

TeliaSonera January-June 2010

Further improvement in organic revenue growth

Second quarter

- Net sales decreased 1.7 percent to SEK 26,964 million (27,424). Net sales in local currencies and excluding acquisitions increased 3.3 percent.
- The addressable cost base in local currencies and excluding acquisitions decreased 1.9 percent.
- EBITDA, excluding non-recurring items, increased 1.9 percent to SEK 9,214 million (9,043) and the margin to 34.2 percent (33.0). The increase in local currencies and excluding acquisitions was 6.5 percent.
- Operating income, excluding non-recurring items, decreased to SEK 7,943 million (8,176) as higher EBITDA, excluding non-recurring items, was more than offset by lower contribution from associated companies.
- Net income attributable to owners of the parent company increased to SEK 5,238 million (4,469) and earnings per share to SEK 1.17 (1.00).
- Free cash flow increased by 26.5 percent to SEK 3,930 million (3,106).
- During the quarter the number of subscriptions grew by 2.5 million, of which 1.8 million new subscriptions in the consolidated operations and 0.7 million in the associated companies, totaling 152.4 million.
- Group outlook for 2010 has been revised. Growth in net sales in local currencies and excluding acquisitions for 2010 is expected to be in line with the first half of 2010. The CAPEX-to-sales ratio is expected to be approximately 14-15 percent in 2010.

First half

- Net sales decreased 2.8 percent to SEK 53,054 million (54,559). In local currencies and excluding acquisitions net sales increased 2.9 percent.
- Net income attributable to owners of the parent company increased to SEK 9,960 million (8,909) and earnings per share to SEK 2.22 (1.98).
- Free cash flow increased to SEK 7,302 million (6,365).

Financial highlights

SEK in millions, except key ratios, per share data and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	26,964	27,424	-2	53,054	54,559	-3
Addressable cost base ^{1, 2)}	8,089	8,708	-7	16,036	17,408	-8
EBITDA ²⁾ excl. non-recurring items ³⁾	9,214	9,043	2	18,177	17,864	2
Margin (%)	34.2	33.0		34.3	32.7	
Operating income	7,924	7,464	6	15,146	14,715	3
Operating income excl. non-recurring items	7,943	8,176	-3	15,405	15,653	-2
Net income	5,886	5,085	16	11,122	10,103	10
of which attributable to owners of the parent	5,238	4,469	17	9,960	8,909	12
Earnings per share (SEK)	1.17	1.00	17	2.22	1.98	12
Return on equity (%), rolling 12 months)	15.9	17.0		15.9	17.0	
CAPEX-to-sales (%)	15.2	10.8		11.6	11.1	
Free cash flow	3,930	3,106	27	7,302	6,365	15

1) Additional information available at www.teliasonera.com.

2) Please refer to page 15 for definitions.

3) Non-recurring items; see table on page 19.

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 2009, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

"TeliaSonera delivered yet another solid quarter and revenue growth in local currencies even improved somewhat compared to the first quarter. Currency fluctuations and lower income from our associated companies mask our underlying performance. Operating income was up by 5 percent excluding these effects and non-recurring items.

Eurasia continued to deliver double-digit revenue growth due to improved macroeconomic conditions in key markets such as Kazakhstan and we maintained or improved our market positions in all Eurasian countries. In the Baltic countries, some early signs of recovery can be seen in Estonia, although the majority of the improvement can be ascribed to higher equipment sales. The Nordic countries continue to benefit from strong growth in mobile data and within Broadband Services, TeliaSonera launched a version of the popular Spotify music platform through the digital-TV services in Sweden and Finland.

After the encouraging trends that we saw in the beginning of the year we decided to increase our investments in the second quarter, especially in Eurasia. We are also planning to increase our investments in fiber and IP in Sweden. We annually invest several billions in the infrastructure in Sweden to ensure high-speed internet access to a large portion of the population. We would like to continue to do so. However, current uncertainties regarding regulation on fiber from the Swedish Post and Telecom Agency prevent us from executing at full pace which delays the roll-out.

TeliaSonera was the first operator in the world to launch commercial 4G services in December last year in Stockholm and Oslo. Since then, we have also made initial trials for a number of test customers in the other Nordic countries. We were able to demonstrate the benefits with 4G at the Royal wedding in Sweden in June as TeliaSonera provided telecommunication services for some 3,000 journalists who travelled to Stockholm to report on the wedding of Crown Princess Victoria and H.R.H. Prince Daniel.

We are encouraged by the revenue growth we have achieved so far this year and believe growth in local currencies for 2010 will be at the same level as we have seen during the first six months."

Group outlook for 2010 (revised)

Growth in net sales in local currencies and excluding acquisitions for 2010 is expected to be in line with the first half of 2010. 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 33.2 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 approximately 14-15 percent in 2010.

Please refer to page 23 for the previous Group outlook for 2010 (published on April 20, 2010).

Review of the Group, second quarter 2010

Net sales decreased 1.7 percent to SEK 26,964 million (27,424). Net sales in local currencies and excluding acquisitions increased 3.3 percent. The positive effect of acquisitions was 0.3 percent and the negative effect of exchange rate fluctuations was 5.3 percent.

In Mobility Services, net sales decreased 2.0 percent to SEK 12,620 million (12,881). Net sales in local currencies and excluding acquisitions increased 4.1 percent. The negative effect of exchange rate fluctuations was 6.1 percent.

In Broadband Services, net sales decreased 5.9 percent to SEK 10,100 million (10,736). Net sales in local currencies and excluding acquisitions decreased 2.8 percent. The negative effect of exchange rate fluctuations was 3.9 percent and the positive effect of acquisitions was 0.8 percent.

In Eurasia, net sales increased 8.1 percent to SEK 4,089 million (3,781). Net sales in local currencies and excluding acquisitions increased 14.8 percent. The negative effect of exchange rate fluctuations was 6.7 percent.

The number of subscriptions rose by 12.8 million from the end of the second quarter 2009 to 152.4 million, of which 5.9 million to 51.2 million in the consolidated operations and 6.9 million to 101.2 million in the associated companies. During the second quarter, the total number of subscriptions increased by 1.8 million in the consolidated companies and by 0.7 million in the associated companies.

EBITDA, excluding non-recurring items, increased 1.9 percent to SEK 9,214 million (9,043). The increase in local currencies and excluding acquisitions was 6.5 percent. The margin rose to 34.2 percent (33.0).

Operating income, excluding non-recurring items, decreased to SEK 7,943 million (8,176). The higher EBITDA, excluding non-recurring items, was more than offset by lower income from the associated companies. Income from associated companies decreased 18.6 percent to SEK 1,994 million (2,449).

Non-recurring items affecting operating income totaled SEK -19 million (-712). The comparable period last year was affected by charges of approximately SEK -840 million related to efficiency measures and a capital gain of SEK 134 million from the sale of SmartTrust within TeliaSonera Holding.

Financial items totaled SEK -583 million (-788), of which SEK -455 million (-824) related to net interest expenses. Financial items were positively affected by lower interest rates.

Income taxes decreased to SEK -1,455 million (-1,591). The effective tax rate decreased to 19.8 percent (23.8), mainly due to an adjustment of withholding taxes related to associated companies, lower distribution taxes in Estonia and reduced losses in Spain. However, lower earnings from associated companies increased the effective tax rate.

Non-controlling interests in subsidiaries increased to SEK 648 million (616), of which SEK 574 million (551) were related to operations in Eurasia and SEK 83 million (116) to LMT and TEO.

Net income attributable to owners of the parent company increased to SEK 5,238 million (4,469) and earnings per share to SEK 1.17 (1.00).

CAPEX increased to SEK 4,086 million (2,974) and the CAPEX-to-sales ratio to 15.2 percent (10.8). The second quarter of 2010 included the acquisition of a 4G license in Denmark amounting to DKK 336 million (SEK 443 million).

Free cash flow increased to SEK 3,930 million (3,106) mainly due to lower working capital and higher EBITDA. Free cash flow was negatively affected by higher income taxes paid and higher pension payments.

Net debt increased to SEK 52,387 million at the end of the second quarter (44,973 at the end of the first quarter 2010) following the payment of ordinary dividend of SEK 10,104 million to shareholders in April for the 2009 fiscal year.

The equity/assets ratio was 51.2 percent (50.0 percent at the end of the first quarter 2010).

Significant events in the second quarter

- On May 11, 2010, TeliaSonera announced that it had been awarded a 4G license in Denmark. The price for 2 * 20 MHz paired spectrum and 10 MHz unpaired spectrum in the 2.5 GHz frequency band was DKK 336 million. The license is valid for 20 years.
- In November 2009, Geocell received a decision from the local tax authority claiming a value added tax penalty to the amount of GEL 101 million (approximately SEK 450 million). Geocell contested the tax authority's claim and in June 2010, it received a decision from the Dispute Council of the Ministry of Finance in Georgia that the charge imposed on Geocell was considered as illegitimate. The decision cannot be appealed.

Significant events after the end of the second quarter

- On July 2, 2010, TeliaSonera announced that Altimo and TeliaSonera will appeal the ruling of the Moscow Court, dated June 22, in favor of Telecominvest. In November 2009, Altimo and TeliaSonera agreed on certain conditions for a merger of their ownership interests by contributing their respective direct and indirect interests in Turkcell and MegaFon into a new company. AF Telecom, the second largest shareholder of MegaFon was also invited to join the new company. In April 2010 AF Telecom through its majority owned company Telecominvest, filed a claim in a Moscow Court, stating that articles of the agreement between TeliaSonera and Altimo which relate to MegaFon should be declared null and void. Altimo and TeliaSonera disagree with the court's decision and believe that it is based on an insufficient analysis of facts and applicable rules and statutes. The two parties believe that the agreement is fully valid and enforceable and does not contradict Russian or other applicable legislation or unlawfully infringe interests of any third party (including Telecominvest). Both companies disagree that a general agreement of intent can be challenged in court as contradictory to the Russian Foreign Investments Law.
- On July 8, 2010, TeliaSonera announced that it had signed an agreement on the sale of its Danish subsidiary Stofa to Ratos, a listed private equity company with Nordic focus. The sales price is DKK 1.1 billion on a cash and debt free basis. TeliaSonera will recognize a capital gain of more than DKK 500 million which will be reported in the third quarter of 2010. Stofa's revenues in 2009 were DKK 1,024 million, EBITDA was DKK 166 million and operating income was DKK 92 million. Stofa has approximately 500 employees.

Continued strong data growth 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 and Wireless Office. The business area comprises mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

- The strong demand for mobile broadband and smart phones continues to drive increased data usage and equipment sales. Prepaid mobile broadband is now also becoming an established service in several markets. TeliaSonera was the first operator in the world to launch commercial 4G services in December last year in Stockholm and Oslo. Since then, TeliaSonera has also made initial trials for a number of test customers in the other Nordic countries. TeliaSonera will start to sell the new Apple iPhone 4 in the Nordic and Baltic countries in the third quarter.
- TeliaSonera's Spanish mobile operator, Yoigo, continues to benefit from its price leadership and no-frills tariffs. Losses more than halved from the previous quarter despite a continued strong subscription intake. Net sales in the Baltic countries continued to decrease as a result of the challenging macroeconomic environment. However, some early signs of recovery can be seen in Estonia, although the majority of the improvement can be ascribed to higher equipment sales.

SEK in millions, except margins, operational data and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	12,620	12,881	-2	24,977	25,281	-1
EBITDA excl. non-recurring items	3,797	3,711	2	7,358	7,108	4
Margin (%)	30.1	28.8		29.5	28.1	
Operating income	2,739	2,493	10	5,219	4,685	11
Operating income excl. non-recurring items	2,743	2,615	5	5,235	4,910	7
CAPEX	1,244	1,008	23	1,858	1,753	6
MoU	221	211	5	216	207	4
ARPU, blended (SEK)	205	231	-11	204	228	-11
Churn, blended (%)	27	26		28	28	
Subscriptions, period-end (thousands)	17,560	16,284	8	17,560	16,284	8
Employees, period-end	7,543	8,043	-6	7,543	8,043	-6

Additional segment information available at www.teliasonera.com.

- **Net sales** decreased 2.0 percent to SEK 12,620 million (12,881). Net sales in local currencies and excluding acquisitions increased 4.1 percent. The negative effect of exchange rate fluctuations was 6.1 percent.

In local currencies, net sales grew in Spain, Sweden and Finland. Net sales in Sweden rose 6.2 percent to SEK 3,818 million (3,595). Growth in mobile data revenues was unchanged while the increase in handset sales was less significant compared with the previous quarter. In Spain, net sales in local currency rose 50.1 percent to the equivalent of SEK 1,411 million (1,050) as a result of subscription growth and increased equipment sales. In Finland, net sales in local currency increased 3.5 percent due to higher mobile data revenues and equipment sales.

In Norway, net sales in local currency improved compared to the first quarter of 2010 but decreased 2.8 percent compared to the corresponding quarter last year, mainly due to a reduction in interconnect fees and lower postpaid voice revenues. The sequential improvement in Norway was mainly due to higher equipment sales and mobile data revenues. In Denmark, net sales in local currency decreased 3.9 percent as a result of a reduction in interconnect fees from May 1, 2010 and lower voice revenues.

Net sales in local currency decreased 3.1 percent in Estonia compared with an 8.2 percent decline in the first quarter of 2010. Trends in Latvia also improved compared to the previous quarter although net sales in local currency fell by 12.5 percent due to continued decline in traffic revenues and new interconnect fees from April 1, 2010. In Lithuania, net sales were also affected by new interconnect fees from January 1, 2010, and the negative impact explains approximately one third of the 20.5 percent decline in local currency compared to the second quarter of 2009.

- **The number of subscriptions** rose by 1.3 million from the end of the second quarter 2009 to 17.6 million. Growth was strongest in Spain with an increase of 625,000 to 1.8 million subscriptions. Finland followed with 366,000 new subscriptions and Sweden with 217,000. During the quarter the total number of subscriptions rose by 0.3 million.
- **Interconnect fees** that TeliaSonera receives from other mobile operators were lowered in Sweden on July 1, 2009, from SEK 0.43 to SEK 0.32 and from July 1, 2010, lowered further to SEK 0.26. On July 1, 2009, fees in Norway were lowered from NOK 0.60 to NOK 0.50. In Lithuania, interconnect fees were reduced from LTL 0.266 to LTL 0.148 on January 1, 2010. On April 1, 2010, fees in Spain were lowered from EUR 0.061 to EUR 0.055. In Latvia, interconnect fees were reduced from LVL 0.062 to LVL 0.047 from April 1, 2010. In Denmark, interconnect fees were lowered from DKK 0.54 to DKK 0.44 on May 1, 2010.
- **EBITDA**, excluding non-recurring items, increased 2.3 percent to SEK 3,797 million (3,711). The addressable cost base in local currencies and excluding acquisitions decreased 0.4 percent compared to the corresponding quarter last year. The EBITDA margin increased to 30.1 percent (28.8) with improvements in Sweden, Norway, Latvia and Spain. In local currencies, EBITDA, excluding non-recurring items, increased 6.8 percent.

In Sweden, EBITDA excluding non-recurring items increased 11.0 percent to SEK 1,580 million (1,424). The EBITDA margin improved to 41.4 percent (39.6) due to increased revenues and higher profitability in mobile data. In Spain, the EBITDA loss narrowed to SEK -121 million (-327) due to higher net sales and a higher share of traffic on own network.

In Finland, the EBITDA margin fell to 31.1 percent (33.0), mainly as a result of higher subsidies, higher roaming costs and a dilutive effect from higher equipment sales. In Denmark, the EBITDA margin of 18.4 percent (18.7) remained broadly at the same level as in the corresponding quarter last year. Despite the decrease in net sales in local currency in Norway, the EBITDA margin improved to 36.3 percent (34.3), mainly as a result of lower sales and commission costs.

In Latvia, operating costs were successfully reduced and the EBITDA margin improved to 41.4 percent (39.8). In Estonia, cost savings compensated for the decline in sales and the EBITDA margin remained unchanged at 40.4 percent (40.7) compared to the corresponding quarter last year. Despite a reduction of the addressable cost base of 10 percent in Lithuania, the EBITDA margin fell to 31.4 percent (33.4).

- **CAPEX** increased to SEK 1,244 million (1,008) and the CAPEX-to-sales ratio to 9.9 percent (7.8). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 2,553 million (2,703). The second quarter of 2010 included the acquisition of a 4G license in Denmark amounting to DKK 336 million (SEK 443 million).

SEK in millions, except margins and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	12,620	12,881	-2	24,977	25,281	-1
of which Sweden	3,818	3,595	6	7,462	6,937	8
of which Finland	2,429	2,623	-7	4,885	5,200	-6
of which Norway	2,202	2,267	-3	4,338	4,519	-4
of which Denmark	1,572	1,828	-14	3,265	3,660	-11
of which Lithuania	421	592	-29	820	1,169	-30
of which Latvia	449	575	-22	911	1,227	-26
of which Estonia	431	496	-13	834	979	-15
of which Spain	1,411	1,050	34	2,672	1,858	44
EBITDA excl. non-recurring items	3,797	3,711	2	7,358	7,108	4
of which Sweden	1,580	1,424	11	3,052	2,676	14
of which Finland	755	865	-13	1,556	1,630	-5
of which Norway	800	778	3	1,569	1,545	2
of which Denmark	289	342	-15	575	618	-7
of which Lithuania	132	198	-33	276	385	-28
of which Latvia	186	229	-19	381	530	-28
of which Estonia	174	202	-14	336	391	-14
of which Spain	-121	-327	-63	-388	-667	-42
Margin (%), total	30.1	28.8		29.5	28.1	
Margin (%), Sweden	41.4	39.6		40.9	38.6	
Margin (%), Finland	31.1	33.0		31.9	31.3	
Margin (%), Norway	36.3	34.3		36.2	34.2	
Margin (%), Denmark	18.4	18.7		17.6	16.9	
Margin (%), Lithuania	31.4	33.4		33.7	32.9	
Margin (%), Latvia	41.4	39.8		41.8	43.2	
Margin (%), Estonia	40.4	40.7		40.3	39.9	
Margin (%), Spain	neg	neg		neg	neg	

Net sales in local currencies and excluding acquisitions	Apr-Jun	Jan-Jun
Change (%), total	4	5
Change (%), Sweden	6	8
Change (%), Finland	4	4
Change (%), Norway	-3	-4
Change (%), Denmark	-4	-1
Change (%), Lithuania	-21	-22
Change (%), Latvia	-12	-18
Change (%), Estonia	-3	-6
Change (%), Spain	50	59

Sustained profitability 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.

- Strong demand for high-speed services and bundled offerings, including IPTV and VoIP subscriptions, partly compensated for the loss of fixed-voice subscriptions. In order to further improve its product offerings, TeliaSonera, as the first Nordic television operator, launched a version of the popular Spotify music platform through the digital-TV services in Sweden and Finland.
- Investments are being directed into fiber access and transmission networks to support services requiring higher bandwidth, such as IPTV and broadband. Total CAPEX increased compared to the first quarter 2010 but uncertainties regarding regulation on fiber from the Swedish Post and Telecom Agency (PTS) continue to delay the roll-out in Sweden.

SEK in millions, except margins, operational data and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	10,100	10,736	-6	20,223	21,682	-7
EBITDA excl. non-recurring items	3,196	3,337	-4	6,718	6,841	-2
Margin (%)	31.6	31.1		33.2	31.6	
Operating income	1,956	1,338	46	4,124	3,342	23
Operating income excl. non-recurring items	1,971	2,047	-4	4,220	4,170	1
CAPEX	1,252	1,191	5	2,052	2,275	-10
Broadband ARPU (SEK)	313	311	1	325	310	5
Subscriptions, period-end (thousands)						
Broadband	2,363	2,288	3	2,363	2,288	3
Fixed voice and VoIP	5,231	5,644	-7	5,231	5,644	-7
TV	842	711	14	842	711	14
Employees, period-end	13,820	14,380	-4	13,820	14,380	-4

Additional segment information available at www.teliaSonera.com.

- **Net sales** decreased 5.9 percent to SEK 10,100 million (10,736). Net sales in local currencies and excluding acquisitions decreased 2.8 percent. The negative impact from exchange rate fluctuations was 3.9 percent. The positive effect from acquisitions was 0.8 percent. IP-based services' share of external net sales increased to 36 percent (34).

In Sweden, net sales fell 2.2 percent to SEK 4,607 million (4,709), an improvement compared to the previous quarter. Revenues from IPTV and VoIP subscriptions increased more than 50 percent compared to last year and together with higher revenues from broadband services partly compensated for the decline in traditional fixed-voice services. Several significant landlord fiber LAN deals were signed during the second quarter. In Finland, net sales in local currency and excluding acquisitions decreased 6.2 percent, mainly due to a decline in traditional fixed-voice services.

The acquisition of the broadband and VoIP business of Tele2 Norge impacted reported net sales positively by approximately SEK 68 million in the quarter. In Denmark, net sales in local currency increased 2.5 percent compared to the corresponding quarter last year.

The trends in the Baltic countries continued to improve compared with previous quarters. Net sales in local currencies in Lithuania and Estonia decreased 4.2 percent and 0.5 percent, respectively, compared to the corresponding quarter last year. In the first quarter of 2010, net sales in local currencies were reduced by 6.4 percent and 4.5 percent respectively. Reported revenues in Wholesale declined 4.3 percent to SEK 2,875 million (3,003), mainly due to exchange rate fluctuations and lower sales in domestic wholesale.

- **The number of subscriptions** for broadband access rose to 2.4 million, an increase of 75,000 from the second quarter of 2009, and an increase of 9,000 during the quarter.

The total number of TV subscriptions rose by 131,000 from the second quarter of 2009 to 0.8 million. About 36 percent of TeliaSonera's broadband customers also subscribe to the TV services.

The number of fixed-voice subscriptions decreased by 547,000 from the end of the second quarter of 2009 to 4.9 million, and was down 130,000 from first quarter of 2010. The intake of VoIP subscriptions was 32,000 in the quarter or almost 25 percent of the decline in PSTN subscriptions, bringing the total number of VoIP subscriptions to 287,000.

- **EBITDA**, excluding non-recurring items, decreased 4.2 percent to SEK 3,196 million (3,337). In local currencies, EBITDA, excluding non-recurring items, decreased 0.3 percent. The addressable cost base in local currencies and excluding acquisitions fell 5.7 percent compared to last year. The EBITDA margin improved to 31.6 percent (31.1).

In Sweden, the EBITDA margin improved to 37.3 percent (32.1) but fell compared to the first quarter of 2010, in line with the seasonal pattern. The improved margin compared to the corresponding quarter last year is due to a sustainable lower cost level. This is a result of efficiency measures and improved gross margin, including lower interconnect costs. In Finland, the EBITDA margin was unchanged at 30.8 percent (30.7) as lower net sales were compensated by lower cost of goods sold and a 4.7 percent reduction in the addressable cost base, mainly due to lower personnel costs.

The acquired operations of Tele2 Norge still had a dilutive impact on profitability and the EBITDA margin in Norway fell to 17.0 percent (23.6). Due to lower network costs, the EBITDA margin in Denmark improved from 8.8 percent to 11.7 percent.

In Estonia, the EBITDA margin was unchanged at 29.9 percent (29.8) while in Lithuania, the 2.5 percent reduction in addressable cost base could not compensate for the decrease in traditional fixed services and an increased share of low margin international transit traffic. As a result, the EBITDA margin fell to 40.2 percent (47.2).

In Wholesale, the EBITDA margin was reduced to 20.7 percent (25.3) due to higher price erosion in international IP-traffic than in previous quarters. A changed product mix with a higher proportion of low-margin international voice revenues also impacted margins negatively.

- **CAPEX** increased to SEK 1,252 million (1,191) and the CAPEX-to-sales ratio to 12.4 percent (11.1). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 1,944 million (2,146).

SEK in millions, except margins and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	10,100	10,736	-6	20,223	21,682	-7
of which Sweden	4,607	4,709	-2	9,146	9,399	-3
of which Finland	1,439	1,714	-16	2,946	3,498	-16
of which Norway	300	237	27	612	475	29
of which Denmark	240	262	-8	509	552	-8
of which Lithuania	545	635	-14	1,099	1,286	-15
of which Estonia	479	537	-11	942	1,070	-12
of which Wholesale	2,875	3,003	-4	5,690	6,088	-7
EBITDA excl. non-recurring items	3,196	3,337	-4	6,718	6,841	-2
of which Sweden	1,719	1,513	14	3,591	3,114	15
of which Finland	443	526	-16	943	1,120	-16
of which Norway	51	56	-9	100	106	-6
of which Denmark	28	23	22	54	51	6
of which Lithuania	219	300	-27	446	598	-25
of which Estonia	143	160	-11	287	324	-11
of which Wholesale	594	759	-22	1,297	1,528	-15
Margin (%), total	31.6	31.1		33.2	31.6	
Margin (%), Sweden	37.3	32.1		39.3	33.1	
Margin (%), Finland	30.8	30.7		32.0	32.0	
Margin (%), Norway	17.0	23.6		16.3	22.3	
Margin (%), Denmark	11.7	8.8		10.6	9.2	
Margin (%), Lithuania	40.2	47.2		40.6	46.5	
Margin (%), Estonia	29.9	29.8		30.5	30.3	
Margin (%), Wholesale	20.7	25.3		22.8	25.1	

Net sales in local currencies and excluding acquisitions	Apr-Jun	Jan-Jun
Change (%), total	-3	-4
Change (%), Sweden	-2	-3
Change (%), Finland	-6	-7
Change (%), Norway	-2	-1
Change (%), Denmark	3	2
Change (%), Lithuania	-4	-5
Change (%), Estonia	-0	-2
Change (%), Wholesale	-1	-3

Organic revenue growth improved further in Eurasia

Business area Eurasia comprises mobile operations in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia, Moldova and Nepal. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (44 percent) and Turkish Turkcell (38 percent). The main strategy is to create shareholder value by increasing mobile penetration and introducing value-added services in each respective country.

- Growth in net sales in local currencies and excluding acquisitions remained at double-digit levels in the second quarter. Organic growth even demonstrated a further improvement compared with the first quarter 2010 due to improved macroeconomic conditions in some key markets. TeliaSonera maintained or improved its market positions in all Eurasian countries. In Russia, MegaFon became the second largest mobile operator in terms of number of subscriptions. During the second quarter, UCell was awarded a 4G license in Uzbekistan.
- TeliaSonera rebranded its operations in Azerbaijan and Moldova during the second quarter and all Eurasian countries except Uzbekistan have now adopted a common brand platform. This marks the Eurasian companies' further integration into the TeliaSonera group and will allow new segments of the market to be targeted.

SEK in millions, except margins, operational data and changes	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	4,089	3,781	8	7,529	7,511	0
EBITDA excl. non-recurring items	2,062	1,919	7	3,797	3,797	0
Margin (%)	50.4	50.8		50.4	50.6	
Income from associated companies						
Russia	1,305	1,299	1	2,457	2,501	-2
Turkey	637	941	-32	1,066	1,682	-37
Operating income	3,275	3,572	-8	6,016	6,732	-11
Operating income excl. non-recurring items	3,275	3,572	-8	6,016	6,732	-11
CAPEX	1,430	501	185	1,943	1,474	32
Subscriptions, period-end (thousands)						
Subsidiaries	24,365	19,979	22	24,365	19,979	22
Associated companies	100,300	93,494	7	100,300	93,494	7
Employees, period-end	4,770	4,544	5	4,770	4,544	5

Additional segment information available at www.teliaSonera.com.

Consolidated operations

- **Net sales** increased 8.1 percent to SEK 4,089 million (3,781). Organic growth in local currencies was 14.8 percent. The negative effect from exchange rate fluctuations was 6.7 percent.

In Kazakhstan, net sales in local currency increased by 16.7 percent, an improvement compared to the previous quarter due to a continued strong subscription intake and an improved macroeconomic situation in the country. In Azerbaijan, net sales in local currency decreased 3.3 percent, mainly due to the overall economic situation in the country and asymmetrical interconnect pricing between operators which was introduced in the third quarter of 2009.

Net sales in local currencies in Uzbekistan and Tajikistan increased by 47.6 percent and 27.7 percent to the equivalents of SEK 394 million (303) and SEK 207 million (182), respectively. The strong growth trend is a result of strong subscription intake and the price increase that was implemented in Uzbekistan during mid-March.

Net sales in local currency in Nepal accelerated and increased by 47.0 percent to the equivalent of SEK 261 million (175), mainly as a result of a higher subscriber intake. In Georgia, net sales in local currency grew by 3.7 percent to the equivalent of SEK 303 million (332), the first increase since the fourth quarter of 2008. In Moldova, net sales in local currency increased by 16.2 percent to the equivalent of SEK 120 million (123).

- **The number of subscriptions** in the consolidated operations was 24.4 million, an increase by 4.4 million, from the end of the second quarter 2009. All Eurasian markets reported increased subscription figures. Growth was strongest in Uzbekistan and Nepal with a rise of 1.5 and 0.9 million subscriptions to 5.4 and 2.7 million, respectively. Kazakhstan added 0.7 million new subscriptions, increasing the number of subscriptions to 7.8 million. During the second quarter the total number of subscriptions in the Eurasian consolidated operations increased by 1.4 million. Nepal and Kazakhstan showed the largest rise with an increase of 0.4 million and 0.4 million subscriptions respectively.
- **EBITDA**, excluding non-recurring items, increased 7.5 percent to SEK 2,062 million (1,919). The margin was 50.4 percent (50.8). In local currencies, EBITDA, excluding non-recurring items, increased 13.3 percent, due to higher profitability in Kazakhstan, Nepal and Uzbekistan.
- **CAPEX** increased to SEK 1,430 million (501) and included continued investments in capacity, coverage and higher service quality in the networks, particularly in Uzbekistan. The CAPEX-to-sales ratio increased to 35.0 percent (13.3), following the low investment level in the first quarter of 2010. Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 632 million (1,418).

SEK in millions, except changes	Apr-Jun	Apr-Jun	Chg	Jan-Jun	Jan-Jun	Chg
	2010	2009	(%)	2010	2009	(%)
Net sales	4,089	3,781	8	7,529	7,511	0
of which Kazakhstan	1,879	1,670	13	3,375	3,335	1
of which Azerbaijan	928	1,002	-7	1,770	1,990	-11
of which Uzbekistan	394	303	30	728	586	24
of which Tajikistan	207	182	14	382	353	8
of which Georgia	303	332	-9	584	674	-13
of which Moldova	120	123	-2	220	245	-10
of which Nepal	261	175	49	475	342	39

Net sales in local currencies and excluding acquisitions	Apr-Jun	Jan-Jun
Change (%), total	15	14
Change (%), Kazakhstan	17	14
Change (%), Azerbaijan	-3	-3
Change (%), Uzbekistan	48	49
Change (%), Tajikistan	28	34
Change (%), Georgia	4	1
Change (%), Moldova	16	15
Change (%), Nepal	47	43

Associated companies – Russia

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia grew its subscription base by 2.1 million to 54.1 million from the end of the first quarter 2010, and by 8.5 million from the second quarter of 2009. MegaFon increased its market share in terms of number of subscriptions in Russia from 24 to 25 percent and became the second largest mobile operator in Russia.
- TeliaSonera's income from Russia was unchanged at SEK 1,305 million (1,299). The Russian ruble appreciated 1.6 percent against the Swedish krona which had a positive impact of SEK 17 million.

Associated companies – Turkey

- Turkcell (associated company, in which TeliaSonera holds 38.0 percent, reported with a one-quarter lag) in Turkey reported a subscription base of 34.3 million, a decrease of 2.1 million compared to the corresponding period last year and 1.1 million lower than the previous quarter. In Ukraine, the number of subscriptions rose by 0.4 million to 11.9 million from the end of the second quarter of 2009 and decreased by 0.3 million during the quarter.
- TeliaSonera's income from Turkey decreased to SEK 637 million (941). The Turkish lira depreciated 5.7 percent against the Swedish krona, which had a negative impact of SEK 39 million.
- Turkcell's Annual General Meeting 2010, held on April 29, decided to distribute a cash dividend of SEK 4.2 billion (TRY 859 million). TeliaSonera's direct and indirect share of the dividend is in total SEK 1.6 billion (2.1). In the second quarter, TeliaSonera received SEK 609 million (733) in cash dividend from Turkcell, corresponding to its direct ownership. The remaining dividend will be received after Turkcell Holding's General Assembly which will take place in the second half of 2010.

Other operations

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

	Apr-Jun	Apr-Jun	Chg	Jan-Jun	Jan-Jun	Chg
SEK in millions, except changes	2010	2009	(%)	2010	2009	(%)
Net sales	1,389	1,402	-1	2,758	2,808	-2
EBITDA excl. non-recurring items	130	40		278	93	199
Income from associated companies	-8	176		-10	198	
Operating income	-77	23		-241	-76	
Operating income excl. non-recurring items	-77	-97	-21	-94	-191	-51
CAPEX	161	273	-41	280	547	-49

Additional segment information available at www.teliaSonera.com.

- **Net sales** decreased 0.9 percent to SEK 1,389 million (1,402). In local currencies and excluding acquisitions, net sales increased 6.0 percent.

Net sales in the cable TV company Telia Stofa was SEK 353 million (376). In local currency, net sales increased 4.9 percent compared to the corresponding quarter last year.

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 20, 2010

Anders Narvinger
Chairman

Timo Peltola
Vice-Chairman

Agneta Ahlström

Magnus Brattström

Stefan Carlsson

Maija-Liisa Friman

Ingrid Jonasson Blank

Conny Karlsson

Lars Renström

Jon Risfelt

Per-Arne Sandström

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 07:15 CET on July 20, 2010.

Financial Information

Interim Report January–September 2010	October 25, 2010
Year-end Report January–December 2010	February 3, 2011
Interim Report January–March 2011	April 19, 2011
Interim Report January–June 2011	July 20, 2011
Interim Report January–September 2011	October 20, 2011
Year-end Report January–December 2011	February 2, 2012

Questions regarding the reports:

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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	Apr-Jun 2010	Apr-Jun 2009	Chg (%)	Jan-Jun 2010	Jan-Jun 2009	Chg (%)
Net sales	26,964	27,424	-2	53,054	54,559	-3
Cost of sales	-15,180	-15,215	-0	-29,835	-30,545	-2
Gross profit	11,784	12,209	-3	23,219	24,014	-3
Selling, admin. and R&D expenses	-5,836	-6,491	-10	-11,588	-12,916	-10
Other operating income and expenses, net	-18	-703	-97	-80	-794	-90
Income from associated companies and joint ventures	1,994	2,449	-19	3,595	4,411	-18
Operating income	7,924	7,464	6	15,146	14,715	3
Finance costs and other financial items, net	-583	-788	-26	-1,080	-1,647	-34
Income after financial items	7,341	6,676	10	14,066	13,068	8
Income taxes	-1,455	-1,591	-9	-2,944	-2,965	-1
Net income	5,886	5,085	16	11,122	10,103	10
Foreign currency translation differences	-307	-3,008	-90	-5,663	-1,258	
Income from associated companies	36	-10		15	205	-93
Cash flow hedges	-21	89		-74	71	
Available-for-sale financial instruments	-	21		-	36	
Income taxes relating to other comprehensive income	-151	-76	99	-529	-110	
Other comprehensive income	-443	-2,984	-85	-6,251	-1,056	
Total comprehensive income	5,443	2,101	159	4,871	9,047	-46
Net income attributable to:						
Owners of the parent	5,238	4,469	17	9,960	8,909	12
Non-controlling interests	648	616	5	1,162	1,194	-3
Total comprehensive income attributable to:						
Owners of the parent	4,576	2,010	128	3,471	9,272	-63
Non-controlling interests	867	91		1,400	-225	
Earnings per share (SEK), basic and diluted	1.17	1.00	17	2.22	1.98	12
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	9,202	8,213	12	17,926	16,824	7
EBITDA excl. non-recurring items	9,214	9,043	2	18,177	17,864	2
Depreciation, amortization and impairment losses	-3,272	-3,198	2	-6,375	-6,520	-2
Operating income excl. non-recurring items	7,943	8,176	-3	15,405	15,653	-2

Condensed Consolidated Statements of Financial Position

SEK in millions	Jun 30, 2010	Dec 31, 2009
Assets		
Goodwill and other intangible assets	96,286	100,239
Property, plant and equipment	59,797	61,222
Investments in associates and joint ventures, deferred tax assets and other non-current assets	64,349	60,849
<i>Total non-current assets</i>	<i>220,432</i>	<i>222,310</i>
Inventories	1,254	1,551
Trade receivables, current tax assets and other receivables	20,857	21,595
Interest-bearing receivables	1,599	1,726
Cash and cash equivalents	11,373	22,488
<i>Total current assets</i>	<i>35,083</i>	<i>47,360</i>
<i>Non-current assets held-for-sale</i>	<i>–</i>	<i>0</i>
Total assets	255,515	269,670
Equity and liabilities		
Equity attributable to owners of the parent	128,550	135,372
Equity attributable to non-controlling interests	7,402	7,127
<i>Total equity</i>	<i>135,952</i>	<i>142,499</i>
Long-term borrowings	58,685	63,664
Deferred tax liabilities, other long-term provisions	23,861	25,625
Other long-term liabilities	1,733	1,589
<i>Total non-current liabilities</i>	<i>84,279</i>	<i>90,878</i>
Short-term borrowings	7,376	8,169
Trade payables, current tax liabilities, short-term provisions and other current liabilities	27,908	28,124
<i>Total current liabilities</i>	<i>35,284</i>	<i>36,293</i>
Total equity and liabilities	255,515	269,670

Condensed Consolidated Statements of Cash Flows

SEK in millions	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Cash flow before change in working capital	8,018	8,753	14,281	14,378
Change in working capital	-1,025	-2,716	-1,829	-1,904
Cash flow from operating activities	6,993	6,037	12,452	12,474
Cash CAPEX	-3,063	-2,931	-5,150	-6,109
Free cash flow	3,930	3,106	7,302	6,365
Cash flow from other investing activities	12	587	-2,390	-561
Total cash flow from investing activities	-3,051	-2,344	-7,540	-6,670
Cash flow before financing activities	3,942	3,693	4,912	5,804
Cash flow from financing activities	-9,541	-8,540	-15,950	-3,546
Cash flow for the period	-5,599	-4,847	-11,038	2,258
Cash and cash equivalents, opening balance	16,928	19,137	22,488	11,826
Cash flow for the period	-5,599	-4,847	-11,038	2,258
Exchange rate differences	44	152	-77	358
Cash and cash equivalents, closing balance	11,373	14,442	11,373	14,442

Condensed Consolidated Statements of Changes in Equity

	Jan-Jun 2010			Jan-Jun 2009		
	Owners of the parent	Non- controlling interests	Total equity	Owners of the parent	Non- controlling interests	Total equity
SEK in millions						
Opening balance	135,372	7,127	142,499	130,387	11,061	141,448
Dividends	-10,104	-1,055	-11,159	-8,083	-1,628	-9,711
Other transactions with owners	-189	-70	-259	–	-29	-29
Total comprehensive income	3,471	1,400	4,871	9,272	-225	9,047
Closing balance	128,550	7,402	135,952	131,576	9,179	140,755

Basis of Preparation

General. As in the annual accounts for 2009, TeliaSonera's consolidated financial statements as of and for the six-month period ended June 30, 2010, 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*.

Changes in accounting policies. For information, see corresponding section in TeliaSonera's Interim Report January-March 2010.

New accounting standards (not yet adopted by the EU). Improvements to IFRSs (May 2010) (mostly effective for annual periods beginning on or after January 1, 2011; earlier application permitted) were issued on May 6, 2010, introducing necessary, but non-urgent, amendments to 7 IFRSs that had not been included in other major projects. The amendments relevant to TeliaSonera are in certain cases already applied and otherwise will have no or very limited impact on results or financial position.

For additional information, see corresponding section in TeliaSonera's Annual Report 2009.

Non-recurring Items

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
SEK in millions				
Within EBITDA	-12	-830	-251	-1,040
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-4	-123	-16	-225
Broadband Services	-12	-693	-92	-796
Other operations	4	14	-143	-19
<i>of which TeliaSonera Holding</i>	2	8	-2	6
Within Depreciation, amortization and impairment losses	-3	-16	-4	-32
Impairment losses, accelerated depreciation:				
Broadband Services	-3	-16	-4	-32
Within Income from associated companies and joint ventures	-4	134	-4	134
Capital gains:				
SmartTrust	-4	134	-4	134
Within Finance costs and other financial items, net	-	-	-	-
Total	-19	-712	-259	-938

Deferred Taxes

	Jun 30, 2010	Dec 31, 2009
SEK in millions		
Deferred tax assets	9,973	11,177
Deferred tax liabilities	-12,666	-13,210
Net deferred tax liabilities (-)/assets (+)	-2,693	-2,033

Segment and Group Operating Income

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
SEK in millions				
Mobility Services	2,739	2,493	5,219	4,685
Broadband Services	1,956	1,338	4,124	3,342
Eurasia	3,275	3,572	6,016	6,732
Other operations	-77	23	-241	-76
Total segments	7,893	7,426	15,118	14,683
Elimination of inter-segment profits	31	38	28	32
Group	7,924	7,464	15,146	14,715

Related Party Transactions

MegaFon. In the three-month and the six-month period ended June 30, 2010, TeliaSonera sold services to its associated company OAO MegaFon worth SEK 82 million and SEK 162 million, respectively.

Svenska UMTS-nät. In the three-month and the six-month period ended June 30, 2010, TeliaSonera purchased services from its 50 percent-owned joint venture, Svenska UMTS-nät AB, worth SEK 199 million and SEK 396 million, respectively, and sold services worth SEK 76 million and SEK 131 million, respectively.

Investments

	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
SEK in millions				
CAPEX	4,086	2,974	6,133	6,048
Intangible assets	1,011	419	1,300	672
Property, plant and equipment	3,075	2,555	4,833	5,376
Acquisitions and other investments	159	10	922	103
Asset retirement obligations	–	–	13	12
Goodwill and fair value adjustments	–	7	–	80
Equity holdings	159	3	909	11
Total	4,245	2,984	7,055	6,151

Net Debt

	Jun 30, 2010	Dec 31, 2009
SEK in millions		
Long-term and short-term borrowings	66,061	71,833
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-2,215	-2,861
Less short-term investments, cash and bank	-11,459	-22,797
Net debt	52,387	46,175

Loan Financing and Credit Rating

The underlying cash flow generation was positive also during the second quarter of 2010.

The ordinary dividend payout to the shareholders, made on April 15, 2010, reduced the earlier high level of liquidity, but TeliaSonera is still well funded for the remainder of 2010, absent any material acquisitions.

A tap of EUR 250 million on the outstanding EUR 600 million Benchmark 2021 Bond was printed during the second quarter. Smaller Private Placement and Commercial Paper issuance were also used for refinancing debt of SEK 1,900 million maturing during the period.

In July 2010, Standard & Poor's confirmed its assigned credit rating on TeliaSonera AB at A- for long-term borrowings and A-2 for short-term borrowings, with a "Stable" outlook.

The financial markets have continuously been negatively affected by the turbulence relating to the fiscal position in certain EMU countries also with a spillover effect on conditions for investment-grade corporate debt financing. However, underlying long-term rates have decreased; therefore funding level remains attractive in a historic perspective.

The Swedish krona strengthened further and the trend is towards downside movements of the euro.

Financial Key Ratios

	Jun 30, 2010	Dec 31, 2009
Return on equity (% , rolling 12 months)	15.9	15.2
Return on capital employed (% , rolling 12 months)	15.7	15.5
Equity/assets ratio (%)	51.2	49.1
Net debt/equity ratio (%)	40.0	34.9
Net debt/EBITDA rate (multiple, rolling 12 months)	1.42	1.26
Owners' equity per share (SEK)	28.63	30.15

Guarantees and Collateral Pledged

As of June 30, 2010, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 2,056 million, of which SEK 1,775 million referred to credit guarantees on behalf of Svenska UMTS-nät AB. Collateral pledged totaled SEK 946 million, mainly referring to pledged shares in Svenska UMTS-nät, blocked funds in bank accounts related to Ipse 2000 S.p.A.'s future license payments and insurance provisions.

Contractual Obligations

Contractual obligations as of June 30, 2010, totaled SEK 993 million, of which SEK 919 million referred to contracted build-out of TeliaSonera's mobile and fixed networks in Sweden.

Parent Company

Condensed Income Statements (SEK in millions)	Apr-Jun 2010	Apr-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
	Net sales	3,701	3,774	7,178
Operating income	519	-230	905	-102
Income after financial items	9,708	7,873	15,886	7,769
Income before taxes	8,470	7,968	13,154	7,946
Net income	7,413	7,968	10,854	7,945

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 six-month period, SEK 5,027 million (6,075) was billed to subsidiaries. Financial net improved strongly, mainly as a result of group contributions from subsidiaries.

Condensed Balance Sheets (SEK in millions)	Jun 30, 2010	Dec 31, 2009
Non-current assets	171,315	171,160
Current assets	50,276	51,677
Total assets	221,591	222,837
Shareholders' equity	79,994	79,280
Untaxed reserves	10,978	8,245
Provisions	663	698
Liabilities	129,956	134,614
Total equity and liabilities	221,591	222,837

Total investments in the six-month period were SEK 6,682 million (635), of which SEK 310 million (519) in property, plant and equipment primarily for the fixed network. Other investments totaled SEK 6,372 million (116), of which SEK 6,179 million referred to acquisition of shares in UAB Omnitel and AS Eesti Telekom, which are now directly wholly-owned subsidiaries to the parent company.

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 Notes C27 and C35 to the consolidated financial statements in TeliaSonera's Annual Report 2009 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 2009.

Risks and uncertainties that could specifically impact the quarterly results of operations during the remainder of 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 both in the long and 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.
- *Regulation.* TeliaSonera operates in a highly regulated industry. The regulations to which TeliaSonera is subject impose significant limits on its flexibility to manage its business. Changes in legislation, regulation or government policy affecting TeliaSonera's business activities, as well as decisions by regulatory authorities or courts, including granting, amending or revoking of licenses to TeliaSonera or other parties, could adversely affect TeliaSonera's business and results.

Previous Group outlook for 2010 (published on April 20, 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 33.2 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.

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.