has improved in recent months, with credit spreads tightening from the high levels in the very early part of the year, but no clear signs of any recovery in the general economy are visible yet and it is still not clear whether the worst effects of the financial turmoil have passed, since real-economy effects and credit losses tend to lag. The Swedish krona remains weak.

Financial Key Ratios

	Jun 30, 2009	Dec 31, 2008
Return on equity (% , rolling 12 months)	17.0	17.2
Return on capital employed (% , rolling 12 months)	16.8	17.3
Equity/assets ratio (%)	51.8	50.5
Net debt/equity ratio (%)	37.1	36.5
Owners' equity per share (SEK)	29.30	29.04

Business Combinations in the Second Quarter

For minor business combinations in the second quarter, the cost of combination totaled SEK 6 million and the net cash outflow SEK 6 million. Goodwill was SEK 5 million, allocated to reporting segment Other operations. Goodwill is explained by strengthened market positions. The total cost of combination and fair values were determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustment.

Guarantees and Collateral Pledged

At June 30, 2009, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 2,428 million, of which SEK 2,150 million referred to credit guarantees on behalf of Svenska UMTS-nät AB. Collateral pledged totaled SEK 1,192 million, mainly referring to blocked funds in bank accounts related to Ipse 2000 S.p.A.'s future license payments, certain court proceedings and shares in Svenska UMTS-nät.

Contractual Obligations

Contractual obligations at June 30, 2009, totaled SEK 1,832 million, of which SEK 1,361 million referred to contracted build-out of TeliaSonera's mobile network services in Sweden, Finland and Spain as well as its fixed network services in Sweden.

Parent Company

Condensed Income Statements	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun
(SEK in millions)	2009	2008	2009	2008
Net sales	3,774	4,164	7,615	8,183
Gross profit	369	825	973	1,356
Operating income	-230	561	-102	21,164
Income after financial items	7,873	156	7,769	20,544
Income before taxes	7,968	174	7,946	30,431
Net income	7,968	171	7,945	30,431

Net sales, primarily related to fixed network services and broadband application services in Sweden, declined due to migration to mobile services and lower-priced IP-based services. Out of the total net sales in the period, SEK 6,075 million (6,402) was billed to subsidiaries. Income after financial items increased strongly as a result of dividend payments from subsidiaries. In the first quarter of 2008, operating income was heavily impacted by capital gains on assets transferred to the subsidiary TeliaSonera Skanova Access AB (Skanova Access) and income before taxes by a related reversal of excess depreciation.

Condensed Balance Sheets	Jun 30,	Dec 31,
(SEK in millions)	2009	2008
Non-current assets	168,535	170,852
Current assets	41,581	40,246
Total assets	210,116	211,098
Shareholders' equity	74,967	75,017
Untaxed reserves	7,847	8,024
Provisions	833	708
Liabilities	126,469	127,349
Total equity and liabilities	210,116	211,098

Total investments in the period were SEK 635 million (35,549), of which SEK 519 million (602) in property, plant and equipment primarily for the fixed network. Other investments totaled SEK 116 million (34,947). In 2008, other investments included a capital contribution of SEK 34,000 million provided in kind in exchange for new shares issued by Skanova Access.

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 2008 for a detailed description of some of the factors that may affect TeliaSonera's business, financial position and results of operations. TeliaSonera believes that the risk environment has not materially changed from the one described in the Annual Report 2008.

Risks and uncertainties that could specifically impact the quarterly results of operations during the remainder of 2009 include, but may not be limited to:

- *Current downturn in the world economy.* The length of the current turmoil in the global financial markets and the sharp decline in the world economy are difficult to predict. TeliaSonera has a strong balance sheet and operates in a relatively non-cyclical or late-cyclical industry. However, a long-term recession in the countries in which TeliaSonera operates would have an impact on its customers and may have a negative impact on its growth and results of operations through reduced telecom spending. The maturity schedule of TeliaSonera's loan portfolio is evenly distributed over several years, and refinancing is expected to be made by using uncommitted open-market debt financing programs and bank loans, alongside the company's free cash flow. In addition, TeliaSonera has committed lines of credit with banks that are deemed to be sufficient and may be utilized if the open-market refinancing conditions are poor. However, the cost of funding might be higher, should the financial turmoil and the downturn in the economy continue for a long time or become even more severe.
- *Investments in future growth.* TeliaSonera is currently investing in future growth through, for example, sales and marketing expenditures to retain and acquire customers in most markets, build-up of its customer base in start-up operations and investments in infrastructure in all markets to improve capacity and access. While TeliaSonera believes that 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 expenditures may impact the results of operations between quarters.
- *Efficiency programs.* TeliaSonera is in the process of adjusting its cost base to reflect the shift from traditional to new services, especially from fixed-voice services to mobile and IP-based 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 portion 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 the 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.

Previous Group outlook for 2009 (published on April 24, 2009)

Net sales in local currencies and excluding acquisitions are expected to be around the same level in 2009 compared to 2008. Currency fluctuations may to an increasing extent influence the reported figures in Swedish krona.

TeliaSonera will continue to invest in future growth and in the quality of networks and services, although the intention is to keep the addressable cost base for 2009 unchanged compared to SEK 33.8 billion in 2008, in local currencies and excluding acquisitions. The ambition for 2009 is to maintain the EBITDA-margin level of 2008, excluding non-recurring items.

Capital expenditures will be driven by continued investments in broadband and mobile capacity as well as in network expansion in our acquired operations. The CAPEX-to-sales ratio is expected to be somewhat lower in 2009 than in 2008. In order to preserve strong cash generation, capital expenditures may be reduced further if the economy continues to deteriorate.

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.