

TeliaSonera January-December 2007

TeliaSonera invests in the future

Full year

- Net sales increased 5.8 percent to SEK 96,344 million (91,060). In local currencies net sales rose 6.3 percent.
- EBITDA, excluding non-recurring items, was SEK 31,021 million (32,266) and the margin 32.2 percent (35.4).
- Operating income, excluding non-recurring items, increased to SEK 27,478 million (26,751).
- Net income attributable to shareholders of the parent company increased to SEK 17,674 million (16,987) and earnings per share to SEK 3.94 (3.78).
- Free cash flow was SEK 13,004 million (16,596).
- The number of subscriptions increased during the year to 114.9 million, with 5.8 million new subscriptions in the majority-owned operations and 12.9 million new subscriptions in the associated companies.
- Total proposed dividend of SEK 4.00 per share (6.30), including ordinary and extraordinary dividend, equaling a total of SEK 17,962 million (28,290).

Fourth quarter

- Net sales increased 7.5 percent to SEK 24,921 million (23,187). In local currencies net sales rose 6.8 percent.
- EBITDA, excluding non-recurring items, was SEK 7,208 million (7,766) and the margin 28.9 percent (33.5).
- Operating income, excluding non-recurring items, was SEK 6,358 million (6,504).
- Net income attributable to shareholders of the parent company increased to SEK 4,467 million (4,029) and earnings per share to SEK 0.99 (0.90).
- Free cash flow was SEK 1,839 million (2,865).

Comments from Lars Nyberg, President and CEO

"I am happy with the top-line growth and the bottom-line development in the fourth quarter. During the year we continued investing in future growth by expanding our presence in Eurasia to new growth markets, building our Yoigo brand in Spain and offering IP-based services with the ambition to migrate our fixed-voice customer base.

These investments, together with price erosion and regulatory intervention, unfavorably impacted our EBITDA during every quarter of 2007.

For 2008, it is critical that we continue to execute our plan in Spain. In addition, the planned efficiency measures are mandatory to allow us to continue investing in future growth at the same time as we defend leading positions in more mature markets and provide high-quality networks and services."

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the full year or in the fourth quarter of 2006, unless otherwise stated.

Financial Highlights

SEK in millions, except per share data and return	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	24,921	23,187	96,344	91,060
EBITDA ¹⁾ excl. non-recurring items ²⁾	7,208	7,766	31,021	32,266
Operating income	6,058	6,190	26,155	25,489
Operating income excl. non-recurring items	6,358	6,504	27,478	26,751
Net income	5,209	4,538	20,298	19,283
of which attributable to shareholders of the parent company	4,467	4,029	17,674	16,987
Earnings per share (SEK)	0.99	0.90	3.94	3.78
Return on equity (% , rolling 12 months)	18.6	17.2	18.6	17.2
Free cash flow	1,839	2,865	13,004	16,596

1) Please refer to page 18 for definitions.

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

Outlook

Group outlook for 2008

Net sales are expected to show stable growth in the financial year 2008 compared to the previous year.

Despite continued aggressive investments in future growth and in the quality of our networks and services, TeliaSonera's ambition for 2008 is to maintain the EBITDA margin level of 2007, excluding non-recurring items.

Net income for 2008 is estimated to be somewhat higher than in 2007, excluding the positive one-off items of approximately SEK 2.0 billion in 2007 and potential positive one-off items in 2008.

Capital expenditure will be driven by continued investments in broadband and mobile capacity and is expected to be around SEK 15 billion in 2008.

Efficiency measures

Intensified efficiency improvement is imperative for TeliaSonera to be able to continue shifting the product mix by investing in mobility and IP-based services.

Operating expenses for the Swedish and Finnish operations totaled about SEK 36 billion in 2007, of which approximately SEK 22 billion is the primary cost base to be addressed by the planned efficiency measures. Efficiency measures to be implemented primarily in the Swedish and Finnish operations during 2008 and 2009 are estimated to give an annual gross savings effect of approximately SEK 5 billion compared to the cost base of 2007.

TeliaSonera estimates that about two-thirds of these efficiency measures comprising savings of addressable costs and sustainable savings in volume-related costs will be implemented during 2008 and the remaining one-third in 2009. The efficiency measures are expected to result in a reduction of approximately 2,900 employees, of whom about two-thirds in Sweden and one-third in Finland. The related restructuring costs, to be reported as non-recurring items, are estimated to be around SEK 4 billion, of which approximately two-thirds in 2008.

Previous efficiency measures, implemented from April 1 to year-end 2007 in Sweden and Finland, are finalized and estimated to give an annual gross savings effect of approximately SEK 1.5 billion as of 2008. The savings effect for 2007 from these measures was approximately SEK 700 million and non-recurring expenses totaled SEK 790 million.

Review of the Group, Full Year 2007

Net sales increased 5.8 percent to SEK 96,344 million (91,060). The net effect of acquisitions was positive 2.7 percent and the net effect from exchange rate changes was negative 0.5 percent. Organic growth was 3.6 percent. All business areas showed higher sales.

In Mobility Services, net sales rose 6.1 percent to SEK 44,519 million (41,949) with increased sales in all markets. In particular, the acquisition of debitel in Denmark in April, good underlying development in Sweden and Estonia and the Yoigo start-up in Spain drove sales higher.

In Broadband Services, net sales increased 1.0 percent to SEK 41,273 million (40,880) due to higher sales in all markets except Sweden. Particularly the good underlying development in Wholesale and in Estonia, and the acquisition of NextGenTel in Norway in June 2006 contributed to higher sales.

Integrated Enterprise Services net sales increased 6.1 percent to SEK 13,729 million (12,940). The improvement was attributable to the acquisitions of Cygate, Didata and Crescom in 2007.

In Eurasia, net sales rose 21.5 percent to SEK 10,338 million (8,508), lifted by continued strong growth, especially in Kazakhstan and Azerbaijan, and the acquisition of operations in Uzbekistan and Tajikistan.

The number of subscriptions rose by 18.7 million to 114.9 million. The number of subscriptions in the majority-owned operations rose to approximately 36.1 million and in the associated companies to about 78.8 million.

EBITDA, excluding non-recurring items, decreased to SEK 31,021 million (32,266) and the margin was 32.2 percent (35.4), despite higher net sales in all business areas and higher EBITDA in Eurasia. The profitability was impacted by the change in the product mix and related investments in growth, especially in mobility and IP-based services. In Spain, costs for building the Yoigo brand resulted in an EBITDA of SEK -1,443 million (-337). In addition, acquisitions during the year as well as price erosion and regulatory intervention had a negative effect on profitability.

Operating income, excluding non-recurring items, increased to SEK 27,478 million (26,751) due to higher income from associated companies in Russia and Turkey.

Non-recurring items affecting operating income totaled SEK -1,323 million (-1,262), negatively impacted by charges of about SEK 900 million related to cost efficiency programs, and about SEK 600 million related to a write-down of the access network in Finland and a provision for dismantling the network. Non-recurring items were positively impacted by the release of provisions of approximately SEK 200 million in the third quarter. In 2006, non-recurring items were positively affected by a SEK 500 million reversal of a provision related to the settlement of a dispute regarding a potential co-location site in London.

Financial items totaled SEK -904 million (-263), of which SEK -1,174 million (-472) related to net interest expenses. The comparable period was positively impacted by a capital gain of SEK 183 million from a sale of shares.

Income taxes amounted to SEK -4,953 million (-5,943). The effective tax rate decreased to 19.6 percent (23.6). The decrease was mainly related to recognition of deferred tax assets of approximately SEK 850 million in the fourth quarter, mainly in Finland, after a positive ruling concerning certain old tax losses, and to higher income from associated companies in Russia and Turkey.

Minority interests in subsidiaries were SEK 2,624 million (2,296) of which SEK 1,895 million (1,654) related to Fintur and SEK 702 million (650) to Eesti Telekom, LMT and TEO.

Net income attributable to shareholders of the parent company increased to SEK 17,674 million (16,987) and earnings per share to SEK 3.94 (3.78).

CAPEX increased to SEK 13,531 million (11,101) and the CAPEX-to-sales ratio to 14.0 percent (12.2) driven mainly by increased investments in network capacity and coverage in all business areas, and new services especially within Mobility Services and Broad-band Services.

Free cash flow decreased to SEK 13,004 million (16,596), mainly due to higher CAPEX, lower EBITDA and higher paid taxes. Free cash flow was positively affected by a dividend of about SEK 900 million from the associated company Telefios in the third quarter, mainly related to its sale of Eltel. In the comparable period cash flow was positively impacted by a tax refund of approximately SEK 1.5 billion.

Net debt increased to SEK 34,718 million from SEK 14,957 million mainly due to dividend payments of SEK 28.3 billion to shareholders in May 2007, only partly offset by free cash flow.

The equity/assets ratio increased to 50.3 percent from 49.9 percent.

Acquisitions and divestitures

- In January 2007, TeliaSonera finalized the acquisition of Cygate and consolidated the company as of February 2007. Cygate further acquired Didata Dimension Data Sverige AB (now Didata Sverige AB), a Swedish subsidiary of the global systems integrator Dimension Data Holdings plc, on April 12, 2007. Didata has been consolidated as of June 1. The Finnish managed-hosting specialist company Crescom Oy was consolidated as of July 1, 2007. These acquisitions underline TeliaSonera's strategy to strengthen its position within managed services.
- On April 11, 2007, the acquisition of debitel Danmark A/S was closed. The transaction also included debitel's joint venture DLG-debitel I/S operating under the brand DLG Tele. The acquisition strengthens TeliaSonera's position in the Danish mobile market. debitel has been consolidated as of April 1 and, following a new shareholders' agreement, DLG Tele as of July 1.
- On May 7, 2007, TeliaSonera raised its shareholding in Eesti Telekom to 58.3 percent through the acquisition of 4.61 percent of the outstanding shares in the company for a cash consideration of approximately SEK 485 million.

- On July 16, 2007, TeliaSonera closed the acquisition of MCT Corp. for SEK 1.8 billion. To expand its presence in the growing markets in Eurasia, TeliaSonera acquired 100 percent of the shares in MCT with shareholdings in four Eurasian GSM operators, Coscom in Uzbekistan, Indigo Tadjikistan and Somoncom in Tajikistan and Roshan in Afghanistan. Coscom, Indigo Tadjikistan and Somoncom are consolidated as of July 1. TeliaSonera holds 12.25 percent in Roshan.
- On August 9, 2007, Telefon AB, 25.6 percent owned by TeliaSonera, closed the sale of its entire shareholding in Eltel Networks. The transaction had a positive effect of SEK 631 million on earnings in the third quarter 2007.
- In December 2007, TeliaSonera finalized the negotiations to introduce a local partner to its Uzbek mobile operator Coscom. In the transaction, TeliaSonera received certain assets in exchange for 26 percent of TeliaSonera's 100 percent ownership in Coscom and a net cash consideration of approximately SEK 200 million (USD 30 million). The Uzbek partner was also granted a put option, giving the partner the right to sell the 26 percent stake back to TeliaSonera after December 31, 2009, when certain pre-agreed criteria are fulfilled.

Significant events during 2007

- On May 11, 2007, TeliaSonera's Norwegian operator NetCom signed a MVNO agreement with Tele2 Norge AS. Under the agreement, Tele2 Norge will transfer all traffic from Telenor's network to NetCom's network before April 1, 2008. TeliaSonera estimates that after fulfillment of the transfer, the agreement will have a positive annual impact of approximately SEK 500 million on sales.
- In May 2007, the Government of Sweden sold 8 percent of TeliaSonera and lowered its shareholding to 37.3 percent from 45.3 percent.
- On June 7, 2007, the European Union approved a price cap for pan-EU mobile-phone calls and also set ceilings on the wholesale prices for roaming calls. Total sales in the home markets related to roaming are less than 5 percent of Group total net sales. TeliaSonera estimates that the negative effect on EBITDA for 2008, excluding assumptions of increasing traffic due to lower prices, will be less than SEK 500 million.
- On June 14, 2007, the Swedish telecommunications regulator (PTS) submitted to the Government of Sweden a recommendation that TeliaSonera be forced to place its fixed access network in Sweden in a separate unit of the company. TeliaSonera believes legislation would hamper the willingness to invest and consequently disadvantage consumers.
- On September 3, 2007, Lars Nyberg took over as President and Chief Executive Officer of TeliaSonera, appointed by the Board of Directors on July 27, as the successor to Anders Igel, who left the company on July 31, following a decision by the Board of Directors on June 11, 2007.

Significant events after year end 2007

- The Government of Sweden decided on January 17, 2008, on a proposal for consideration by the Council on Legislation, "Functional separation for better broadband competition." More information is available at www.sweden.gov.se/sb/d/586/a/96173.

- TeliaSonera launched a new, wholly owned telecom network infrastructure subsidiary, TeliaSonera Skanova Access AB, in Sweden on January 1, 2008. By establishing Skanova Access, TeliaSonera ensures that the market's requirements for transparency and control are met. The company employs about 700 people and net sales for corresponding operations in 2007 are estimated to approximately SEK 7 billion.
- Fintur Holdings B.V. (Fintur), of which TeliaSonera's direct and indirect ownership is close to 74 percent, finalized in January 2008 an acquisition of an additional 14.3 percent interest in Geocell LLC (Geocell) for a total consideration of approximately SEK 210 million (USD 33 million), increasing Fintur's ownership in Geocell to 97.5 percent from 83.2 percent.
- On February 7, 2008, TeliaSonera announced that it has indicated its interest to acquire from the Republic of Latvia 51 percent of the shares in Lattelecom for a sum of approximately SEK 3,700 million (LVL 273 million), including Lattelecom's 23 percent shareholding in Latvijas Mobilais Telefons (LMT), and the state-owned 28 percent of the shares in LMT for a sum of approximately SEK 3,000 million (LVL 222 million). TeliaSonera's current direct shareholding in Lattelecom is 49 percent and the direct and indirect shareholding in LMT is 60.3 percent. The submitted non-binding indicative offer is subject to approval by the Board of Directors of TeliaSonera AB and TeliaSonera has asked the Government of Latvia to submit its reply no later than February 29, 2008.

Review of the fourth quarter

Net sales increased 7.5 percent to SEK 24,921 million (23,187). The effect of acquisitions on sales was positive 3.3 percent and the net effect from exchange rate changes was positive 0.6 percent. Organic growth was 3.6 percent.

In Mobility Services, net sales increased 10.1 percent to SEK 11,456 million (10,407), driven by growth in all markets except Finland. The acquisition of debitel in Denmark, strong volume growth in Sweden and continued development in Spain contributed the most to the rise.

In Broadband Services, net sales decreased 1.2 percent to SEK 10,366 million (10,496). Sales decreased mainly in Sweden, where the decline in net sales caused by lower fixed voice sales continued. However, increased broadband sales in all markets nearly offset the decline in traditional services.

Integrated Enterprise Services net sales increased 8.8 percent to SEK 3,589 million (3,298). The improvement was attributable to the acquisitions of Cygate, Didata and Crescom in 2007.

In Eurasia, net sales rose 27.2 percent to SEK 2,911 million (2,289), lifted by continued strong growth, especially in Kazakhstan and Azerbaijan, and the acquisition of operations in Uzbekistan and Tajikistan.

EBITDA, excluding non-recurring items, decreased to SEK 7,208 million (7,766) and the margin was 28.9 percent (33.5) despite higher net sales. In Spain, costs for building the Yoigo brand resulted in an EBITDA of SEK -464 million (-247). In addition, price erosion, the change in product mix from traditional fixed-voice to IP-based broadband services, both in the retail and corporate segments, increased promotional spending and regulatory intervention, especially in Norway, had a negative effect on profitability. The operations acquired in 2007 all had a dilutive impact on the margin.

Operating income, excluding non-recurring items, decreased to SEK 6,358 million (6,504), with lower EBITDA partly offset by higher income from associated companies in Russia and Turkey.

Non-recurring items affecting operating income totaled SEK -300 million (-314), negatively affected by charges of SEK 230 million related to cost efficiency programs. Non-recurring items in the comparable quarter were positively impacted by a SEK 500 million reversal of a provision related to the settlement of a dispute regarding a potential co-location site in London.

Financial items totaled SEK -289 million (-90), of which SEK -307 million (-91) related to net interest expenses.

Income taxes amounted to SEK -560 million (-1,562). The effective tax rate was 9.7 percent (25.6). The decrease was mainly due to the recognition of deferred tax assets of approximately SEK 850 million, mainly in Finland, after a positive ruling concerning certain old tax losses, and to higher income from associated companies in Russia and Turkey.

Minority interests in subsidiaries were SEK 742 million (509), of which SEK 557 million (335) related to Fintur and SEK 172 million (180) to Eesti Telekom, LMT and TEO.

Net income attributable to shareholders of the parent company increased to SEK 4,467 million (4,029) and earnings per share to SEK 0.99 (0.90).

CAPEX was SEK 4,537 million (3,688) and the CAPEX-to-sales ratio 18.2 percent (15.9), driven mainly by continued increased investments in network capacity and coverage in all business areas, and new services especially within Mobility Services and Broadband Services.

Free cash flow decreased to SEK 1,839 million (2,865) mainly due to higher CAPEX, lower EBITDA, higher net financing costs and changes in working capital.

Net debt decreased slightly during the quarter to SEK 34,718 million from SEK 35,739 million on September 30, 2007, mainly as a result of free cash flow.

TeliaSonera Share

The TeliaSonera share is listed on the Stockholm Stock Exchange and the Helsinki Stock Exchange. The share's settlement price on the Stockholm Stock Exchange increased 8.0 percent in 2007, from SEK 56.25 to SEK 60.50. The highest share price was SEK 68.00 (58.25) and the lowest SEK 47.70 (37.90). The number of shareholders decreased from 691,106 to 655,247. Ownership by the Swedish state decreased to 37.3 percent from 45.3 percent and the Finnish state's holding was 13.7 percent. Holdings outside Sweden and Finland increased to 22.4 percent from 16.7 percent. At year-end, Swedish institutional investors owned 18.2 percent (15.9) of the share capital and Finnish institutional investors owned 3.0 percent (3.0). Swedish private investors owned 3.0 percent (3.2) and Finnish private investors 2.4 percent (2.2).

Ordinary dividend and capital distribution to shareholders

For 2007, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 1.80 (1.80) per share, totaling SEK 8.1 billion, or 46 percent of net income attributable to shareholders of the parent company. The proposal follows a review by the Board of Directors of TeliaSonera in October 2007 of the company's capital structure and dividend policy.

The Board of Directors decided that the company 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.

Accordingly, the Board of Directors proposes to the AGM an extraordinary dividend for 2007 of SEK 2.20 (4.50) per share, totaling SEK 9.9 billion.

The Board of Directors proposes that the final day for trading in shares entitling shareholders to ordinary and extraordinary dividends be set for March 31, 2008, and that the first day of trading in shares excluding rights to ordinary and extraordinary dividends be set for April 1, 2008. The recommended record date at VPC for the right to receive ordinary and extraordinary dividends will be April 3, 2008. If the AGM votes to approve the Board's proposals, the ordinary and extraordinary dividend are expected to be distributed by VPC on April 8, 2008.

Annual General Meeting 2008

The Annual General Meeting (AGM) will be held on March 31, 2008, at 3 p.m. CET at Stockholmsmässan in Älvsjö, Stockholm. Notice of the meeting will be posted on TeliaSonera's website, www.teliasonera.com, and advertised in the newspapers at the end of February 2008. The record date entitling shareholders to attend the meeting will be March 25, 2008. Shareholders may file notice of intent to attend the AGM from February 26, 2008. TeliaSonera must receive notice of attendance no later than 4 p.m. CET on March 25, 2008.

A Finnish shareholders' information meeting will be arranged on April 1, 2008, at 3 p.m. Finnish time at Finlandia House, Helsinki. Finnish shareholders will have the possibility to meet representatives from management and the Board. Shareholders may file notice of intent to attend the Finnish shareholders' information meeting from February 26, 2008. TeliaSonera must receive notice of attendance no later than March 14, 2008. More information about how to file notice of intent to attend the meeting will be given in connection with similar information about the AGM.

Higher sales in all markets in Mobility Services

The business area **Mobility Services** is responsible for personal mobility services for the consumer and enterprise mass markets. Products and services in focus include mobile voice & data, mobile content, WLAN Hotspots, mobile over broadband, mobile/PC convergence and Wireless Office. The operations comprise the mobile operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia, Estonia and Spain.

- Strong mobile volume growth continued throughout 2007, driven by higher traffic volumes and an increased number of subscriptions. Growth in mobile data traffic continued strengthening during the year, especially in the fourth quarter. Price pressure persisted in all markets due to intense competition and regulatory intervention, the latter in the form of reduced interconnect fees.
- To meet a growing demand for higher network speeds and data services, TeliaSonera launched turbo-3G in most Nordic and Baltic markets in 2007, and in Sweden demand for mobile broadband was particularly strong. In addition, a range of content services were launched in most of the markets, including Mobil TV Client, Music Shop and Windows Live Messenger.

SEK in millions, except margins and operational data	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	11,456	10,407	44,519	41,949
EBITDA excl. non-recurring items	2,932	3,297	13,332	13,845
Margin (%)	25.6	31.7	29.9	33.0
Operating income	1,690	2,107	8,635	9,096
Operating income excl. non-recurring items	1,847	2,302	8,998	9,610
CAPEX	1,476	1,330	4,168	3,252
MoU	194	186	190	182
ARPU, blended (SEK)	225	227	230	233
Churn, blended (%)	28	25	28	26
Subscriptions, period-end (thousands)	14,501	13,434	14,501	13,434

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

Full year

- **Net sales** increased 6.1 percent to SEK 44,519 million, with subscription growth and increased usage for both mobile data and voice, offsetting the downward pressure on prices. Net sales rose in all markets. The consolidation of debitel in Denmark, higher volumes in Sweden and continued good customer intake in Spain, where sales totaled SEK 589 million, contributed the most to the rise. Reduced interconnect fees that TeliaSonera receives from other operators in the Nordic and Baltic countries lowered sales by approximately SEK 725 million.
- **The number of subscriptions** increased by 1,067,000 to 14,501,000, with 403,000 new subscriptions in Spain, the consolidation of debitel in Denmark adding 268,000 and the purchase of ZetCOM in Latvia adding 137,000. In Sweden, the number of subscriptions increased by 310,000 excluding the deactivation of 106,000 old NMT subscriptions in the fourth quarter. In Finland and Estonia, the number of subscriptions rose slightly, while Norway and Lithuania showed a decrease of 64,000 and 62,000, respectively. During the fourth quarter, the number of subscriptions increased by 221,000 for the business area as a whole. Spain showed the largest increase with 187,000 new subscriptions, followed by Sweden with 95,000, excluding the deactivation of NMT subscriptions, and Finland with 57,000. Lithuania reported a decrease of 29,000.

- **Blended churn** was 28 percent (26).
- **EBITDA**, excluding non-recurring items, decreased to SEK 13,332 million, despite higher net sales in all markets and a positive net increase of SEK 246 million from the reversal of provisions for historical interconnect fees in Sweden. In Spain, costs for building the Yoigo brand resulted in an EBITDA of SEK -1,443 million (-337). In addition, price erosion, increased promotional spending and interconnect price reductions, especially in Norway, affected EBITDA negatively. Certain negative items in Denmark totaling approximately SEK 160 million, mainly related to balance sheet corrections, burdened EBITDA. In Denmark, the consolidation of debitel in April also had a dilutive impact on the margin, since the transfer of traffic to TeliaSonera's network was not yet completed.
- **CAPEX** rose 28.2 percent to SEK 4,168 million, driven by investments to secure the network quality and increase coverage and capacity, including the start-up investments in Spain, extended 3G/HSPA roll-out and functionalities in all Nordic and Baltic markets.

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK in millions, except margins	2007	2006	2007	2006
Net sales	11,456	10,407	44,519	41,949
of which Sweden	3,163	3,032	12,528	12,029
of which Finland	2,407	2,413	9,602	9,517
of which Norway	2,254	2,142	8,985	8,910
of which Denmark	1,649	1,152	6,119	5,191
of which Lithuania	656	604	2,484	2,412
of which Latvia	669	660	2,654	2,495
of which Estonia	588	550	2,305	2,071
of which Spain	229	5	589	5
EBITDA excl. non-recurring items	2,932	3,297	13,332	13,844
Margin (%), total	25.6	31.7	29.9	33.0
Margin (%), Sweden	40.2	36.7	39.4	37.3
Margin (%), Finland	24.8	25.8	31.6	25.9
Margin (%), Norway	31.3	41.6	34.3	37.4
Margin (%), Denmark	9.3	20.3	13.2	18.6
Margin (%), Lithuania	33.5	38.9	36.8	40.2
Margin (%), Latvia	41.1	38.9	45.2	47.5
Margin (%), Estonia	29.3	35.1	34.9	37.7
Margin (%), Spain	neg	neg	neg	neg

Fourth quarter

- **Net sales** rose 10.1 percent to SEK 11,456 million, driven by growth in all markets except Finland. The acquisition of debitel in Denmark, continued development of Yoigo in Spain and strong volume growth in Sweden contributed the most to the increase. Strong mobile volume growth both in terms of subscriptions and traffic offset price erosion. Reduced interconnect fees that TeliaSonera receives from other operators in the Nordic and Baltic countries lowered sales by about SEK 231 million.
- **Blended churn** was 28 percent (25).

- **EBITDA**, excluding non-recurring items, decreased to SEK 2,932 million and the margin was 25.6 percent. Higher net sales, together with the net increase of SEK 106 million from a reversal of provisions for historical interconnect fees in Sweden, partly offset the decline. In Spain, costs for building the Yoigo brand resulted in an EBITDA of SEK -464 million (-247). In addition, price erosion and increased promotional spending across all markets as well as interconnect price reductions, especially in Norway, affected profitability. Certain negative items in Denmark totaling approximately SEK 135 million related to balance sheet corrections burdened EBITDA. A provision of SEK 37 million for a retroactive charge for changed interconnect pricing in Estonia was made. In Denmark, the consolidation of debitel also diluted the margin.
- **CAPEX** rose 11.0 percent to SEK 1,476 million, driven by investments to secure the network quality and increase coverage and capacity.

Growth initiatives and migration in Broadband Services

The business area Broadband Services is responsible for mass-market services for connecting homes and offices and for home communications. Products and services in focus include broadband over copper, fiber and cable, IPTV, voice over Internet, home communications services, IP-VPN/Business Internet, leased lines and traditional telephony. The business area operates the group common core network, including the data network of the international carrier business. The business area comprises operations in Sweden, Finland, Norway, Denmark, Lithuania, Latvia (49 percent), Estonia and international carrier operations.

- Growth in broadband and the migration from fixed voice persisted. Bundling of services continued. By year-end TeliaSonera offered multi-service packages in all Nordic and Baltic markets and kept its market position in most of its markets. Investments were focused on bundled solutions to cater to TV and other value-added services requiring higher bandwidth. Price erosion continued in the form of increased bandwidth at the same price.
- TeliaSonera sees television as an anchor for the new services we will bring to the households in the future. Increased efforts to handle the migration from traditional fixed-voice services were evidenced by the move into the TV-market, mainly in Sweden. The year has been a success for TeliaSonera ending with approximately 770,000 TV subscriptions, of which 304,000 IPTV subscriptions in Sweden.

SEK in millions, except margins and operational data	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	10,366	10,496	41,273	40,880
EBITDA excl. non-recurring items	3,291	3,308	12,926	13,629
Margin (%)	31.7	31.5	31.3	33.3
Operating income	2,002	1,532	6,939	7,435
Operating income excl. non-recurring items	2,080	1,937	7,906	8,295
CAPEX	1,864	1,703	5,369	4,605
Broadband ARPU (SEK)	265	286	270	289
Subscriptions, period-end (thousands)				
Broadband	2,326	1,990	2,326	1,990
Fixed voice	6,218	6,497	6,218	6,497
Associated company, total	757	720	757	720

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

Full year

- **Net sales** increased 1.0 percent to SEK 41,273 million. Overall strong growth in broadband sales and acquisitions more than compensated for the decline in fixed voice. In absolute terms, sales were strongest in Wholesale, even though certain negative items of approximately SEK 120 million mainly related to a provision for changed LLUB pricing in the fourth quarter had an impact. Development was strong in the Baltic countries. In Norway, net sales rose due to the consolidation of NextGenTel in June 2006. In Sweden, increased broadband sales did not compensate for the decrease in sales of fixed-voice services.
- **The number of subscriptions** for broadband access rose by 336,000 to 2,326,000, with an increase of over 40 percent in Lithuania. Meanwhile broadband ARPU was affected by price erosion and fell 6.6 percent to SEK 270 as broadband access remained the key revenue source. The number of fixed voice subscriptions declined by 279,000 to 6,218,000. During the year, the total number of TV subscriptions rose by 330,000, or 74 percent, to 770,000 million, of which 379,000 IPTV subscriptions. In Sweden only, the successful push for IPTV resulted in a total of 304,000 subscriptions at year-end and also helped attract new broadband customers. During the fourth quarter, the total number of IPTV subscriptions increased by 103,000, of which 88,000 in Sweden, while the number of broadband subscriptions rose by 96,000. The decline in fixed voice subscriptions was 93,000. In the fourth quarter, broadband ARPU fell 7.3 percent to SEK 265.
- **EBITDA**, excluding non-recurring items, decreased to SEK 12,926 million with the largest drop, SEK 999 million, in Sweden, mainly due to the continued decline in fixed voice, and investments in future growth, such as IPTV. Certain negative items in Wholesale of approximately SEK 120 million, mainly related to a provision for changed LLUB pricing in the fourth quarter, and higher costs for weather-related damages in Sweden impacted profitability. In addition, price erosion in the form of increased bandwidth at the same price had an effect. EBITDA rose about SEK 490 million in Wholesale. A net increase of SEK 136 million from the reversal of provisions in Sweden also impacted positively.
- **CAPEX** rose 16.6 percent to SEK 5,369 million mainly due to increased investments in broadband platforms to cater to the improved bandwidth and quality needed for IPTV and other services for the digital home. Investments were also made in common infrastructure, including the core network.

Fourth quarter

- **Net sales** decreased 1.2 percent to SEK 10,366 million due to lower fixed voice sales in Sweden and Finland. All other markets showed record-high sales driven by strong broadband growth and in Denmark the consolidation of DLG Tele contributed to the rise. In absolute terms, growth was strongest in Lithuania and in Wholesale, even though certain negative items in Wholesale of approximately SEK 120 million mainly related to a provision for changed LLUB pricing had an impact.
- **EBITDA**, excluding non-recurring items, was SEK 3,291 million due to certain negative items in Wholesale of approximately SEK 120 million mainly related to a provision for changed LLUB pricing. Price erosion, the change in product mix from traditional fixed-voice to IP-based services and costs for the successful push into the IPTV market, especially in Sweden, also impacted EBITDA. A net increase of SEK 76 million from the reversal of provisions in Sweden impacted positively.
- **CAPEX** rose 9.5 percent to SEK 1,864 million.

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK in millions, except margins	2007	2006	2007	2006
Net sales	10,366	10,496	41,273	40,880
of which Sweden	4,602	4,897	18,679	19,516
of which Finland	1,586	1,603	6,215	6,207
of which Norway	231	220	891	506
of which Denmark	538	477	1,959	1,847
of which Lithuania	561	495	2,104	1,960
of which Estonia	458	415	1,780	1,576
of which Wholesale	2,639	2,589	10,542	10,011
EBITDA excl. non-recurring items	3,291	3,308	12,926	13,629
Margin (%), total	31.7	31.5	31.3	33.3
Margin (%), Sweden	39.8	38.2	35.7	39.3
Margin (%), Finland	22.4	25.6	23.6	26.5
Margin (%), Norway	23.4	17.3	22.1	19.6
Margin (%), Denmark	11.9	13.8	13.7	17.8
Margin (%), Lithuania	39.0	41.0	43.6	47.2
Margin (%), Estonia	26.4	28.4	26.8	32.8
Margin (%), Wholesale	24.6	23.3	27.8	24.4

Integrated Enterprise Services growing through acquisitions

The business area Integrated Enterprise Services is responsible for the Nordic and Baltic business where TeliaSonera is engaged in managing the internal IT and telecom infrastructure of the enterprises. The business area is responsible for the enterprises' total telecommunications needs. Customer offerings include networked IT services, voice & data solutions, systems integration and converging services as well as highly standardized solutions for the SME segment. Example of services are management of LAN, servers, work stations, IP PABXs and call centers, mobility and security solutions and horizontal standard applications, e.g. e-mail services. The business area offers end-to-end management solutions with service guarantees.

- On January 1, 2008, TeliaSonera combined all its business-to-business sales resources into one sales organization in order to improve service for customers and increase sales efficiency. The change means that Integrated Enterprise Services was turned into a common sales division, called Business Services, for basic telecom services and managed-services solutions to business customers. The division will maintain full responsibility for TeliaSonera's managed services offering. It will not have profit-and-loss responsibility but be measured by growth, market share and sales efficiency. As of the Interim Report January-March 2008, the activities of Business Services will be reported as a part of the business areas Mobility Services, Broadband Services and of Other operations.

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK in millions, except margins	2007	2006	2007	2006
Net sales	3,589	3,298	13,729	12,940
EBITDA excl. non-recurring items	-226	55	-162	360
Margin (%)	neg	1.7	neg	2.8
Operating income	-397	-163	-725	-234
Operating income excl. non-recurring items	-338	-27	-590	44
CAPEX	212	122	532	324

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

Full year

- **Net sales** increased 6.1 percent to SEK 13,729 million, lifted by the consolidation of Cygate, Didata and Crescom, which together had a positive effect of 6.3 percent. Sales related to the distribution of mass-market services produced by business areas Mobility and Broadband Services decreased by SEK 367 million, mainly due to the migration from fixed voice services as well as price erosion in mobile and broadband services. Sales of integrated enterprise services and equipment sales increased by SEK 888 million, mainly due to the consolidation of acquired companies. The share of integrated enterprise services and equipment sales was about 43 percent of net sales.
- **EBITDA**, excluding non-recurring items, declined to SEK -162 million (360) mainly due to the migration from traditional services altering the product mix and lowering the gross margin. These negative effects more than offset efficiency measures.
- **CAPEX** was SEK 532 million (324), including investments in managed services, such as server operations.

Fourth quarter

- **Net sales** increased by 8.8 percent to SEK 3,589 million (3,298) due to the consolidation of acquired companies, which together had a positive effect of 8.9 percent.
- **EBITDA**, excluding non-recurring items, deteriorated to SEK -226 million (55) mainly due to the migration from traditional services altering the product mix and lowering the gross margin. These negative effects, together with price erosion in mobile and data services, more than offset efficiency measures.
- **CAPEX** increased to SEK 212 million (122) mainly due to increased demand for financing solutions for business customers.

Expansion and continued strong development in Eurasia

The business area Eurasia comprises mobile operations managed by Fintur in Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan, Georgia and Moldova and a shareholding of 12 percent in Afghanistan's largest operator Roshan. The business area is also responsible for developing TeliaSonera's shareholding in Russian MegaFon (44 percent) and Turkish Turkcell (37 percent). The main responsibility is to create shareholder value and to exploit penetration growth in the respective countries.

- TeliaSonera further strengthened its footprint in the fast growing markets of Eurasia in 2007 by acquiring mobile operators in Uzbekistan and Tajikistan and a minority shareholding in Afghanistan's largest mobile operator. With low mobile penetration rates and a combined population of over 33 million, Uzbekistan and Tajikistan represent a valuable opportunity for rapid growth.
- The competitive and regulatory environment is putting margins under growing pressure in all markets. Price erosion, increased sales and marketing efforts and overall cost inflation impacted margins negatively, particularly in Kazakhstan, where competition for new subscribers was intense. Market leadership was maintained in Azerbaijan and Kazakhstan and the strong positions were kept in Uzbekistan, Tajikistan, Georgia and Moldova.

SEK in millions, except margins and operational data	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	2,911	2,289	10,338	8,508
EBITDA excl. non-recurring items	1,327	1,207	5,255	4,757
Margin (%)	45.6	52.7	50.8	55.9
Income from associated companies				
Russia	1,057	786	4,181	2,780
Turkey	891	692	2,725	2,020
Operating income	2,926	2,409	10,883	8,527
Operating income excl. non-recurring items	2,926	2,409	10,883	8,527
CAPEX	848	472	3,114	2,699
Subscriptions, period-end (thousands)				
Subsidiaries	12,147	7,352	12,147	7,352
Associated companies	78,083	65,169	78,083	65,169

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

Full year

- **Net sales** rose 21.5 percent to SEK 10,338 million, fueled by strong subscription growth and increased usage in all markets, particularly in Kazakhstan and Azerbaijan. Consolidated since July 1, 2007, the operations in Uzbekistan and Tajikistan affected net sales positively by 3.2 percent. Net sales rose 27.6 percent in local currencies.
- **The number of subscriptions** rose by 4.8 million to 12.2 million, including 1.3 million subscriptions from the acquired operations in Uzbekistan and Tajikistan. Subscription growth during the year excluding acquisitions was 47.5 percent, or 3,494,000 subscriptions, and was driven by 2,478,000 net additions in Kazakhstan mainly due to increased subscriber acquisition campaigns. During the quarter, the total number of subscriptions rose by 1.3 million, with the largest increases in Kazakhstan and Azerbaijan and including 0.3 million subscriptions in the consolidated operations in Uzbekistan and Tajikistan.
- **EBITDA**, excluding non-recurring items, increased to SEK 5,255 million as a result of higher sales. The margin decreased to 50.8 percent due to price erosion, higher promotional spending and the dilutive effect from the acquired operations in Uzbekistan and Tajikistan. Overall inflation also drove costs higher, particularly for salaries, rents and energy.
- **CAPEX** was SEK 3,114 million (2,699) and was kept relatively high in order to build additional capacity, improve coverage and maintain a high service quality in the networks. Additional investment needs came from acquired operations in Uzbekistan and Tajikistan.
- **MegaFon** (associated company, 43.8 percent holding) in Russia continued to demonstrate strong performance and increased its subscription base by 5.9 million to 35.7 million. MegaFon increased its market share in terms of subscriptions from 19 to over 20 percent, and also strengthened its position in terms of revenue. The Russian mobile market continued showing strong volume and revenue growth. The total market grew by 20 million subscriptions to 172 million. Mobile SIM-card penetration rose from 105 to 119 percent.

- TeliaSonera's income from Russia rose to SEK 4,181 million (2,780), fueled by continued strong sales and earnings growth at MegaFon. The result was also positively impacted by SEK 240 million in the form of a gain from the sale of Petersburg Transit Telecom by Telecominvest and a partial reversal of write-downs on old equipment in MegaFon. The Russian ruble depreciated against the Swedish krona which had a negative impact of SEK 110 million. The comparable period was positively affected by a net of SEK 272 million from exchange rate fluctuations relating to MegaFon's borrowings and divestments.
- **Turkcell** (associated company, 37.3 percent holding, reported with a one-quarter lag) in Turkey increased its subscription base by 4.0 million to 34.8 million, as a result of an expanded distribution channel network and well-received offerings. In Ukraine, the number of subscriptions rose by 3.0 million to 7.6 million.
- TeliaSonera's income from Turkcell, which showed continued strong sales and earnings growth, rose to SEK 2,725 million (2,020). The Turkish lira depreciated against the Swedish krona, which had a negative impact of SEK 165 million.
- In 2007, Turkcell distributed to its shareholders a total net cash dividend of approximately SEK 2,800 million (USD 400 million), corresponding to 65 percent of the distributable income for the fiscal year 2006. TeliaSonera's share was approximately SEK 1,000 million.

Fourth quarter

- **Net sales** rose 27.2 percent to SEK 2,911 million, driven by strong subscription growth and increased usage in all markets, particularly in Kazakhstan and Azerbaijan. Consolidated since July 1, 2007, the operations in Uzbekistan and Tajikistan affected net sales positively by 7.9 percent.
- **EBITDA**, excluding non-recurring items, increased to SEK 1,327 million as a result of higher sales. The margin dropped to 45.6 percent due to price erosion, higher promotional spending and the dilutive effect from the acquired operations in Uzbekistan and Tajikistan. Overall inflation also drove costs higher, particularly for salaries, rents and energy.
- **CAPEX** was SEK 848 million (472) mainly driven by high investment activity in Uzbekistan. In the comparable quarter CAPEX was low due to the postponement of certain investments.
- **MegaFon** (associated company, 43.8 percent holding) in Russia continued to demonstrate strong performance and increased its subscription base by 1.6 million during the quarter. TeliaSonera's income from Russia rose to SEK 1,057 million (786). The Russian ruble depreciated against the Swedish krona, which had a negative impact of SEK 23 million. The comparable quarter included SEK 110 million in gains from exchange rate fluctuations relating to MegaFon's borrowings and the divestment of PeterStar by Telecominvest.
- **Turkcell** (associated company, 37.3 percent holding, reported with a one-quarter lag) in Turkey increased its subscription base by 1.0 million during the quarter. In Ukraine, the number of subscriptions rose by 1.3 million during the quarter.
- TeliaSonera's income from Turkcell, which showed continued strong sales and earnings growth, rose to SEK 891 million (692). The Turkish lira depreciated against the Swedish krona, which had a negative impact of SEK 69 million.

	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK in millions	2007	2006	2007	2006
Net sales	2,911	2,289	10,338	8,508
of which Kazakhstan	1,545	1,251	5,582	4,803
of which Azerbaijan	804	688	2,958	2,453
of which Uzbekistan	81	–	139	–
of which Tajikistan	99	–	184	–
of which Georgia	292	268	1,123	945
of which Moldova	95	85	365	317

Stockholm, February 8, 2008

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 8, 2008.

Financial Information

As of the Interim Report January-March 2008, TeliaSonera will start reporting the operations of former business area Integrated Enterprise Services as a part of the business areas Mobility Services, Broadband Services and of Other operations. More details on the new reporting structure and restated comparable figures following the new organization introduced on January 1, 2008, will be published well in advance of the Interim Report January-March 2008.

Annual General Meeting 2008 in Stockholm	March 31, 2008
Shareholders' information meeting in Helsinki	April 1, 2008
Interim Report January–March 2008	April 25, 2008
Interim Report January–June 2008	July 24, 2008
Interim Report January–September 2008	October 28, 2008

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

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.

HSPA: High-Speed Packet Access.

LLUB: Local Loop Unbundling.

Condensed Consolidated Income Statements

SEK in millions, except per share data and number of shares	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	24,921	23,187	96,344	91,060
Cost of sales	-14,608	-13,269	-54,196	-48,640
Gross profit	10,313	9,918	42,148	42,420
Selling, admin., and R&D expenses	-6,790	-5,634	-24,311	-22,367
Other operating income and expenses, net	571	351	621	-143
Income from associated companies and joint ventures	1,964	1,555	7,697	5,579
Operating income	6,058	6,190	26,155	25,489
Finance costs and other financial items, net	-289	-90	-904	-263
Income after financial items	5,769	6,100	25,251	25,226
Income taxes	-560	-1,562	-4,953	-5,943
Net income	5,209	4,538	20,298	19,283
Attributable to:				
Shareholders of the parent company	4,467	4,029	17,674	16,987
Minority interests in subsidiaries	742	509	2,624	2,296
Shareholders' basic and diluted earnings per share (SEK)	0.99	0.90	3.94	3.78
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
Number of treasury shares (thousands)				
At period-end	—	—	—	—
Weighted average	—	—	—	125,546
EBITDA	6,932	7,455	30,333	31,113
EBITDA excl. non-recurring items	7,208	7,766	31,021	32,266
Depreciation, amortization and impairment losses	-2,837	-2,820	-11,875	-11,203
Operating income excl. non-recurring items	6,358	6,504	27,478	26,751

Condensed Consolidated Balance Sheets

SEK in millions	Dec 31, 2007	Dec 31, 2006
Assets		
Goodwill and other intangible assets	83,909	74,172
Property, plant and equipment	52,602	48,195
Investments in associates and joint ventures, deferred tax assets and other non-current assets	48,633	41,826
<i>Total non-current assets</i>	<i>185,144</i>	<i>164,193</i>
Inventories	1,168	997
Trade receivables, current tax assets and other receivables	20,881	20,631
Interest-bearing receivables	1,701	1,958
Cash and cash equivalents	7,802	11,603
<i>Total current assets</i>	<i>31,552</i>	<i>35,189</i>
<i>Non-current assets held-for-sale</i>	<i>6</i>	<i>10</i>
Total assets	216,702	199,392
Equity and liabilities		
Shareholders' equity	117,274	119,217
Minority interests	9,783	8,500
<i>Total equity</i>	<i>127,057</i>	<i>127,717</i>
Long-term borrowings	41,030	24,311
Deferred tax liabilities, other long-term provisions	16,748	14,635
Other long-term liabilities	2,366	2,382
<i>Total non-current liabilities</i>	<i>60,144</i>	<i>41,328</i>
Short-term borrowings	2,549	3,418
Trade payables, current tax liabilities, short-term provisions and other current liabilities	26,952	26,929
<i>Total current liabilities</i>	<i>29,501</i>	<i>30,347</i>
Total equity and liabilities	216,702	199,392

Condensed Consolidated Cash Flow Statements

	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
SEK in millions				
Cash flow before change in working capital	5,706	4,575	27,541	28,034
Change in working capital	626	1,881	-1,012	-533
Cash flow from operating activities	6,332	6,456	26,529	27,501
Intangible and tangible fixed assets acquired (cash CAPEX)	-4,493	-3,591	-13,525	-10,905
Free cash flow	1,839	2,865	13,004	16,596
Cash flow from other investing activities	-242	599	-2,180	-2,179
Total cash flow from investing activities	-4,735	-2,992	-15,705	-13,084
Cash flow before financing activities	1,597	3,464	10,824	14,417
Cash flow from financing activities	491	524	-14,726	-19,382
Cash flow for the period	2,088	3,988	-3,902	-4,965
Cash and cash equivalents, opening balance	5,641	7,834	11,603	16,834
Cash flow for the period	2,088	3,988	-3,902	-4,965
Exchange rate differences	73	-219	101	-266
Cash and cash equivalents, closing balance	7,802	11,603	7,802	11,603

Condensed Consolidated Statements of Changes in Equity

	Jan-Dec 2007			Jan-Dec 2006		
	Share- holders' equity	Minority interests	Total equity	Share- holders' equity	Minority interests	Total equity
SEK in millions						
Opening balance	119,217	8,500	127,717	127,049	8,645	135,694
Business combinations	—	—	—	25	—	25
Reporting financial instru- ments at fair value	39	—	39	-25	—	-25
Hedging of foreign opera- tions, net of tax	-114	—	-114	—	—	—
Currency translation differ- ences	8,748	160	8,908	-8,955	-608	-9,563
Inflation adjustments	—	—	—	-147	—	-147
<i>Net income recognized directly in equity</i>	<i>8,673</i>	<i>160</i>	<i>8,833</i>	<i>-9,102</i>	<i>-608</i>	<i>-9,710</i>
Net income	17,674	2,624	20,298	16,987	2,296	19,283
<i>Comprehensive income</i>	<i>26,347</i>	<i>2,784</i>	<i>29,131</i>	<i>7,885</i>	<i>1,688</i>	<i>9,573</i>
Transactions with minority shareholders in subsidiaries	—	-42	-42	—	-215	-215
Dividends	-28,290	-1,459	-29,749	-15,717	-1,618	-17,335
Closing balance	117,274	9,783	127,057	119,217	8,500	127,717

Basis of Preparation

General. As in the annual accounts for 2006, TeliaSonera's consolidated financial statements as of and for the year ended December 31, 2007, have been prepared in accordance with International Financial Reporting Standards (IFRS) and, given the nature of TeliaSonera's transactions, with IFRSs as adopted by the European Union. The parent company TeliaSonera AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2.1 "Accounting for Legal Entities" and other statements issued by the Swedish Financial Reporting Board. This report has been prepared in accordance with IAS 34 "Interim Financial Reporting."

New accounting standards (not yet adopted by the EU). An amended IFRS 2 "Share-based Payment" (effective for annual periods beginning on or after January 1, 2009; earlier application permitted) was published on January 17, 2008. The amendment clarifies that vesting conditions are service conditions and performance conditions only and further specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. IFRS 2 is currently not relevant to TeliaSonera.

A revised IFRS 3 "Business Combinations" and an amended IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after July 1, 2009; early adoption permitted) was published on January 10, 2008. Among other things, the changes to the standards include: transaction costs expensed as incurred; contingent consideration is always recognized at fair value and for non-equity-consideration post-combination changes in fair value affects the income statement; option added to on a transaction-by-transaction basis permit recognition of 100 percent of the goodwill of the acquired entity with the increased goodwill amount also increasing the non-controlling interest; in a step acquisition, on the date that control is obtained, the fair values of the acquired entity's assets and liabilities, including goodwill, are measured and any resulting adjustments to previously recognized assets and liabilities are recognized in profit or loss; acquiring additional shares in a subsidiary after obtaining control as well as a partial disposal of shares in a subsidiary while retaining control is accounted for as an equity transaction with owners; a partial disposal of shares in a subsidiary that results in loss of control triggers remeasurement of the residual holding to fair value and any difference between fair value and carrying amount is a gain or loss, recognized in profit or loss. TeliaSonera expects that applying the revised IFRS 3 and the amended IAS 27 might lead to increased volatility in the income statement.

For further information, see corresponding sections in the Q1, Q2 and Q3 2007 Interim Reports, and the 2006 Annual Report.

Non-recurring Items

	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
SEK in millions				
Within EBITDA	-276	-311	-688	-1,153
Restructuring charges, synergy implementation costs, etc.:				
Mobility Services	-157	-205	-363	-418
Broadband Services	-186	-392	-464	-847
Integrated Enterprise Services	-59	-136	-135	-278
Other operations	-6	415	142	383
<i>of which TeliaSonera Holding</i>	3	478	161	478
Capital gains:				
Broadband Services	132	–	132	–
Telia Finans	–	7	–	7
Within Depreciation, amortization and impairment losses	-24	-13	-635	-13
Impairment losses, accelerated depreciation:				
Broadband Services	-24	-13	-635	-13
Within Income from associated companies and joint ventures	–	10	–	-96
Impairment losses, capital gains/losses, provisions and other:				
Mobility Services	–	10	–	-96
Within Financial net	–	–	–	183
Capital gains:				
Elisa	–	–	–	183
Total	-300	-314	-1,323	-1,079

Deferred Taxes

	Dec 31, 2007	Dec 31, 2006
SEK in millions		
Deferred tax assets	12,017	12,054
Deferred tax liabilities	-9,577	-10,121
Net deferred tax assets	2,440	1,933

Segment and Group Operating Income

	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
SEK in millions				
Mobility Services	1,690	2,107	8,635	9,096
Broadband Services	2,002	1,532	6,939	7,435
Integrated Enterprise Services	-397	-163	-725	-234
Eurasia	2,926	2,409	10,883	8,527
Other operations	-201	301	361	633
Total segments	6,020	6,186	26,093	25,457
Elimination of inter-segment profits	38	4	62	32
Group	6,058	6,190	26,155	25,489

Related Party Transactions

MegaFon. As of December 31, 2007, TeliaSonera had interest-bearing claims of SEK 301 million on its associated company OAO MegaFon.

Telefos. From the beginning of the year up until August 9, 2007, TeliaSonera purchased services and products from subsidiaries (companies within the Eltel Group) to its associated company Telefos AB worth SEK 1,079 million, mostly referring to network construction.

Svenska UMTS-nät. In the three-month period and the year ended December 31, 2007, TeliaSonera purchased services from its 50 percent owned joint venture Svenska UMTS-nät AB worth SEK 127 million and SEK 551 million, respectively, and sold services worth SEK 49 million and SEK 212 million, respectively.

Investments

	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
SEK in millions				
CAPEX	4,537	3,688	13,531	11,101
Intangible assets	444	357	1,308	1,152
Property, plant and equipment	4,093	3,331	12,223	9,949
Acquisitions and other investments	2,298	111	7,171	3,951
Asset retirement obligations	82	64	82	67
Goodwill and fair value adjustments	2,211	46	6,483	3,778
Equity holdings	5	1	606	106
Total	6,835	3,799	20,702	15,052

In an agreement in late December 2007, TeliaSonera granted its Uzbek partner a put option giving the partner the right to sell its 26 percent interest in TeliaSonera's Uzbek operations to TeliaSonera after December 31, 2009, when certain pre-agreed criteria are fulfilled. TeliaSonera has accounted for the present value of the estimated redemption amount of the option as a provision, which increased goodwill by SEK 1,701 million. Any future changes in the estimated redemption amount will be recognized in the income statement, while no minority interest will be recognized for the Uzbek operations.

Net Debt

	Dec 31, 2007	Dec 31, 2006
SEK in millions		
Long-term and short-term borrowings	43,579	27,729
Less short-term investments, cash and bank	-8,861	-12,772
Net debt	34,718	14,957

Loan Financing and Credit Rating

The underlying cash-flow generation was positive also in the fourth quarter of 2007. As a result of the problems in the "US Sub-prime market," funding conditions in general continued to deteriorate during the quarter. The effects on the domestic Swedish debt capital markets have been more limited although still negative. During the fourth quarter, TeliaSonera substituted most of its outstanding commercial paper borrowings with longer-dated funding. Funding conditions in the second half of 2007 were weaker than in the first half, and deteriorated even further in the beginning of 2008.

Funding conditions in 2008 are uncertain, but they will most likely remain less favorable than in the first half of 2007. Refinancing needs in 2008 are expected to be limited but the extra dividend payout in April will need new financing and thus TeliaSonera is exposed to the near-term development of the funding conditions in the debt capital markets.

On October 30, 2007, Moody's Investors Service lowered its credit rating of TeliaSonera AB to A3/P-2 after having had its A2/P-1 rating on Outlook Negative since 2006. Outlook for the revised credit rating is Stable. Standard & Poor's credit rating of TeliaSonera AB remained at A-/A-2 with Outlook Stable.

Financial Key Ratios

	Dec 31, 2007	Dec 31, 2006
Return on equity (% , rolling 12 months)	18.6	17.2
Return on capital employed (% , rolling 12 months)	19.4	19.5
Equity/assets ratio (%)	50.3	49.9
Net debt/equity ratio (%)	31.8	15.0
Shareholders' equity per share (SEK)	26.12	26.55

Business Combinations in the Fourth Quarter

For minor business combinations in the fourth quarter, the combined cost of acquisition was SEK 44 million and the net cash outflow SEK 27 million. Goodwill totaled SEK 36 million, of which SEK 24 million was allocated to business area Mobility Services and SEK 12 million to reportable segment Other operations. For further information on business combinations during the year, see corresponding sections in the Q1, Q2 and Q3 2007 Interim Reports.

Collateral Pledged and Guarantees

Collateral pledged at December 31, 2007, totaled SEK 1,352 million, mainly referring to blocked funds in bank accounts for Ipse 2000 S.p.A.'s future license payments and pledges of shares in Svenska UMTS-nät AB. Guarantees totaled SEK 2,146 million, of which SEK 1,838 million referred to credit guarantees on behalf of Svenska UMTS-nät. Under certain third-party agreements, the credit guarantees on behalf of Svenska UMTS-nät are capped at SEK 2,400 million.

Contractual Obligations

Contractual obligations at December 31, 2007, totaled SEK 2,299 million, of which SEK 1,842 million referred to contracted build-out of TeliaSonera's mobile networks in Spain and fixed networks in Sweden and Lithuania.

Parent Company

Condensed Income Statements (SEK in millions)	Oct-Dec 2007	Oct-Dec 2006	Jan-Dec 2007	Jan-Dec 2006
Net sales	4,405	4,952	17,809	19,705
Gross profit	1,737	1,681	7,084	6,788
Operating income	1,851	2,159	6,303	6,656
Income after financial items	2,777	2,028	23,845	7,631
Income before taxes	1,668	1,372	21,259	4,127
Net income	1,172	1,048	20,001	3,228

Net sales primarily related to fixed network services in Sweden declined due to migration to mobile services and lower priced IP-based services. Out of the total net sales for the year, SEK 12,811 million (14,424) was billed to subsidiaries. Income after financial items increased strongly as a result of dividend payments from subsidiaries.

Condensed Balance Sheets (SEK in millions)	Dec 31, 2007	Dec 31, 2006
Non-current assets	142,469	131,332
Current assets	39,967	40,340
Total assets	182,436	171,672
Shareholders' equity	63,013	71,262
Untaxed reserves	20,061	17,476
Provisions	944	2,046
Liabilities	98,418	80,888
Total equity and liabilities	182,436	171,672

Following a review, management decided in December 2007 to report certain items related to cash-pool balances gross instead of net. The comparative year was recalculated accordingly, increasing the balance sheet total by SEK 22,917 million.

Total investments for the year amounted to SEK 13,269 million (17,332), including SEK 2,705 million (2,382) in property, plant and equipment, primarily for the fixed network. Other investments totaled SEK 10,564 million (14,950), of which SEK 2,024 million attributable to the acquisitions of Cygate and debitel Danmark, and SEK 8,015 million to transfers of shareholdings within the Group.

Risks and uncertainties

TeliaSonera operates in a broad range of geographic product and service markets in the highly competitive and regulated telecommunications industry. As a result, TeliaSonera is subject to a variety of risks and uncertainties. TeliaSonera has defined risk as anything that could have a material adverse effect on the achievement of TeliaSonera's goals.

Risks can be threats, uncertainties or lost opportunities relating to TeliaSonera's current or future operations or activities. Additionally, these risks may affect TeliaSonera's share price from time to time.

TeliaSonera has an established risk management process in place to regularly identify, analyze and assess, and report business and financial risks and uncertainties, and to mitigate such risks when appropriate. Risk management is an integrated part of TeliaSonera's business planning process.

See "Risk Factors" in TeliaSonera's Annual Report 2006 (pages 46-48) for a detailed description of some of the factors that may affect TeliaSonera's business, financial condition and results of operations. TeliaSonera believes that the risk environment has not materially changed from the one described in the Annual Report 2006.

Risks and uncertainties that could specifically impact the quarterly results of operations during 2008 include, but may not be limited to:

- *Investments in future growth.* TeliaSonera is currently investing in future growth through, for example, building a customer base in Spain and increasing the expenditure on sales and marketing to retain and acquire customers in most markets. While TeliaSonera believes these investments will improve market position and financial results in the long term, they may not have the targeted positive effects yet in the short term and related expenditure may impact the results of operations between the quarters.
- *Efficiency programs.* TeliaSonera is in the process of shifting its cost base from traditional to new services. In the short term, depending on when the related decisions are made and carried out, these efficiency programs may not yet bring the cost savings that will be visible in the long term. Additionally, related amounts of restructuring costs and their timing may increase the volatility of quarterly results in the short term.
- *Non-recurring items.* In accordance with their nature, non-recurring items such as capital gains and losses, restructuring costs, write-downs, etc. may impact the quarterly results in the short term with amounts or timing that deviate from those currently expected. Depending on external factors or internal developments, TeliaSonera might also experience non-recurring items that are not currently anticipated.
- *Associated companies.* A significant part of TeliaSonera's results derives from MegaFon and Turkcell, which TeliaSonera does not control and which operate in growth markets but also in more volatile political, economic and legal environments. Variations in the financial performance of these associated companies have an impact on TeliaSonera's results of operations also in the short term.
- *Acquisitions.* TeliaSonera has made a number of targeted acquisitions in accordance with its strategy. The efficient integration of these acquisitions and the realization of related cost and revenue synergies, as well as positive development of the acquired operations, are significant for the results of operations both in the long and short term. Integration of acquired companies always includes certain risks, and the integration process may increase the volatility of quarterly earnings in the short term.

Forward-Looking Statements

This report contains statements concerning, among other things, TeliaSonera's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent TeliaSonera's future expectations. TeliaSonera believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include, but may not be limited to: TeliaSonera's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of TeliaSonera, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, TeliaSonera undertakes no obligation to update any of them in light of new information or future events.