

TeliaSonera January-December 2009

Solid performance paves the way for further investments

Fourth quarter

- Net sales decreased 2.4 percent to SEK 27,410 million (28,096). Net sales in local currencies and excluding acquisitions decreased 0.5 percent.
- The addressable cost base in local currencies and excluding acquisitions decreased 11.8 percent.
- EBITDA, excluding non-recurring items, increased 9.3 percent to SEK 9,039 million (8,272) and the margin to 33.0 percent (29.4). The increase in local currencies and excluding acquisitions was 13.8 percent.
- Operating income, excluding non-recurring items, decreased to SEK 7,573 million (7,678) due to lower contribution from associated companies.
- Net income attributable to owners of the parent company declined to SEK 4,902 million (5,644) and earnings per share to SEK 1.09 (1.26) due to lower income from associated companies and higher income taxes.
- Free cash flow was SEK 4,660 million (4,918).
- During the quarter the number of subscriptions grew by 3.8 million, of which 1.8 million new subscriptions in the majority-owned operations and 2.0 million in the associated companies, totaling 147.6 million.

Full year

- Net sales increased 5.4 percent to SEK 109,161 million (103,585). In local currencies and excluding acquisitions net sales decreased 0.3 percent.
- Net income attributable to owners of the parent company was SEK 18,854 million (19,011) and earnings per share was SEK 4.20 (4.23).
- Free cash flow increased 50.3 percent to SEK 17,024 million (11,328).
- The Board of Directors proposes an ordinary dividend of SEK 2.25 per share (1.80), totaling SEK 10,104 million (8,083), or 54 percent (43) of net income attributable to owners of the parent company.

Financial highlights

SEK in millions, except key ratios, per share data and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	27,410	28,096	-2	109,161	103,585	5
Addressable cost base ^{1, 2)}	8,443	9,674	-13	33,568	33,859	-1
EBITDA ²⁾ excl. non-recurring items ³⁾	9,039	8,272	9	36,666	32,954	11
Margin (%)	33.0	29.4		33.6	31.8	
Operating income	7,505	7,356	2	30,324	28,648	6
Operating income excl. non-recurring items	7,573	7,678	-1	31,679	30,041	5
Net income	5,499	6,399	-14	21,280	21,442	-1
of which attributable to owners of the parent	4,902	5,644	-13	18,854	19,011	-1
Earnings per share (SEK)	1.09	1.26	-13	4.20	4.23	-1
Return on equity (%), rolling 12 months)	15.2	17.2		15.2	17.2	
CAPEX-to-sales (%)	17.2	16.1		12.8	15.2	
Free cash flow	4,660	4,918	-5	17,024	11,328	50

1) Additional information available at www.teliaSonera.com/ir.

2) Please refer to page 18 for definitions.

3) Non-recurring items; see table on page 23.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the fourth quarter or the full year 2008, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

"I am proud of our achievements during 2009. We have been able to keep revenues in local currencies intact, reported the highest EBITDA ever and improved cash flow by as much as 50 percent compared to last year, due to a healthy mix of mature and emerging markets.

One of the things I and the rest of the management team are particularly 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 improved. For the second year in a row, we have made significant progress and reached the highest level since TeliaSonera started measurements in 2004.

For a number of years, we have had the ambition to increase our ownership in both Turkcell and MegaFon. However, this has proven to be very difficult and we have explored different routes to increase our control over as well as 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. However, we also made it clear at the time of the announcement that the real value of this agreement will lie in the execution of it.

As a result of our efficiency improvements and careful capital spending, free cash flow increased significantly and strengthened our financial position further. We are therefore in the fortunate position that we can increase capital expenditures for 2010 to secure our future growth. In addition, the Board of Directors will propose a 25 percent increase in ordinary dividend to our shareholders at the Annual General Meeting. The dividend policy has also been revised and the payout ratio has increased to be at least 50 percent of net income.

It is important that TeliaSonera is regarded as a pioneer by being in the forefront of adopting new technology and introducing new services. We were therefore excited that we were able to open up the world's first commercial 4G networks in the city centers of Stockholm and Oslo in December and the initial response from our customers has been positive. As we also strongly believe that the fixed network will remain competitive for a foreseeable future, we will selectively increase our fiber and IP investments within Broadband Services this year.

Looking ahead, TeliaSonera is a financially strong company with leading positions in most markets and with motivated and competent employees. We are confident that we will be able to defend our profitability in 2010."

Group outlook for 2010

Net sales in local currencies and excluding acquisitions are expected to be somewhat higher in 2010 compared to 2009. Currency fluctuations may have a material impact on reported figures in Swedish krona.

TeliaSonera will continue to invest in future growth as well as in the quality of networks and services. We expect the addressable cost base in 2010 to be in line with the SEK 33.6 billion of 2009, in local currencies and excluding acquisitions. The EBITDA margin in 2010 is expected to be somewhat higher compared to 2009, excluding non-recurring items.

Capital expenditures will be driven by continued investments in broadband and mobile capacity as well as in network expansion in Eurasia. The CAPEX-to-sales ratio is expected to be somewhat below 15 percent in 2010.

Efficiency measures

The intention was 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 would be somewhat below 30,000 by year-end 2009 (32,171). In 2009, the addressable cost base in local currencies and excluding acquisitions decreased 6.8 percent compared to last year. The number of employees was 29,734 at the end of 2009.

Restructuring costs for 2008 and 2009, reported as non-recurring items, were SEK 3.4 billion. Restructuring costs in 2009 amounted to SEK 1.8 billion. The efficiency measures affecting 2,900 employees in Sweden and Finland, as announced in February 2008, have now been completed.

Review of the Group, fourth quarter 2009

Net sales decreased 2.4 percent to SEK 27,410 million (28,096). Net sales in local currencies and excluding acquisitions decreased 0.5 percent. The positive effect of acquisitions was 0.3 percent and the negative effect of exchange rate fluctuations was 2.2 percent.

In Mobility Services, net sales decreased 0.6 percent to SEK 12,714 million (12,796). Net sales in local currencies and excluding acquisitions decreased 2.4 percent. The positive effect of exchange rate fluctuations was 1.8 percent.

In Broadband Services, net sales decreased 2.3 percent to SEK 10,858 million (11,109). Net sales in local currencies and excluding acquisitions decreased 3.2 percent. The positive effect of acquisitions was 0.8 percent and exchange rate fluctuations 0.1 percent.

In Eurasia, net sales were significantly impacted by currency movements and decreased 14.1 percent to SEK 3,625 million (4,219). Net sales in local currencies and excluding acquisitions increased 7.3 percent. The negative effect of exchange rate fluctuations was 21.4 percent.

The number of subscriptions rose by 12.7 million from the end of the fourth quarter of 2008 to 147.6 million, of which approximately 4.9 million to 48.5 million in the majority-owned operations and 7.8 million to 99.1 million in the associated companies. During the fourth quarter, the total number of subscriptions increased by more than 3.8 million, with 1.8 million new subscriptions in the majority-owned operations and over 2.0 million in the associated companies.

EBITDA, excluding non-recurring items, rose 9.3 percent to SEK 9,039 million (8,272). The increase in local currencies and excluding acquisitions was 13.8 percent. Efficiency measures, mainly in Sweden and Finland contributed to the increase. The margin rose to 33.0 percent (29.4).

Operating income, excluding non-recurring items, was SEK 7,573 million (7,678). The higher EBITDA was offset by lower income from associated companies. Income from associated companies declined 33.4 percent to SEK 1,803 million (2,706), mainly driven by currency fluctuations and lower contribution from Turkcell.

Non-recurring items affecting operating income totaled SEK -68 million (-322). Non-recurring items included charges of approximately SEK -370 million (-200) related to efficiency measures. Non-recurring items were positively affected by SEK 282 million as a result of the agreement with Altimio to combine the two companies' ownership interests in Turkcell and MegaFon into a new company.

Financial items totaled SEK -522 million (-775), of which SEK -406 million (-674) related to net interest expenses. Financial items were positively affected by lower interest rates and lower net debt.

Income taxes increased to SEK -1,484 million (-182). The effective tax rate increased to 21.3 percent (2.8). The tax rate in the fourth quarter of 2008 was affected by positive one-off items of approximately SEK 1,050 million, mainly related to revaluation of deferred tax assets in the Swedish operation and new deferred tax assets in Finland, the Netherlands and International Carrier.

Minority interests in subsidiaries decreased to SEK 597 million (755), of which SEK 532 million (572) related to operations in Eurasia and SEK 52 million (175) to Eesti Telekom, LMT and TEO.

Net income attributable to owners of the parent company declined to SEK 4,902 million (5,644) and earnings per share to SEK 1.09 (1.26) due to lower income from associated companies and higher income taxes.

CAPEX increased to SEK 4,721 million (4,532) and the CAPEX-to-sales ratio to 17.2 percent (16.1).

Free cash flow was SEK 4,660 million (4,918). The higher EBITDA excluding non-recurring items was offset by higher restructuring provisions and that dividend from the associated company Turkcell Holding was paid in the fourth quarter of 2008 instead of in the third quarter as in 2009.

Net debt was SEK 46,175 million at the end of the fourth quarter (46,545 at the end of the third quarter).

The equity/assets ratio was 49.1 percent at the end of the fourth quarter (51.0 percent at the end of the third quarter).

Review of the Group, full year 2009

Net sales increased 5.4 percent to SEK 109,161 million (103,585). Net sales in local currencies and excluding acquisitions decreased 0.3 percent. The positive effect of acquisitions was 1.1 percent and exchange rate fluctuations 4.6 percent.

In Mobility Services, net sales rose 4.9 percent to SEK 51,077 million (48,673). Net sales in local currencies and excluding acquisitions decreased 1.6 percent. The positive effect of acquisitions was 0.3 percent and exchange rate fluctuations 6.2 percent.

In Broadband Services, net sales increased 1.7 percent to SEK 43,342 million (42,625). Net sales in local currencies and excluding acquisitions decreased 3.1 percent. The positive effect of acquisitions was 0.4 percent and exchange rate fluctuations 4.4 percent.

In Eurasia, net sales rose 12.6 percent to SEK 14,866 million (13,204). Net sales in local currencies and excluding acquisitions increased 5.0 percent. The positive effect of acquisitions was 5.4 percent and exchange rate fluctuations 2.2 percent.

EBITDA, excluding non-recurring items, increased 11.3 percent to SEK 36,666 million (32,954). The increase in local currencies and excluding acquisitions was 6.0 percent. The EBITDA increase was driven by efficiency measures, mainly in Sweden and Finland, and improvement in profitability in Eurasia. The margin rose to 33.6 percent (31.8).

Operating income, excluding non-recurring items, rose to SEK 31,679 million (30,041) mainly due to higher EBITDA. Income from associated companies decreased 11.9 percent to SEK 8,015 million (9,096), mainly driven by currency fluctuations and lower contribution from Turkcell due to one-off items.

Non-recurring items affecting operating income were SEK -1,355 million (-1,393), including charges of about SEK -1,800 million (-1,630) related to efficiency measures. Non-recurring items were positively affected by SEK 282 million as a result of the agreement with Altimo to combine the two companies' ownership interests in Turkcell and MegaFon into a new company as well as a capital gain of SEK 141 million from the sale of SmartTrust within TeliaSonera Holding.

Financial items totaled SEK -2,710 million (-2,237), of which SEK -2,346 million (-2,110) related to net interest expenses. The comparable period last year included a positive one-time interest payment of SEK 290 million related to a court decision on historical interconnect fees in Sweden.

Income taxes increased to SEK -6,334 million (-4,969). The effective tax rate increased to 22.9 percent (18.8). The tax rate in 2008 was affected by positive one-off items of approximately SEK 1,050 million in the fourth quarter as described on page 4.

Minority interests in subsidiaries were SEK 2,426 million (2,431), of which SEK 1,905 million (1,705) related to operations in Eurasia and SEK 471 million (692) to Eesti Telekom, LMT and TEO.

Net income attributable to owners of the parent company decreased to SEK 18,854 million (19,011) and earnings per share to SEK 4.20 (4.23) due to lower income from associated companies and higher income taxes.

CAPEX decreased to SEK 14,007 million (15,795) and the CAPEX-to-sales ratio fell to 12.8 percent (15.2). In 2008, CAPEX included a one-off payment of SEK 563 million for the acquisition of a 2.6 GHz license in Sweden in the second quarter.

Free cash flow improved to SEK 17,024 million (11,328), mainly due to higher EBITDA and dividends of SEK 2,153 million (1,410) from associated companies.

Net debt at year-end 2009 was SEK 46,175 million (48,614).

The equity/assets ratio decreased to 49.1 percent from 50.5 percent at year-end 2008.

Acquisitions and divestitures

- On June 3, 2009, TeliaSonera sold its 24 percent shareholding in SmartTrust and recognized a capital gain of total SEK 141 million.

- TeliaSonera, through its subsidiary Fintur Holdings B.V., on January 30, 2009, increased its holding in Geocell to 100 percent from 97.5 percent by acquiring 2.5 percent of the shares from the Government of Georgia.
- TeliaSonera's subsidiary NextGenTel AS, the second-largest Norwegian broadband supplier, acquired the broadband and VoIP business of Tele2 Norge on July 1, 2009, for SEK 107 million in cash. The operations were consolidated as of the same date.
- TeliaSonera announced on October 13, 2009, that following a successful completion of the cash offer for all outstanding shares in AS Eesti Telekom, the shareholding of TeliaSonera increased to 97.58 percent (60.12). TeliaSonera decided to initiate a squeeze-out process which was finalized on January 12, 2010. TeliaSonera now controls 100 percent of Eesti Telekom.
- TeliaSonera announced on October 13, 2009, that following a completion of the cash offer for all outstanding shares in TEO LT, AB, TeliaSonera controlled 68.08 percent (62.94) of the voting shares and 64.90 percent (60.00) of the company's capital.

Significant events during 2009

- 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 was the first for fixed telephony subscriptions since 2001.
- TeliaSonera introduced new, differentiated pricing for mobile broadband in Sweden on March 23, 2009, and in Norway on March 26, in order to better reflect varying levels of customer usage.
- On November 11, 2009, TeliaSonera announced that it has agreed with Altimio to combine their ownership interests by contributing their respective direct and indirect interests in Turkcell and MegaFon into a new company. The new company will be established in a western jurisdiction and listed on the New York Stock Exchange. The purpose is to create a leading international operator, with over 90 million subscriptions in Russia, Turkey and the CIS countries, and with well functioning corporate governance.
- On December 14, 2009, as the first operator in the world, TeliaSonera launched 4G services commercially to customers in Stockholm, Sweden and in Oslo, Norway.

Significant events after year-end 2009

- On January 13, 2010, TeliaSonera selected the vendors for the build out of 4G in Sweden and in Norway. The common 4G/LTE core network will be delivered by Ericsson and the radio networks by Ericsson and Nokia Siemens Networks.
- On January 25, 2010, TeliaSonera announced that the Nomination Committee proposes Anders Narvinger, Ingrid Jonasson Blank and Per-Arne Sandström as new members of the Board. Maija-Liisa Friman, Conny Karlsson, Timo Peltola, Lars Renström and Jon Risfelt are proposed to be re-elected. Anders Narvinger is proposed to be elected Chairman of the Board. The current Chairman of the Board, Tom von Weymarn, has declined to be re-elected. The two Directors Lars G Nordström and Caroline Sundewall have also declined re-election and will leave the Board of Directors at the Annual General Meeting 2010.

- On February 2, 2010, TeliaSonera announced that it had increased its ownership in UCell (OOO Coscom) from 74 percent to 94 percent by acquiring 20 percent of the shares in the jointly owned TeliaSonera Uzbek Telecom Holding B.V. from Takilant Limited. TeliaSonera will pay approximately SEK 1,550 million (USD 220 million) for the shares. TeliaSonera Uzbek Telecom Holding B.V. is a Dutch holding company owning 100 percent of OOO Coscom in Uzbekistan.

TeliaSonera share

The TeliaSonera share is listed on NASDAQ OMX Stockholm and NASDAQ OMX Helsinki. The share's settlement price in Stockholm increased 33.3 percent in 2009, from SEK 38.90 to SEK 51.85. The highest share price was SEK 53.35 (62.00) and the lowest SEK 34.40 (30.80). The number of shareholders decreased from 651,816 to 635,799. Ownership by the Swedish state was 37.3 percent and the Finnish state's holding was 13.7 percent. Holdings outside Sweden and Finland decreased to 13.8 percent from 15.6 percent.

Ordinary dividend to shareholders

For 2009, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of 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 Board of Directors proposes that the final day for trading in shares entitling shareholders to dividend be set for April 7, 2010, and that the first day of trading in shares excluding rights to dividend be set for April 8, 2010. The recommended record date at Euroclear Sweden for the right to receive dividend will be April 12, 2010. If the AGM votes to approve the Board's proposals, the dividend is expected to be distributed by Euroclear Sweden on April 15, 2010.

Dividend policy (revised)

TeliaSonera shall target a solid investment grade long-term credit rating (A- to BBB+) to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions. The ordinary dividend shall be at least 50 percent of net income attributable to owners of the parent company. In addition, excess capital shall be returned to shareholders after the Board of Directors has taken into consideration the company's cash at hand, cash flow projections and investment plans in a medium term perspective, as well as capital market conditions.

Please refer to page 28 for the previous Dividend policy (published on October 26, 2007)

Proposal for authorization

In order to provide TeliaSonera with an additional instrument to adjust the company's capital structure, the Board of Directors proposes that the Annual General Meeting resolve to authorize the Board of Directors to repurchase a maximum of 10 percent of the company's total number of outstanding shares, with the intention of cancelling repurchased shares.

Annual General Meeting 2010

The Annual General Meeting (AGM) will be held on April 7, 2010, at 14:00 CET at Cirkus, Stockholm. Notice of the meeting will be posted on TeliaSonera's website, www.teliasonera.com, and advertised in the newspapers at the beginning of March 2010. The record date entitling shareholders to attend the meeting will be March 30, 2010. Shareholders may file notice of intent to attend the AGM from March 8, 2010. TeliaSonera must receive notice of attendance no later than 16:00 CET on March 30, 2010.

Cost savings improved profitability in Mobility Services

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

- Despite the economic downturn, the strong demand for mobile devices, including mobile broadband and Apple iPhone, continued. Mobile data traffic in our Nordic and Baltic operations increased close to 200 percent while the number of mobile broadband subscriptions rose by more than 60 percent during 2009. In December 2009, TeliaSonera opened up the world's first commercial 4G networks in the city centers of Stockholm and Oslo and was awarded a 4G license in Finland in November.
- In Sweden, the strong trend for mobile broadband and data usage 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 did not show any signs of improvement and the economic recession continued to cause substantial sales declines in local currencies.

SEK in millions, except margins, operational data and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	12,714	12,796	-1	51,077	48,673	5
EBITDA excl. non-recurring items	3,858	3,507	10	14,961	14,399	4
Margin (%)	30.3	27.4		29.3	29.6	
Operating income	2,624	2,283	15	10,084	9,526	6
Operating income excl. non-recurring items	2,746	2,366	16	10,536	9,926	6
CAPEX	1,365	1,145	19	3,867	4,467	-13
MoU	193	196	-2	191	195	-2
ARPU, blended (SEK)	207	224	-8	216	223	-3
Churn, blended (%)	25	27	-7	27	27	0
Subscriptions, period-end (thousands)	16,963	15,900	7	16,963	15,900	7
Employees, period-end	7,506	8,339	-10	7,506	8,339	-10

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

Fourth quarter

- **Net sales** decreased 0.6 percent to SEK 12,714 million (12,796). Net sales in local currencies and excluding acquisitions decreased 2.4 percent. The positive effect of exchange rate fluctuations was 1.8 percent.

In local currencies, net sales grew in Sweden and Spain. Net sales in Sweden rose 6.4 percent to SEK 3,624 million (3,407) as a result of strong growth in mobile data, increased traffic revenues in the consumer segment and higher equipment sales. In Spain, net sales in local currency rose 33.4 percent to the equivalent of SEK 1,075 million (792). Net sales in Spain were negatively impacted by approximately SEK 120 million due to a reclassification of subsidies for equipment sales in own channels. This one-time revenue correction in the fourth quarter, related to the full year 2009, had no impact on EBITDA.

In Norway, net sales in local currency decreased 10.2 percent, partly as a result of a reduction in interconnect fees, roaming and equipment sales. In Finland, net sales in local currency decreased 1.4 percent compared to the corresponding quarter last year. This was an improvement compared with the third quarter of 2009 as a result of higher equipment sales and increased revenues from mobile data in the consumer segment. In Denmark, net sales in local currency fell 4.1 percent due to a decline in postpaid traffic, roaming and lower interconnect fees.

The situation in the Baltic countries remained challenging and the economic recession continued to cause substantial decline in traffic revenues and equipment sales. In Lithuania, Latvia and Estonia net sales in local currencies decreased by 29.6 percent, 23.0 percent and 16.8 percent respectively.

- **The number of subscriptions** rose by 1.1 million from year-end 2008 to 17.0 million. Growth was strongest in Spain with an increase of 536,000 to 1,506,000. Sweden followed with 332,000 new subscriptions and Finland with 198,000. During the quarter the number of subscriptions rose by 374,000, with Spain, Sweden and Finland showing the largest increases.
- **Interconnect fees** that TeliaSonera receives from other mobile operators were lowered further in Sweden on July 1, 2009, from SEK 0.43 to SEK 0.32. On the same day 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.
- **EBITDA**, excluding non-recurring items, increased 10.0 percent to SEK 3,858 million (3,507). Addressable cost base in local currencies and excluding acquisitions decreased 10.2 percent compared to the corresponding quarter last year, of which approximately half came from efficiency measures. The EBITDA margin increased to 30.3 percent (27.4), with improvements in all markets except for Latvia and Estonia. In local currencies EBITDA, excluding non-recurring items increased 7.3 percent.

In Sweden, EBITDA excluding non-recurring items increased 13.9 percent to SEK 1,356 million (1,191). The EBITDA margin improved to 37.4 percent (35.0) due to increased sales in own channels. Despite a continued strong subscriber intake, the EBITDA loss in Spain narrowed further to SEK -119 million (-273) as a result of higher net sales and increased share of traffic in the own network.

The decrease in net sales in local currencies in Finland, Norway and Denmark were offset by personnel reductions and lower subscriber acquisition costs and the EBITDA margins improved to 33.4 percent (26.8), 34.7 percent (33.6) and 22.8 percent (21.3) respectively.

In Lithuania, operating costs were successfully reduced and the EBITDA margin improved considerably to 39.5 percent (32.8). In Latvia and Estonia, cost savings did not fully compensate for the decline in sales and EBITDA margins fell to 37.8 percent (40.9) and 35.7 percent (37.0) respectively.

- **CAPEX** increased to SEK 1,365 million (1,145) and the CAPEX-to-sales ratio to 10.7 percent (8.9) due to 4G roll out in Sweden and Norway. Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 2,493 million (2,362).

Full year

- **Net sales** rose 4.9 percent to SEK 51,077 million (48,673). Net sales in local currencies and excluding acquisitions decreased 1.6 percent. The positive effect of acquisitions was 0.3 percent and exchange rate fluctuations 6.2 percent.
- **EBITDA**, excluding non-recurring items, increased 3.9 percent to SEK 14,961 million (14,399) and the margin was 29.3 percent (29.6). Addressable cost base in local currencies and excluding acquisitions decreased 2.8 percent compared to 2008.
- **CAPEX** decreased to SEK 3,867 million (4,467) and the CAPEX-to-sales ratio to 7.6 percent (9.2). In 2008, CAPEX included a one-off payment of SEK 563 million for the acquisition of a 2.6 GHz license in Sweden in the second quarter. Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 11,094 million (9,932).

SEK in millions, except margins and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	12,714	12,796	-1	51,077	48,673	5
of which Sweden	3,624	3,407	6	14,114	13,334	6
of which Finland	2,677	2,678	0	10,540	9,917	6
of which Norway	2,220	2,289	-3	8,977	9,433	-5
of which Denmark	1,732	1,793	-3	7,278	6,845	6
of which Lithuania	489	698	-30	2,220	2,722	-18
of which Latvia	510	663	-23	2,286	2,635	-13
of which Estonia	496	592	-16	2,080	2,262	-8
of which Spain	1,075	792	36	4,086	2,050	99
EBITDA excl. non-recurring items	3,858	3,507	10	14,961	14,399	4
of which Sweden	1,356	1,191	14	5,483	4,949	11
of which Finland	893	719	24	3,423	3,079	11
of which Norway	770	769	0	3,156	3,328	-5
of which Denmark	395	382	3	1,430	1,374	4
of which Lithuania	193	229	-16	768	942	-18
of which Latvia	193	271	-29	935	1,134	-18
of which Estonia	177	219	-19	760	861	-12
of which Spain	-119	-273	-56	-995	-1,269	-22
Margin (%), total	30.3	27.4		29.3	29.6	
Margin (%), Sweden	37.4	35.0		38.8	37.1	
Margin (%), Finland	33.4	26.8		32.5	31.0	
Margin (%), Norway	34.7	33.6		35.2	35.3	
Margin (%), Denmark	22.8	21.3		19.6	20.1	
Margin (%), Lithuania	39.5	32.8		34.6	34.6	
Margin (%), Latvia	37.8	40.9		40.9	43.0	
Margin (%), Estonia	35.7	37.0		36.5	38.1	
Margin (%), Spain	neg	neg		neg	neg	

Cash flow almost tripled in Broadband Services

Business area Broadband Services provides mass-market services for connecting homes and offices. 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 loss of fixed-voice subscriptions continued but was partly compensated for by a strong demand for bundled offerings, including IPTV and VoIP subscriptions. The consumer segment continued to show increasing net sales in local currencies in Sweden and in Finland. The economic downturn in the Baltic countries had a more visible impact during the fourth quarter. Efforts to reduce operating expenses significantly improved profitability and cash flow almost tripled compared to last year.
- Investments are being directed into fiber access and transmission networks to support services requiring higher bandwidth, such as IPTV and broadband. Around 80 percent of capital expenditures within Broadband Services are allocated to fiber and IP. TeliaSonera strengthened its market position in IPTV in the Baltic countries and Sweden.

SEK in millions, except margins, operational data and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	10,858	11,109	-2	43,342	42,625	2
EBITDA excl. non-recurring items	3,270	2,552	28	13,922	11,705	19
Margin (%)	30.1	23.0		32.1	27.5	
Operating income	1,774	969	83	7,420	5,285	40
Operating income excl. non-recurring items	1,941	1,198	62	8,649	6,568	32
CAPEX	1,667	1,984	-16	4,942	5,810	-15
Broadband ARPU (SEK)	314	287	9	312	270	16
Subscriptions, period-end (thousands)						
Broadband	2,348	2,284	3	2,348	2,284	3
Fixed voice	5,212	5,806	-10	5,212	5,806	-10
Associated company, total	754	777	-3	754	777	-3
Employees, period-end	13,645	15,410	-11	13,645	15,410	-11

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

Fourth quarter

- **Net sales** decreased 2.3 percent to SEK 10,858 million (11,109). Net sales in local currencies and excluding acquisitions decreased 3.2 percent. The positive effect from acquisitions was 0.8 percent and exchange rate fluctuations 0.1 percent. Sales of IP-based services increased 10.6 percent in reported currency and its share of Broadband Services external net sales increased to 35 percent (31).

In Sweden, the trend in external sales for fixed voice and IP based services was largely unchanged compared with previous quarters. However, net sales fell 5.6 percent to SEK 4,648 million (4,922), partly due to lower internal sales. The growth in IPTV continued and revenues doubled compared to last year. The price increases in fixed telephony in Sweden that were announced in March 2009 had a positive impact in the fourth quarter.

In Finland, net sales in local currency and excluding acquisitions decreased by 5.6 percent, mainly due to a decline in traditional fixed-voice services. Net sales were also negatively impacted by lower internal sales than in previous quarters.

The acquisition of the broadband and VoIP business of Tele2 Norge impacted reported net sales positively by approximately SEK 85 million in the fourth quarter of 2009. In Denmark, net sales in local currency increased 4.6 percent compared to the corresponding quarter last year. This was an improvement compared with the third quarter of 2009 as growth in IP based services offset the decline in traditional fixed line services.

The trends in the Baltic countries worsened in the fourth quarter as a result of the economic recession and net sales in local currencies in Lithuania and Estonia fell 6.7 percent and 15.3 percent, respectively. Net sales in Wholesale remained largely at the same level as in the corresponding quarter last year at SEK 3,203 million (3,170).

- **The number of subscriptions** for broadband access rose to 2,348,000, an increase of 64,000 from the end of 2008, but a decrease of 3,000 in the quarter.

The total number of TV subscriptions rose by 141,000 from the end of 2008 to 798,000, of which 620,000 were IPTV subscriptions. About 26 percent of TeliaSonera's broadband customers also subscribe to the IPTV services. The total number of IPTV subscriptions increased by 59,000 during the quarter, of which 29,000 in Sweden.

The number of fixed-voice subscriptions decreased by 594,000 from the end of 2008 to 5,212,000, and was down 136,000 from the third quarter of 2009. The intake of VoIP subscriptions was 26,000 in the quarter, bringing the total number of VoIP subscriptions to 228,000.

- **EBITDA**, excluding non-recurring items, rose 28.1 percent to SEK 3,270 million (2,552). Addressable cost base in local currencies and excluding acquisitions fell 20.2 percent compared to last year, with the Swedish and Finnish operations showing the largest decline, 23.1 percent in total. The EBITDA margin improved to 30.1 percent (23.0).

In Sweden, the EBITDA margin improved to 34.1 percent (23.6) due to sustainable lower addressable cost base level as a result of efficiency measures, improved gross margin including lower interconnect costs.

In Finland, the EBITDA margin rose to 31.3 percent (20.9) mainly due to improved cost efficiency and lower cost of goods sold. In Estonia, lower interconnect and subcontracting costs improved the EBITDA margin to 26.4 percent (23.6). In Denmark, lower subscriber acquisition and lower network costs lifted the EBITDA margin to 10.5 percent (neg).

In Norway, decisions to extract further synergies from the acquired operation of Tele2 Norge impacted profitability negatively in the fourth quarter. The EBITDA margin decreased to 13.0 percent (18.3) although the underlying margin remained unchanged at approximately 20 percent. In Lithuania, the decrease in operating costs could not offset the decrease in net sales and the EBITDA margin fell to 33.4 percent (38.8).

- **CAPEX** decreased to SEK 1,667 million (1,984) and the CAPEX-to-sales ratio to 15.4 percent (17.9). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 1,603 million (568).

Full year

- **Net sales** rose 1.7 percent to SEK 43,342 million (42,625). The decline in organic sales was 3.1 percent in local currencies. The positive effect of acquisitions was 0.4 percent and from exchange rate fluctuations 4.4 percent.
- **EBITDA**, excluding non-recurring items, increased to SEK 13,922 million (11,705) and the margin to 32.1 percent (27.5). Addressable costs in local currencies and excluding acquisitions fell 12.6 percent compared to last year, with the Swedish and Finnish operations, driven by cost efficiency measures, showing the largest decline, 15.9 percent in total.
- **CAPEX** fell to SEK 4,942 million (5,810) and the CAPEX-to-sales ratio to 11.4 percent (13.6). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, increased to SEK 8,980 million (5,895).

SEK in millions, except margins and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	10,858	11,109	-2	43,342	42,625	2
of which Sweden	4,648	4,922	-6	18,692	19,283	-3
of which Finland	1,642	1,728	-5	6,772	6,321	7
of which Norway	324	224	45	1,114	913	22
of which Denmark	275	259	6	1,086	994	9
of which Lithuania	592	631	-6	2,508	2,302	9
of which Estonia	518	606	-15	2,128	2,163	-2
of which Wholesale	3,203	3,170	1	12,415	12,010	3
EBITDA excl. non-recurring items	3,270	2,552	28	13,922	11,705	19
of which Sweden	1,585	1,164	36	6,607	5,264	26
of which Finland	514	362	42	2,217	1,461	52
of which Norway	42	41	2	199	183	9
of which Denmark	29	-29		87	-112	
of which Lithuania	198	245	-19	1,065	983	8
of which Estonia	137	143	-4	624	578	8
of which Wholesale	765	630	21	3,122	3,350	-7
Margin (%), total	30.1	23.0		32.1	27.5	
Margin (%), Sweden	34.1	23.6		35.3	27.3	
Margin (%), Finland	31.3	20.9		32.7	23.1	
Margin (%), Norway	13.0	18.3		17.9	20.0	
Margin (%), Denmark	10.5	neg		8.0	neg	
Margin (%), Lithuania	33.4	38.8		42.5	42.7	
Margin (%), Estonia	26.4	23.6		29.3	26.7	
Margin (%), Wholesale	23.9	19.9		25.1	27.9	

Organic growth improved sequentially 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 strategy is to create shareholder value by increasing mobile penetration and introducing value-added services in each respective country.

- Eurasia continued to show 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. Net sales in reported currency were significantly impacted by exchange rate fluctuations but growth in local currencies and excluding acquisitions improved compared to the third quarter of 2009. Non-voice services share of net sales increased in all markets.
- TeliaSonera maintained market leadership in Kazakhstan, Azerbaijan, Tajikistan and Georgia; and maintained its positions in all other markets.

SEK in millions, except margins, operational data and changes	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	3,625	4,219	-14	14,866	13,204	13
EBITDA excl. non-recurring items	1,810	2,089	-13	7,469	6,553	14
Margin (%)	49.9	49.5		50.2	49.6	
Income from associated companies						
Russia	1,019	1,350	-25	4,691	5,070	-7
Turkey	773	1,291	-40	3,056	3,991	-23
Operating income	3,338	4,111	-19	13,109	13,731	-5
Operating income excl. non-recurring items	3,056	4,111	-26	12,827	13,731	-7
CAPEX	1,484	1,040	43	4,416	4,595	-4
Subscriptions, period-end (thousands)						
Subsidiaries	22,558	18,416	22	22,558	18,416	22
Associated companies	98,342	90,558	9	98,342	90,558	9
Employees, period-end	4,888	4,780	2	4,888	4,780	2

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

Consolidated operations

Fourth quarter

- **Net sales** decreased 14.1 percent to SEK 3,625 million (4,219). Organic growth in local currencies was 7.3 percent. The negative effect from exchange rate fluctuations was 21.4 percent.

Net sales in local currency in Kazakhstan increased by 6.7 percent, an improvement compared to the previous quarter. This was mainly due to a strong subscriber intake as a result on the launch of new tariff plans offering equal prices to all networks. In Azerbaijan, net sales in local currency decreased 9.6 percent to the equivalent of SEK 887 million (1,086), of which approximately half can be explained by the introduction of asymmetrical interconnect pricing between operators in the third quarter.

Net sales in local currencies in Uzbekistan and Tajikistan increased by 81.2 percent and 43.1 percent to the equivalents of SEK 311 million (206) and SEK 190 million (179), respectively, as a result of strong subscriber intake.

- **The number of subscriptions** in the majority-owned operations was 22.6 million, an increase by 4.1 million or 22.5 percent, from the end of 2008. All Eurasian markets reported increased subscription figures. Growth was strongest in Uzbekistan with a rise of 2.4 million subscriptions to 5.1 million (2.7). Nepal added 0.5 million new subscriptions, increasing the number of subscriptions to 2.2 million. During the fourth quarter the total number of subscriptions in Eurasian majority-owned operations rose by 1.5 million. Nepal showed the largest increase and added 0.4 million subscriptions.
- **EBITDA**, excluding non-recurring items, decreased 13.4 percent to SEK 1,810 million (2,089). The margin increased to 49.9 percent (49.5), with improvements in all markets except Nepal. In local currencies EBITDA, excluding non-recurring items, increased 9.4 percent. The improvement in profitability was achieved despite price erosion caused by growing competition and increasing price sensitivity among customers.
- **CAPEX** increased to SEK 1,484 million (1,040) and included continued investments in capacity, coverage and higher service quality in the networks, particularly in Kazakhstan, Uzbekistan and Tajikistan. The CAPEX-to-sales ratio rose to 40.9 percent (24.7). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, fell to SEK 326 million (1,049).

Full year

- **Net sales** rose 12.6 percent to SEK 14,866 million (13,204). Organic growth in local currencies was 5.0 percent. The acquisitions in Nepal and Cambodia, consolidated since October 1, 2008, affected net sales positively by 5.4 percent. The positive effect of exchange rate fluctuations was 2.2 percent.
- **EBITDA**, excluding non-recurring items, increased 14.0 percent to SEK 7,469 million (6,553). The margin rose to 50.2 percent (49.6), driven by a balanced growth approach and efficient cost control.
- **CAPEX** decreased to SEK 4,416 million (4,595) and included continued investments in capacity, coverage and higher service quality in the networks, particularly in Nepal and Uzbekistan. The CAPEX-to-sales ratio fell to 29.7 percent (34.8). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX increased to SEK 3,053 million (1,958).

	Oct-Dec	Oct-Dec	Chg	Jan-Dec	Jan-Dec	Chg
SEK in millions, except changes	2009	2008	(%)	2009	2008	(%)
Net sales	3,625	4,219	-14	14,866	13,204	13
of which Kazakhstan	1,623	2,074	-22	6,593	6,673	-1
of which Azerbaijan	887	1,086	-18	3,829	3,563	7
of which Uzbekistan	311	206	51	1,200	496	142
of which Tajikistan	190	179	6	735	516	42
of which Georgia	313	388	-19	1,331	1,393	-4
of which Moldova	117	127	-8	486	420	16
of which Nepal	182	158	15	687	158	
of which Cambodia	7	10	-30	31	10	

Associated companies – Russia

Fourth quarter

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia increased its subscription base by 2.2 million to 50.5 million from the end of the third quarter, and by 7.0 million, from the fourth quarter of 2008. MegaFon increased its market share in terms of subscriptions in Russia from 23 percent to 24 percent.
- TeliaSonera's income from Russia decreased to SEK 1,019 million (1,350). The ruble depreciated 16.6 percent against the Swedish krona which had a negative impact of SEK 225 million.

Full year

- TeliaSonera's income from Russia decreased to SEK 4,691 million (5,070). The Russian ruble depreciated 9.0 percent against the Swedish krona which had a negative effect of SEK 463 million.

Associated companies – Turkey

Fourth quarter

- Turkcell (associated company, in which TeliaSonera holds 37.3 percent, reported with a one-quarter lag) in Turkey reported a subscription base of 36.0 million, a decrease of 0.3 million compared to the corresponding period last year and 0.3 million lower than the previous quarter. In Ukraine, the number of subscriptions rose by 1.1 million to 11.8 million from the end of 2008 and by 0.1 million during the quarter.
- TeliaSonera's income from Turkey declined to SEK 773 million (1,290), partly due to one-off items. The Turkish lira depreciated 6.6 percent against the Swedish krona, which had a negative impact of SEK 55 million.

Full year

- TeliaSonera's income from Turkey decreased to SEK 3,056 million (3,991). Turkcell's net income included a provision of SEK 330 million related to historical interconnect disputes. The Turkish lira depreciated 3.2 percent against the Swedish krona, which had a negative impact of SEK 102 million.
- In 2009, Turkcell distributed to its shareholders a total cash dividend of approximately SEK 5.8 billion (TRY 1.1 billion), corresponding to 50 percent of Turkcell's distributable net income for the fiscal year 2008. TeliaSonera's share was approximately SEK 1.9 billion (1.1).

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	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	1,559	1,447	8	5,561	4,906	13
EBITDA excl. non-recurring items	103	135	-24	314	333	-6
Income from associated companies	4	13	-69	191	6	
Operating income	-233	-7		-307	106	
Operating income excl. non-recurring items	-173	3		-351	-184	91
CAPEX	206	350	-41	781	919	-15

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

- **Net sales** increased 7.7 percent to SEK 1,559 million (1,447). In local currencies and excluding acquisitions, net sales increased 5.8 percent.

Net sales in the cable TV company Telia Stofa was SEK 371 million (373). In local currency, net sales decreased 2.0 percent. The number of subscriptions for broadband access decreased by 3,000 from the end of 2008 to 147,000, while the number of subscriptions for cable TV increased by 8,000 to 218,000.

Stockholm, February 11, 2010

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 February 11, 2010.

Financial Information

Annual General Meeting 2010 in Stockholm	April 7, 2010
Interim Report January–March 2010	April 20, 2010
Interim Report January–June 2010	July 20, 2010
Interim Report January–September 2010	October 25, 2010

Questions regarding the reports:

TeliaSonera AB
Investor Relations
SE-106 63 Stockholm, Sweden
Tel. +46 8 504 550 00
Fax +46 8 611 46 42
www.teliasonera.com/ir

Definitions

Addressable cost base: Comprises personnel costs, marketing costs and all other operating expenses other than purchases of goods and sub-contractor services, and interconnect, roaming and other network-related costs.

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	Oct-Dec 2009	Oct-Dec 2008	Chg (%)	Jan-Dec 2009	Jan-Dec 2008	Chg (%)
Net sales	27,410	28,096	-2	109,161	103,585	5
Cost of sales	-15,130	-15,970	-5	-60,965	-57,853	5
Gross profit	12,280	12,126	1	48,196	45,732	5
Selling, admin. and R&D expenses	-6,484	-7,294	-11	-24,718	-25,400	-3
Other operating income and expenses, net	-94	-182	-48	-1,169	-780	50
Income from associated companies and joint ventures	1,803	2,706	-33	8,015	9,096	-12
Operating income	7,505	7,356	2	30,324	28,648	6
Finance costs and other financial items, net	-522	-775	-33	-2,710	-2,237	21
Income after financial items	6,983	6,581	6	27,614	26,411	5
Income taxes	-1,484	-182		-6,334	-4,969	27
Net income	5,499	6,399	-14	21,280	21,442	-1
Foreign currency translation differences	3,327	10,850	-69	-7,355	13,814	
Income from associated companies	-11	-80	-86	188	-37	
Cash flow hedges	31	-324		89	-331	
Available-for-sale financial instruments	1	-37		34	-97	
Income taxes relating to other comprehen- sive income	52	325	-84	-296	390	
Other comprehensive income	3,400	10,734	-68	-7,340	13,739	
Total comprehensive income	8,899	17,133	-48	13,940	35,181	-60
Net income attributable to:						
Owners of the parent	4,902	5,644	-13	18,854	19,011	-1
Minority interests	597	755	-21	2,426	2,431	0
Total comprehensive income attributable to:						
Owners of the parent	7,866	15,051	-48	13,068	31,075	-58
Minority interests	1,033	2,082	-50	872	4,106	-79
Earnings per share (SEK), basic and diluted	1.09	1.26	-13	4.20	4.23	-1
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	8,986	7,965	13	35,241	31,658	11
EBITDA excl. non-recurring items	9,039	8,272	9	36,666	32,954	11
Depreciation, amortization and impairment losses	-3,284	-3,315	-1	-12,932	-12,106	7
Operating income excl. non-recurring items	7,573	7,678	-1	31,679	30,041	5

Condensed Consolidated Statements of Financial Position

SEK in millions	Dec 31, 2009	Dec 31, 2008
Assets		
Goodwill and other intangible assets	100,239	100,968
Property, plant and equipment	61,222	61,946
Investments in associates and joint ventures, deferred tax assets and other non-current assets	60,849	62,265
<i>Total non-current assets</i>	<i>222,310</i>	<i>225,179</i>
Inventories	1,551	1,673
Trade receivables, current tax assets and other receivables	21,595	23,434
Interest-bearing receivables	1,726	2,147
Cash and cash equivalents	22,488	11,826
<i>Total current assets</i>	<i>47,360</i>	<i>39,080</i>
<i>Non-current assets held-for-sale</i>	<i>0</i>	<i>27</i>
Total assets	269,670	264,286
Equity and liabilities		
Equity attributable to owners of the parent	135,372	130,387
Minority interests	7,127	11,061
<i>Total equity</i>	<i>142,499</i>	<i>141,448</i>
Long-term borrowings	63,664	54,178
Deferred tax liabilities, other long-term provisions	25,625	24,594
Other long-term liabilities	1,589	2,565
<i>Total non-current liabilities</i>	<i>90,878</i>	<i>81,337</i>
Short-term borrowings	8,169	11,621
Trade payables, current tax liabilities, short-term provisions and other current liabilities	28,124	29,880
<i>Total current liabilities</i>	<i>36,293</i>	<i>41,501</i>
Total equity and liabilities	269,670	264,286

Condensed Consolidated Statements of Cash Flows

SEK in millions	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
Cash flow before change in working capital	8,325	9,300	31,965	28,480
Change in working capital	977	93	-974	-1,394
Cash flow from operating activities	9,302	9,393	30,991	27,086
Cash CAPEX	-4,642	-4,475	-13,967	-15,758
Free cash flow	4,660	4,918	17,024	11,328
Cash flow from other investing activities	-2,725	-3,926	-3,660	-3,876
Total cash flow from investing activities	7,367	-8,401	-17,627	-19,634
Cash flow before financing activities	1,935	992	13,364	7,452
Cash flow from financing activities	2,999	1,336	-2,568	-4,359
Cash flow for the period	4,934	2,328	10,796	3,093
Cash and cash equivalents, opening balance	17,063	8,799	11,826	7,802
Cash flow for the period	4,934	2,328	10,796	3,093
Exchange rate differences	491	699	-134	931
Cash and cash equivalents, closing balance	22,488	11,826	22,488	11,826

Condensed Consolidated Statements of Changes in Equity

	Jan-Dec 2009			Jan-Dec 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	-2,817	-10,900	-17,962	-1,986	-19,948
Transactions with minority interests	–	-1,989	-1,989	–	-842	-842
Total comprehensive income	13,068	872	13,940	31,075	4,106	35,181
Closing balance	135,372	7,127	142,499	130,387	11,061	141,448

Basis of Preparation

General. As in the annual accounts for 2008, TeliaSonera's consolidated financial statements as of and for the year ended December 31, 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 2.3 *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*.

Change in accounting policy. IFRSs are unclear on the accounting for certain transactions with minority interests. With respect to changes in the value of liabilities arising from put options granted to minority interests, TeliaSonera would previously have recognized such changes as an adjustment to goodwill if the option was granted in connection with a business combination and in net income if it was not (the IAS 39 approach). As of the fourth quarter of 2009, changes in the value of the liabilities have been recognized as adjustments to goodwill. This means that the liability is now considered contingent consideration applying business combination accounting (IFRS 3) by analogy. This is consistent with TeliaSonera's policy for other minority interest acquisitions. Additionally, the option strike prices are fair value at the exercise date, implying no gains or losses neither upon exercise nor during the term. For these reasons, TeliaSonera believes that it is more relevant to recognize value changes towards goodwill. As no value changes to the put option liabilities have previously been recognized, this change will have no retrospective impact.

New accounting standards (not yet adopted by the EU). On November 4, 2009, a revised IAS 24 *Related Party Disclosures* (effective for annual periods beginning on or after January 1, 2011; earlier application permitted) was issued, simplifying the disclosure requirements for government-related entities and changing the definition of a related party. The revision also changes the disclosure requirements in the separate financial statements of subsidiaries or associates. Previously, only directly or indirectly held investments in associates were included in the disclosure requirements, now any associated company of the whole Group is regarded as a related party also in separate financial statements. Further, "commitments" is added to the list of examples of related party transactions that are to be disclosed. TeliaSonera's interpretation of the current disclosure requirements relating to transactions with other entities controlled, or significantly influenced by the governments of Sweden and Finland are in line with the revised disclosure requirements. TeliaSonera is currently analyzing the effects, if any, of adopting the other revisions to IAS 24.

On November 12, 2009, IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2013; earlier application permitted; to be applied retrospectively but if adopted before January 1, 2012, restatement of prior periods is not required) was issued. Classification under IFRS 9 is driven by the entity's business model for managing financial assets and the contractual characteristics of the financial assets. IFRS 9 replaces the current multiple-category classification with the two categories: "amortized cost" and "fair value." The main principle is that a financial asset shall be measured at amortized cost if both of the following conditions are met: (a) the objective is to hold the financial asset in order to collect the contractual cash flows, and (b) the contractual terms give rise on specified dates to cash flows that solely represent payments of principal and interest. All other financial assets within scope are measured at fair value. Reclassifications between the categories are only allowed when the entity's business model for managing financial assets is changed. IFRS 9 requires all equity instruments within scope to be measured at fair value and removes the cost exemption for unquoted equities. Still, IFRS 9 states that in limited cases cost may be an appropriate estimate of fair value and includes a table of indicators that cost might not be representative of fair value. IFRS 9 also amends many other standards, including the disclosure requirements of IFRS 7. The issued parts of IFRS 9 mark the first phase of replacing IAS 39 *Financial Instruments: Recognition and Measurement*. Work on finalizing IFRS 9 is ongoing and includes addressing the impairment methodology for financial assets, hedge accounting as well as classification and measurement of financial liabilities. TeliaSonera is currently analyzing the effects, if any, of adopting the issued parts of IFRS 9. Tentatively, the change into two categories would in most cases have no major effect on the measurement of a specific financial asset since the measurement bases already today are amortized cost or fair value, even though IAS 39 specifies more than two categories.

On November 26, 2009, an amendment on prepayments of a minimum funding requirement to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective January 1, 2011; earlier application permitted, to be applied retrospectively) was issued. The amendment is currently not relevant to TeliaSonera.

On November 26, 2009, IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* (effective for annual periods beginning on or after July 1, 2010; earlier application permitted, to be applied retrospectively) was issued, clarifying the accounting treatment when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the liability fully or partially. IFRIC 19 is currently not relevant to TeliaSonera.

On January 28, 2010, an amendment on limited exemption from comparative IFRS 7 disclosures to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (effective July 1, 2010; earlier application permitted) was issued. IFRS 1 is not applicable to TeliaSonera.

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

Non-recurring Items

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
SEK in millions				
Within EBITDA	-53	-307	-1,425	-1,296
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-122	-83	-452	-397
Broadband Services	-143	-213	-1,158	-1,189
Eurasia	282	–	282	–
Other operations	-70	-11	-97	290
<i>of which TeliaSonera Holding</i>	-35	-8	-33	379
Within Depreciation, amortization and impairment losses	-24	-15	-71	-97
Impairment losses, accelerated depreciation:				
Mobility Services	–	–	–	-3
Broadband Services	-24	-15	-71	-94
Within Income from associated companies and joint ventures	9	–	141	–
Capital gains:				
SmartTrust	9	–	141	–
Within Finance costs and other financial items, net	–	–	–	290
Penalty interest:				
Tele2	–	–	–	290
Total	-68	-322	-1,355	-1,103

Deferred Taxes

	Dec 31, 2009	Dec 31, 2008
SEK in millions		
Deferred tax assets	11,177	13,206
Deferred tax liabilities	-13,210	-11,260
Net deferred tax liabilities (-)/assets (+)	-2,033	1,946

Segment and Group Operating Income

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
SEK in millions				
Mobility Services	2,624	2,283	10,084	9,526
Broadband Services	1,774	969	7,420	5,285
Eurasia	3,338	4,111	13,109	13,731
Other operations	-233	-7	-307	106
Total segments	7,503	7,356	30,306	28,648
Elimination of inter-segment profits	2	0	18	0
Group	7,505	7,356	30,324	28,648

Related Party Transactions

MegaFon. OAO Telecominvest (TCI), 26.1 percent owned by TeliaSonera, owns 31.3 percent of the shares in TeliaSonera's associated company OAO 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 period and the year ended December 31, 2009, TeliaSonera purchased services from its 50 percent-owned joint venture, Svenska UMTS-nät AB, worth SEK 201 million and SEK 725 million, respectively, and sold services worth SEK 61 million and SEK 320 million, respectively.

Investments

	Oct-Dec 2009	Oct-Dec 2008	Jan-Dec 2009	Jan-Dec 2008
SEK in millions				
CAPEX	4,721	4,523	14,007	15,795
Intangible assets	597	792	1,856	2,528
Property, plant and equipment	4,124	3,731	12,151	13,267
Acquisitions and other investments	2,648	4,841	2,842	9,060
Asset retirement obligations	1,043	443	1,055	443
Goodwill and fair value adjustments	1,605	4,386	1,776	8,578
Equity holdings	–	12	11	39
Total	7,369	9,364	16,849	24,855

Net Debt

	Dec 31, 2009	Dec 31, 2008
SEK in millions		
Long-term and short-term borrowings	71,833	65,799
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-2,861	-4,327
Less short-term investments, cash and bank	-22,797	-12,858
Net debt	46,175	48,614

Loan Financing

The underlying cash flow generation, excluding liquidity effects from acquisitions, was positive also in the fourth quarter of 2009.

Conditions for funding activities improved substantially during the latter part of 2009 after a very turbulent and difficult early part of the year. In November, TeliaSonera issued a second public bench-mark Eurobond, with final maturity in 2021. The nominal amount issued was EUR 600 million with a fixed rate coupon of 4.75 percent per annum. During the year, TeliaSonera focused on medium and long-term debt issuance and no short-dated debt issuance was made in 2009.

Facing 2010, TeliaSonera's liquidity position is very strong.

The improvement in overall financial market sentiment, with credit spreads tightening from the high levels in the very early part of the year, and some signs of a recovery in the general economy, continued during the fourth quarter. However, it is not certain that the current positive trend will continue during 2010, since real economy effects and credit losses tend to lag and furthermore the current monetary policy in most countries is extremely loose, which needs to be reversed in a not too distant future. The Swedish krona remains weak in a historical perspective.

Financial Key Ratios

	Dec 31, 2009	Dec 31, 2008
Return on equity (% , rolling 12 months)	15.2	17.2
Return on capital employed (% , rolling 12 months)	15.5	17.3
Equity/assets ratio (%)	49.1	50.5
Net debt/equity ratio (%)	34.9	36.5
Owners' equity per share (SEK)	30.15	29.04

Business Combinations

For additional information on business combinations during the year, see corresponding sections in TeliaSonera's Interim Report January-September 2009 and Interim Report January-June 2009.

Business Combinations in the fourth quarter

For minor business combinations in the fourth quarter, the cost of combination totaled SEK 30 million and the net cash outflow SEK 27 million. Goodwill was SEK 22 million, of which SEK 16 million allocated to business area Mobility Services and SEK 6 million to business area Broadband Services. 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.

Asia Holding purchase price allocation finalized

In the fourth quarter of 2009, TeliaSonera finalized the purchase price allocation for TeliaSonera Asia Holding B.V., the Dutch company with shareholdings in mobile operators in Nepal and Cambodia that was acquired in October 2008. A few adjustments were made, resulting in a decrease of the value of the mobile license and the related deferred tax liability, and higher net debt. Goodwill increased net by SEK 160 million.

Guarantees and Collateral Pledged

At December 31, 2009, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 2,306 million, of which SEK 2,025 million referred to credit guarantees on behalf of Svenska UMTS-nät AB. Collateral pledged totaled SEK 822 million, mainly referring to blocked funds in bank accounts related to shares in Svenska UMTS-nät, Ipse 2000 S.p.A.'s future license payments and insurance provisions.

Contractual Obligations

Contractual obligations at December 31, 2009, totaled SEK 744 million, of which SEK 624 million referred to contracted build-out of TeliaSonera's mobile and fixed networks in Sweden.

Parent Company

Condensed Income Statements (SEK in millions)	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2009	2008	2009	2008
Net sales	3,872	3,888	15,135	16,132
Operating income	1,579	4	1,439	21,697
Income after financial items	2,320	-2,159	12,964	18,280
Income before taxes	1,791	-49	12,743	30,317
Net income	1,316	-69	12,264	30,306

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 year, SEK 12,058 million (12,644) was billed to subsidiaries. Financial net improved strongly as a result of dividend payments from subsidiaries. In 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 (SEK in millions)	Dec 31,	Dec 31,
	2009	2008
Non-current assets	171,160	170,852
Current assets	51,677	40,246
Total assets	222,837	211,098
Shareholders' equity	79,280	75,017
Untaxed reserves	8,245	8,024
Provisions	698	708
Liabilities	134,614	127,349
Total equity and liabilities	222,837	211,098

Total investments in the year were SEK 4,879 million (40,280), of which SEK 914 million (1,276) in property, plant and equipment primarily for the fixed network. Other investments totaled SEK 3,965 million (39,004), of which SEK 3,535 million related to AS Eesti Telekom and TEO LT, AB. 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. Management 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 framework 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 and monitoring of business performance.

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 2010 include, but may not be limited to:

- *World economy changes.* Changes in the global financial markets and 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 severe or 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 aimed to be 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, TeliaSonera's cost of funding might be higher, should there be changes in the global financial markets or the world economy.
- *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 Dividend policy (published on October 26, 2007)

TeliaSonera shall target a solid investment grade long-term credit rating (A- to BBB+) to secure the company's strategically important financial flexibility for investments in future growth, both organically and by acquisitions. The ordinary dividend shall be at least 40 percent of net income attributable to shareholders of the parent company. In addition, excess capital shall be returned to shareholders after the Board of Directors has taken into consideration the company's cash at hand, cash flow projections and investment plans in a medium term perspective, as well as capital market conditions.

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.