TeliaSonera January-March 2011

Strong margin improvement

- **Net sales in local currencies and excluding acquisitions increased 2.5 percent. In reported currency, net sales decreased 5.6 percent to SEK 24,725 million (26,190).**
- **The addressable cost base in local currencies and excluding acquisitions increased 4.1 percent. In reported currency, the addressable cost base decreased 3.9 percent to SEK 7,716 million (8,031).**
- **EBITDA, excluding non-recurring items, increased 5.3 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, decreased 1.5 percent to SEK 8,812 million (8,945). The EBITDA margin, excluding non-recurring items increased to 35.6 percent (34.2).**
- **Operating income, excluding non-recurring items, decreased 2.6 percent to SEK 7,247 million (7,444).**
- **Net income attributable to owners of the parent company decreased 1.6 percent to SEK 4,646 million (4,722) and earnings per share decreased to SEK 1.04 (1.05).**
- **Free cash flow decreased to SEK 2,587 million (3,372), impacted by higher paid taxes of SEK 0.9 billion.**
- **During the quarter the number of subscriptions grew by 2.1 million in the consolidated operations while subscriptions in the associated companies decreased by 1.2 million. The total number of subscriptions was 158.0 million.**
- **Group outlook for 2011 is revised from Year-end Report 2010. The growth in net sales in local currencies and excluding acquisitions is expected to be around 3 percent.**

Financial highlights

SEK in millions, except key ratios, per share data and changes	**Jan-Mar 2011**	**Jan-Mar 2010**	***Chg (%)***	**Jan-Dec 2010**
Net sales	24,725	26,190	*-6*	106,979
Addressable cost base[1, 2)]	7,716	8,031	*-4*	32,090
EBITDA[2)] excl. non-recurring items[3)]	8,812	8,945	*-1*	36,897
Margin (%)	35.6	34.2		34.5
Operating income	7,262	7,204	*1*	32,003
Operating income excl. non-recurring items	7,247	7,444	*-3*	31,935
Net income	5,240	5,236	*0*	23,562
of which attributable to owners of the parent	4,646	4,722	*-2*	21,257
Earnings per share (SEK)	1.04	1.05	*-1*	4.73
Return on equity (%, rolling 12 months)	19.0	15.4		17.8
CAPEX-to-sales (%)	15.0	7.8		14.0
Free cash flow	2,587	3,372	*-23*	12,901

1) Additional information available at www.teliasonera.com.
2) Please refer to page 15 for definitions.
3) Non-recurring items; see table on page 20.

In this report, comparative figures are provided in parentheses following the operational and financial results and refer to the same item in the first quarter of 2010, unless otherwise stated.

Comments by Lars Nyberg, President and CEO

“We successfully improved our margin during the first quarter although growth in net sales fell somewhat short of our own expectations. Even excluding the improved profitability in Spain, the EBITDA margin, excluding non-recurring items, increased by almost one percentage point compared to the corresponding quarter last year.

Some of the Nordic mobile markets showed lower growth compared to previous quarters as a result of regulatory effects, less handset sales and somewhat lower service revenues. In the Baltic countries, we are still awaiting a recovery. In Spain, Yoigo continues to gain market share and showed positive result for every month in the quarter. Nevertheless, we had lower revenues from equipment sales than previously and we also experienced lower growth in usage as a result of the weak Spanish macroeconomic environment.

Eurasia continues to be our growth engine and in the first quarter we surpassed 30 million subscriptions in our consolidated operations due to a continued strong intake in Kazakhstan, Uzbekistan and Nepal. In Broadband Services, we reached a milestone in April and we now have more than one million TV subscriptions throughout our Nordic and Baltic markets. The appetite for higher bandwidth to support HD-TV, online gaming and on-demand services is virtually unlimited and we recently announced that we will upgrade 800,000 broadband connections in Sweden with VDSL2, allowing significantly higher speeds for our customers.

In Turkey, we have decided to take a more explicit standpoint to protect our rights as a shareholder and to safeguard good corporate governance in Turkcell. Therefore, we decided to take legal action against the Chairman of the Board, as he has denied us our legal rights as a minority shareholder. Further, I am also quite convinced that we will come to some solution with regards to the complicated ownership situation in Turkcell during this year.

TeliaSonera’s financial position remains strong and we were pleased that we could return an additional SEK 10 billion to our shareholders in April through a public offering. We continue to look for new business opportunities within or neighboring our existing footprint and have publicly expressed our interest for Polkomtel in Poland. However, any transactions are being carefully evaluated to meet our strategic and financial criteria.

We have lowered our expectations on growth in net sales but our outlook for improved EBITDA margin for 2011 remains, as the cost reduction initiatives that the organization has identified will have effect during the second half of this year.”

Group outlook for 2011 (revised)

The growth in net sales in local currencies and excluding acquisitions is expected to be around 3 percent. Currency fluctuations may have a material impact on reported figures in Swedish krona.

We expect the growth in the addressable cost base in 2011 to be below the growth in net sales, in local currencies and excluding acquisitions. The EBITDA margin, excluding non-recurring items, in 2011 is expected to improve compared with 2010.

Capital expenditures will be driven by investments in broadband and mobile capacity as well as in network expansion in Eurasia. The CAPEX-to-sales ratio is expected to be approximately 13-14 percent in 2011, excluding license and spectrum fees.

Please refer to page 24 for the previous Group outlook for 2011 (published on February 3, 2011)

Review of the Group, first quarter 2011

Net sales in local currencies and excluding acquisitions increased 2.5 percent. In reported currency, net sales decreased 5.6 percent to SEK 24,725 million (26,190). The negative effect of disposals was 1.4 percent and the negative effect of exchange rate fluctuations was 6.7 percent.

In Mobility Services, net sales in local currencies and excluding acquisitions increased 4.6 percent. In reported currency, net sales decreased 2.9 percent to SEK 12,023 million (12,381).

In Broadband Services, net sales in local currencies and excluding acquisitions decreased 6.8 percent. In reported currency, net sales decreased 10.8 percent to SEK 9,026 million (10,123).

In Eurasia, net sales in local currencies and excluding acquisitions increased 21.6 percent. In reported currency, net sales increased 9.2 percent to SEK 3,863 million (3,536).

The number of subscriptions rose by 8.8 million from the end of the first quarter 2010 to 158.0 million, of which 8.6 million to 57.4 million in the consolidated operations and 0.2 million to 100.6 million in the associated companies. During the first quarter, the total number of subscriptions increased by 2.1 million in the consolidated operations and decreased by 1.2 million in the associated companies.

The addressable cost base in local currencies and excluding acquisitions increased 4.1 percent. In reported currency, the addressable cost base decreased 3.9 percent to SEK 7,716 million (8,031).

EBITDA, excluding non-recurring items, increased 5.3 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, decreased 1.5 percent to SEK 8,812 million (8,945).

Operating income, excluding non-recurring items, decreased 2.6 percent to SEK 7,247 million (7,444). Income from associated companies increased 1.7 percent to SEK 1,628 million (1,601).

Non-recurring items affecting operating income totaled SEK 15 million (-240) including a SEK 65 million capital gain following the settlement of certain transactions related to the Azerbaijan holding company structure.

Financial items totaled SEK -593 million (-479) of which SEK -522 million (-454) related to net interest expenses.

Income taxes decreased to SEK 1,429 million (1,489). The effective tax rate was 21.4 percent (22.1).

Non-controlling interests in subsidiaries increased to SEK 594 million (514), of which SEK 522 million (437) was related to the operations in Eurasia and SEK 62 million (85) to LMT and TEO.

Net income attributable to owners of the parent company decreased 1.6 percent to SEK 4,646 million (4,722) and earnings per share decreased to SEK 1.04 (1.05).

CAPEX increased to SEK 3,710 million (2,047) and the CAPEX-to-sales ratio to 15.0 percent (7.8). In the first quarter of 2011, CAPEX included SEK 937 million in license and spectrum fees, of which SEK 854 million for the acquisition of a license in the 800 MHz frequency band in Sweden. The CAPEX-to-sales ratio, excluding license and spectrum fees, amounted to 11.2 percent in the first quarter of 2011.

Free cash flow decreased to SEK 2,587 million (3,372), impacted by higher paid taxes of SEK 0.9 billion.

Net debt decreased to SEK 45,000 million at the end of the first quarter (47,309 at the end of the fourth quarter of 2010).

The equity/assets ratio was 42.2 percent (48.0 percent at the end of the fourth quarter of 2010), impacted by the repurchase of shares during the quarter.

Significant events in the first quarter

- On January 11, 2011, TeliaSonera announced the roll-out of a new, modern radio network in Norway to offer increased coverage and speed. Huawei and Ericsson have been selected to build the combined 2G/3G/4G radio network. Huawei is providing equipment for the southern part and Ericsson for the northern part of Norway.

- On February 10, 2011, TeliaSonera issued a 9-year Eurobond of EUR 750 million under its existing EUR 9 billion EMTN (Euro Medium Term Note) program maturing in February 2020. The Re-offer yield was set at 4.365 percent p.a. equivalent to Euro Mid-swaps + 90 bp for a 9-year deal.

- On February 16, 2011, Yoigo, TeliaSonera's mobile operation in Spain, announced an upgrade of its 3G mobile network for higher speed and wider coverage. Ericsson has been chosen as network supplier. The network infrastructure will be modernized and prepared for future 4G activities and will cover most cities in Spain by the end of 2011.

- On March 4, 2011, TeliaSonera successfully acquired Swedish nationwide frequencies on the 800 MHz band for a continued cost efficient 4G roll-out. The acquired frequency blocks of 2*10 MHz are valid for 25 years and are not subject to any conditions related to construction pace or population coverage. The cost was SEK 854 million and payment will be made during the second quarter of 2011.

- On March 24, 2011, TeliaSonera took legal action against Turkcell's Chairman of the Board in order to safeguard good corporate governance in Turkcell and to protect its legal rights as a minority shareholder.

Significant events after the end of the first quarter

- On April 5, 2011, TeliaSonera announced that it had repurchased 160,372,432 of the company's shares, representing almost 100 percent of the 160,373,471 shares included in the repurchase offer presented on February 18. Approximately SEK 9,943 million will be distributed to the shareholders of TeliaSonera as payment for the repurchased shares.

Improving profitability in Mobility Services

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

- The strong demand for mobile internet access in the Nordic countries drives mobile data revenues and equipment sales and continues to off-set a reduction in voice revenues. Less expensive smart phones are now becoming available, allowing new consumer segments to be targeted. In March 2011, eight out of the ten most popular smart phones in Sweden were based on Android.

- In March, TeliaSonera acquired a license in the 800 MHz frequency band in Sweden which will make it possible to continue the roll-out of high quality 4G services in the whole country. TeliaSonera now provides commercial 4G services in the four Nordic countries and in Estonia. TeliaSonera's subsidiary in Estonia, EMT, created the world's first mobile identification service which made it possible for citizens to cast their votes with their mobile phones in the parliamentary elections in March 2011.

SEK in millions, except margins, operational data and changes	Jan-Mar 2011	Jan-Mar 2010	*Chg (%)*	Jan-Dec 2010
Net sales	12,023	12,381	*-3*	50,659
EBITDA excl. non-recurring items	3,680	3,561	*3*	14,928
Margin (%)	30.6	28.8		29.5
Operating income	2,609	2,480	*5*	10,750
Operating income excl. non-recurring items	2,612	2,492	*5*	10,776
CAPEX	1,787	614	*191*	3,879
Subscriptions, period-end (thousands)	18,680	17,227	*8*	18,384
Employees, period-end	7,785	7,392	*5*	7,488

Additional segment information available at www.teliasonera.com.

- **Net sales** in local currencies and excluding acquisitions increased 4.6 percent. Net sales in reported currency decreased 2.9 percent to SEK 12,023 million (12,381). The negative effect of exchange rate fluctuations was 7.5 percent.

  Net sales grew in Sweden, Finland, Norway and Spain, in local currencies and excluding acquisitions. Net sales in Sweden rose by 5.3 percent to SEK 3,839 million (3,647), which can be entirely explained by growth in mobile data. Voice revenues remained at the same level as last year while equipment sales were lower compared to the previous quarters.

  In Finland, net sales in local currency grew 0.3 percent to the equivalent of SEK 2,186 million (2,448) as a result of higher mobile data revenues and equipment sales. Voice revenues declined due to lower usage and lower average prices. Lower termination fees from December 1, 2010, also impacted net sales negatively.

  The Norwegian market continued to be characterized by aggressive price offers from smaller operators. The mobile termination rate was lowered by 40 percent as of January 1, 2011, which negatively impacted revenues by approximately NOK 85 million in the first quarter. Despite this, net sales in local currency grew by 3.0 percent due to higher equipment sales, mobile data revenues and an increase in wholesale revenues.

In Spain, net sales in local currency, increased 39.0 percent to the equivalent of SEK 1,561 million (1,261), mainly due to higher voice revenues as a result of strong subscription intake. Growth in equipment sales and usage was lower than in previous quarters as a result of a weaker macroeconomic situation.

The Danish market continued to be challenging with fierce competition from smaller operators and lower interconnect revenues. Net sales in local currency fell by 7.0 percent to the equivalent of SEK 1,392 million (1,683), of which approximately half can be explained by regulatory effects. On the positive side, growth in mobile data continued to improve and non-voice revenues now amount to 27 percent of total revenues.

Net sales were lower than the corresponding quarter last year in all Baltic countries as a result of the macroeconomic environment, lower interconnect rates and fierce price pressure. Net sales in local currency in Estonia decreased 0.8 percent. Net sales in local currencies in Latvia and Lithuania fell by 7.6 percent and 5.0 percent, respectively.

- **The number of subscriptions** rose by 1.5 million from the end of the first quarter 2010 to 18.7 million. Growth was strongest in Spain with an increase of 0.8 million to 2.5 million subscriptions. Finland and Sweden followed with increases of 0.3 million in both countries. 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 Norway from NOK 0.50 to NOK 0.30 on January 1, 2011. In Latvia, fees were lowered from LVL 0.04 to LVL 0.035 on January 1, 2011, and will be reduced further to LVL 0.03 on July 1, 2011. From January 1, 2011, fees in Lithuania were lowered from LTL 0.148 to LTL 0.103. In Spain, fees were lowered on April 1, 2011, from EUR 0.05 to EUR 0.045 and will be reduced further to EUR 0.04 on October 1, 2011. In Denmark, fees will be lowered on May 1, 2011, from DKK 0.44 to DKK 0.33.

- **EBITDA**, excluding non-recurring items, increased 9.5 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 3.3 percent to SEK 3,680 million (3,561). The EBITDA margin increased to 30.6 percent (28.8).

  In Sweden, EBITDA excluding non-recurring items, increased 14.3 percent to SEK 1,687 million (1,476) as a result of higher revenues, improved gross margin and a reduction in the addressable cost base. The EBITDA margin improved to 43.9 percent (40.5). In Finland, the EBITDA margin fell to 32.1 percent (32.8) due to increased sales and marketing activities, higher personnel costs as well as a dilution effect from low-margin equipment sales.

  In Norway, the EBITDA margin fell to 33.9 percent (35.9) due to an increase in churn and higher equipment sales. In Denmark, lower net sales and unchanged addressable cost base lowered the EBITDA margin to 14.4 percent (16.9).

  The EBITDA margins decreased in all Baltic countries. In Latvia and Lithuania, higher sales and marketing costs lowered the EBITDA margins to 38.9 percent (42.7) and 27.8 percent (36.3), respectively. In Estonia, the EBITDA margin fell to 36.3 percent (40.9) as a result of a dilution from low-margin equipment sales.

For the second consecutive quarter, Yoigo in Spain delivered a positive result and the EBITDA improved to SEK 37 million compared to a loss of SEK 267 million in the corresponding quarter last year. The improvement can be explained by higher revenues and an increased share of traffic in its own network as well as a higher share of postpaid subscriptions.

- **CAPEX** increased to SEK 1,787 million (614) and the CAPEX-to-sales ratio to 14.9 percent (5.0). CAPEX included SEK 854 million for the acquisition of a Swedish license in the 800 MHz frequency band. Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 1,893 million (2,947).

SEK in millions, except margins and changes	**Jan-Mar 2011**	**Jan-Mar 2010**	***Chg (%)***	**Jan-Dec 2010**
Net sales	12,023	12,381	*-3*	50,659
of which Sweden	3,839	3,647	*5*	15,195
of which Finland	2,186	2,448	*-11*	9,613
of which Norway	2,015	2,120	*-5*	8,597
of which Denmark	1,392	1,683	*-17*	6,305
of which Lithuania	335	397	*-16*	1,662
of which Latvia	380	459	*-17*	1,806
of which Estonia	353	399	*-12*	1,650
of which Spain	1,561	1,261	*24*	5,979
EBITDA excl. non-recurring items	3,680	3,561	*3*	14,928
of which Sweden	1,687	1,476	*14*	6,216
of which Finland	702	803	*-13*	2,989
of which Norway	683	762	*-10*	3,046
of which Denmark	201	284	*-29*	1,189
of which Lithuania	93	144	*-35*	553
of which Latvia	148	196	*-24*	723
of which Estonia	128	163	*-21*	654
of which Spain	37	-267		-441
Margin (%), total	30.6	28.8		29.5
Margin (%), Sweden	43.9	40.5		40.9
Margin (%), Finland	32.1	32.8		31.1
Margin (%), Norway	33.9	35.9		35.4
Margin (%), Denmark	14.4	16.9		18.9
Margin (%), Lithuania	27.8	36.3		33.3
Margin (%), Latvia	38.9	42.7		40.0
Margin (%), Estonia	36.3	40.9		39.6
Margin (%), Spain	2.4	neg		neg

Net sales in local currencies and excluding acquisitions	**Jan-Mar**
Change (%), total	*4.6*
Change (%), Sweden	*5.3*
Change (%), Finland	*0.3*
Change (%), Norway	*3.0*
Change (%), Denmark	*-7.0*
Change (%), Lithuania	*-5.0*
Change (%), Latvia	*-7.6*
Change (%), Estonia	*-0.8*
Change (%), Spain	*39.0*

One million TV subscriptions in Broadband Services

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

- The number of TV customers accelerated in the first quarter and in April the total number of subscriptions amounted to more than one million throughout our Nordic and Baltic markets. The number of VoIP subscriptions reached more than 400,000 and the addition of 50,000 VoIP subscriptions in the first quarter compensated for approximately 50 percent of the total decline of PSTN subscriptions.

- In Sweden, around 800,000 broadband connections over the copper network will be upgraded with VDSL2. This upgrade will enable speeds up to between 30-60 Mbit/s and in a better way support HD-TV, online gaming and on-demand services. The upgrade will start in April 2011 and be finished by 2013.

SEK in millions, except margins, operational data and changes	Jan-Mar 2011	Jan-Mar 2010	*Chg (%)*	Jan-Dec 2010
Net sales	9,026	10,123	*-11*	39,875
EBITDA excl. non-recurring items	3,094	3,522	*-12*	13,035
Margin (%)	34.3	34.8		32.7
Operating income	1,861	2,168	*-14*	7,813
Operating income excl. non-recurring items	1,886	2,249	*-16*	7,969
CAPEX	940	800	*18*	4,928
Subscriptions, period-end (thousands)				
Broadband	2,415	2,354	*3*	2,402
Fixed voice and VoIP	5,018	5,329	*-6*	5,040
TV	994	823	*21*	935
Employees, period-end	13,688	13,576	*1*	13,901

Additional segment information available at www.teliasonera.com.

- **Net sales** in local currencies and excluding acquisitions decreased 6.8 percent. Net sales in reported currency decreased 10.8 percent to SEK 9,026 million (10,123). The negative effect of exchange rate fluctuations was 4.0 percent.

  In Sweden, net sales fell 5.7 percent to SEK 4,282 million (4,539). Revenues from fixed-voice services fell 9 percent while growth within IP based services showed a slowdown compared to previous quarters. Price adjustments for both the consumer and corporate segment have been implemented. An increased number of TV- and VoIP subscriptions led to a revenue increase of more than 30 percent for these services.

  In Finland, net sales in local currency decreased 3.1 percent to the equivalent of SEK 1,301 million (1,507). Traditional fixed-voice services declined by 10 percent while IP based revenues were unchanged compared to the first quarter last year. In Norway, net sales in local currency decreased 10.9 percent to the equivalent of SEK 256 million (312) due to a continued high churn in the consumer segment.

In Denmark, net sales in local currency decreased 5.9 percent to the equivalent of SEK 225 million (269). IP based services grew by 21 percent, mainly due to internet broadband and TV services, but could not compensate for a 14 percent reduction in fixed-voice services.

In Estonia, net sales in local currency increased by 4.2 percent to the equivalent of SEK 430 million (463), due to promotion of new services such as TV, while revenues from traditional services were unchanged. In Lithuania, net sales in local currency fell by 3.2 percent to the equivalent of SEK 477 million (554).

In Wholesale, revenues fell by 12.3 percent to the equivalent of SEK 2,381 million (2,815). Revenues within International Carrier fell by 20.2 percent in the first quarter as a result of lower international voice revenues and price erosion in IP traffic.

- **The number of subscriptions** for broadband access rose to 2.4 million, an increase of 61,000 from the first quarter of 2010 and by 13,000 during the quarter.

  The total number of TV subscriptions rose by 171,000 from the first quarter of 2010 and by 59,000 during the quarter to 1.0 million.

  The number of fixed-voice subscriptions decreased by 480,000 from the end of the first quarter 2010 to 4.6 million, and was down 72,000 during the quarter. The intake of VoIP subscriptions was 50,000 in the quarter, bringing the total number of VoIP subscriptions to 424,000.

- **EBITDA**, excluding non-recurring items, decreased 8.6 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, decreased 12.2 percent to SEK 3,094 million (3,522). The EBITDA margin decreased to 34.3 percent (34.8).

  In Sweden, the EBITDA margin fell to 40.5 percent (41.3) as the decline in net sales and a reduction in gross margin could not be compensated for by lower personnel costs and less sales and marketing spending. The same explanations can be applied in Finland where the EBITDA margin decreased to 26.2 percent (33.2).

  In Norway, a reduction in the addressable cost base of 15.6 percent could not fully compensate for the decline in net sales and a lower gross margin and the EBITDA margin fell to 15.2 percent (15.7). In Denmark, the EBITDA margin fell to 4.0 percent (9.7).

  In Estonia and Lithuania, the EBITDA margins fell to 30.7 percent (31.1) and 39.8 percent (41.0), respectively, mainly due to a lower gross margin. In Wholesale, the EBITDA margin improved to 27.2 percent (25.0), partly due to an improvement within International Carrier where the margin improved from 4.0 percent to 6.3 percent.

- **CAPEX** increased to SEK 940 million (800) and the CAPEX-to-sales ratio to 10.4 percent (7.9). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 2,154 million (2,722).

SEK in millions, except margins and changes	Jan-Mar 2011	Jan-Mar 2010	*Chg (%)*	Jan-Dec 2010
Net sales	9,026	10,123	*-11*	39,875
of which Sweden	4,282	4,539	*-6*	18,085
of which Finland	1,301	1,507	*-14*	5,820
of which Norway	256	312	*-18*	1,157
of which Denmark	225	269	*-16*	983
of which Lithuania	477	554	*-14*	2,139
of which Estonia	430	463	*-7*	1,910
of which Wholesale	2,381	2,815	*-15*	11,214
EBITDA excl. non-recurring items	3,094	3,522	*-12*	13,035
of which Sweden	1,736	1,873	*-7*	6,907
of which Finland	341	500	*-32*	1,719
of which Norway	39	49	*-20*	183
of which Denmark	9	26	*-65*	98
of which Lithuania	190	227	*-16*	852
of which Estonia	132	144	*-8*	586
of which Wholesale	648	703	*-8*	2,690
Margin (%), total	34.3	34.8		32.7
Margin (%), Sweden	40.5	41.3		38.2
Margin (%), Finland	26.2	33.2		29.5
Margin (%), Norway	15.2	15.7		15.8
Margin (%), Denmark	4.0	9.7		10.0
Margin (%), Lithuania	39.8	41.0		39.8
Margin (%), Estonia	30.7	31.1		30.7
Margin (%), Wholesale	27.2	25.0		24.0

Net sales in local currencies and excluding acquisitions	Jan-Mar
Change (%), total	*-6.8*
Change (%), Sweden	*-5.7*
Change (%), Finland	*-3.1*
Change (%), Norway	*-10.9*
Change (%), Denmark	*-5.9*
Change (%), Lithuania	*-3.2*
Change (%), Estonia	*4.2*
Change (%), Wholesale	*-12.3*

More than 30 million subscriptions 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.*

- Organic growth improved even further in the first quarter due to continued strong subscription intake, mainly in Nepal, Uzbekistan and Kazakhstan. The number of subscriptions in the consolidated operations exceeded 30 million during the first quarter. Important milestones were reached as Kazakhstan and Uzbekistan surpassed 9 million and 7 million subscriptions, respectively. Ncell in Nepal has in one year more than doubled its subscription base and reached 5 million subscriptions in April.

- In Russia, MegaFon has overtaken VimpelCom as the country's second largest mobile operator, both in terms of subscriptions and revenues. According to ACM-Consulting, MegaFon is the market leader in mobile data with a 39 percent market share in terms of revenues. Today, MegaFon provides access to high-speed mobile network to 65 percent of the country's population and around 40 percent of all wireless internet traffic in Russia is generated in MegaFon's network.

SEK in millions, except margins, operational data and changes	**Jan-Mar 2011**	**Jan-Mar 2010**	***Chg (%)***	**Jan-Dec 2010**
Net sales	3,863	3,536	*9*	16,458
EBITDA excl. non-recurring items	1,968	1,735	*13*	8,348
Margin (%)	50.9	49.1		50.7
Income from associated companies				
Russia	1,094	1,152	*-5*	5,053
Turkey	509	429	*18*	2,550
Operating income	2,898	2,741	*6*	13,267
Operating income excl. non-recurring items	2,837	2,741	*4*	13,314
CAPEX	850	513	*66*	5,473
Subscriptions, period-end (thousands)				
Subsidiaries	30,289	23,015	*32*	28,505
Associated companies	99,670	99,600	*0*	100,286
Employees, period-end	4,902	4,723	*4*	4,853

Additional segment information available at www.teliasonera.com.

Consolidated operations

- **Net sales** in local currencies and excluding acquisitions increased 21.6 percent. Net sales in reported currency increased 9.2 percent to SEK 3,863 million (3,536). The negative effect from exchange rate fluctuations was 12.4 percent.

  In Kazakhstan, net sales in local currency increased 27.7 percent to the equivalent of SEK 1,777 million (1,530), driven by an improving macroeconomic situation and a strong subscription intake. Kcell surpassed 9 million subscriptions in the first quarter.

  In Azerbaijan, net sales in local currency fell 0.7 percent to the equivalent of SEK 798 million (887) due to a lower number of subscriptions. Despite this, Azercell's market share remained well above 50 percent.

In Uzbekistan, difficult weather conditions combined with electricity and fuel delivery problems, resulted in lower network availability and lower usage. Despite these problems, net sales in local currency increased 43.2 percent to the equivalent of SEK 398 million (334), due to strong subscription intake and growth in value added services. In February 2011, all operators launched tariff plans with the same minute price for all domestic calls.

In Tajikistan, net sales in local currency grew by 12.0 percent to the equivalent of SEK 177 million (176). In January 2011, the Parliament in Tajikistan approved VAT on incoming international calls and imposed an excise tax of 3 percent on mobile revenues.

In Georgia, net sales in local currency decreased by 18.2 percent to the equivalent of SEK 212 million (290), mainly due to the 46 percent reduction in interconnect fees from August 1, 2010, as well as the excise tax of 10 percent of revenues from September 1, 2010. Number portability was introduced in Georgia in mid-February and early indications show that Geocell is gaining market share as a result of this change.

In Nepal, net sales in local currency almost doubled with a growth of 98.8 percent to the equivalent of SEK 398 million (219) as a result of a continued strong subscription intake.

- **The number of subscriptions** in the consolidated operations was 30.3 million, an increase by 7.3 million from the end of the first quarter of 2010. Growth was strongest in Nepal, Uzbekistan and Kazakhstan with a rise of 2.4 million, 2.2 million and 1.9 million subscriptions to 4.8 million, 7.3 million and 9.4 million, respectively. During the first quarter the total number of subscriptions in the Eurasian consolidated operations increased by 1.8 million. Nepal, Uzbekistan and Kazakhstan showed the largest rises, increasing the number of subscriptions by 0.7 million, 0.5 million and 0.4 million, respectively.

- **EBITDA**, excluding non-recurring items, increased 26.0 percent in local currencies and excluding acquisitions. In reported currency, EBITDA, excluding non-recurring items, increased 13.4 percent to SEK 1,968 million (1,735). The EBITDA margin increased to 50.9 percent (49.1).

  Despite the strong growth in subscriptions, the EBITDA margin in Ucell in Uzbekistan improved to above 40 percent while Ncell in Nepal kept its EBITDA margin above 50 percent. Kcell in Kazakhstan increased its EBITDA margin, partly due to a higher gross margin as a result of the new long term agreement on transmission services with Kazaktelekom. In both Tajikistan and Georgia, the EBITDA margins were impacted negatively by recent regulatory changes.

- **CAPEX** increased to SEK 850 million (513) and the CAPEX-to-sales ratio to 22.0 percent (14.5). Cash flow, measured as EBITDA, excluding non-recurring items, minus CAPEX, decreased to SEK 1,118 million (1,222).

SEK in millions, except changes	Jan-Mar 2011	Jan-Mar 2010	*Chg (%)*	Jan-Dec 2010
Net sales	3,863	3,536	*9*	16,458
of which Kazakhstan	1,777	1,530	*16*	7,450
of which Azerbaijan	798	887	*-10*	3,817
of which Uzbekistan	398	334	*19*	1,607
of which Tajikistan	177	176	*1*	823
of which Georgia	212	290	*-27*	1,133
of which Moldova	107	102	*5*	489
of which Nepal	398	219	*82*	1,149

Net sales in local currencies and excluding acquisitions	Jan-Mar
Change (%), total	*21.6*
Change (%), Kazakhstan	*27.7*
Change (%), Azerbaijan	*-0.7*
Change (%), Uzbekistan	*43.2*
Change (%), Tajikistan	*12.0*
Change (%), Georgia	*-18.2*
Change (%), Moldova	*10.9*
Change (%), Nepal	*98.8*

Associated companies – Russia

- MegaFon (associated company, in which TeliaSonera holds 43.8 percent) in Russia reported a subscription base of 57.1 million, an increase of 5.1 million compared to the corresponding period last year and 0.1 million lower than the previous quarter.

- TeliaSonera's income from Russia decreased to SEK 1,094 million (1,152). The Russian ruble depreciated 8.0 percent against the Swedish krona, which had a negative impact of SEK 95 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 33.5 million, a decrease of 1.9 million compared to the corresponding period last year and 0.4 million lower than the previous quarter. In Ukraine, the number of subscriptions decreased by 3.1 million to 9.1 million compared to the corresponding period last year and decreased by 0.7 million during the quarter.

- TeliaSonera's income from Turkey increased to SEK 509 million (429). The Turkish lira depreciated 13.9 percent against the Swedish krona, which had a negative impact of SEK 80 million.

- On March 23, 2011, Turkcell's Board of Directors proposed to the General Assembly, which will be held on April 21, 2011, a dividend distribution of TRY 1,329 million, corresponding to 75 percent of Turkcell's distributable income. TeliaSonera's share, after withholding taxes, is approximately TRY 445 million.

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.*

SEK in millions, except changes	Jan-Mar 2011	Jan-Mar 2010	*Chg (%)*	Jan-Dec 2010
Net sales	921	1,350	*-32*	5,102
EBITDA excl. non-recurring items	68	130	*-48*	560
Income from associated companies	-7	-2		-23
Operating income	-110	-182	*-40*	143
Operating income excl. non-recurring items	-92	-35	*163*	-154
CAPEX	132	119	*11*	654

Additional segment information available at www.teliasonera.com.

- **Net sales** in local currencies and excluding acquisitions decreased 0.3 percent. In reported currency, net sales decreased 31.8 percent to SEK 921 million (1,350). Net sales in Veikon Kone, a white goods retail chain reported within TeliaSonera Holding, decreased to SEK 190 million (238). In the first quarter of 2010, net sales also included SEK 365 million from Telia Stofa in Denmark. Telia Stofa was divested in July 2010.

- **EBITDA**, excluding non-recurring items, decreased 47.7 percent in reported currency to SEK 68 million (130).

Stockholm, April 19, 2011

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 April 19, 2011.

Financial Information

Interim Report January–June 2011	July 20, 2011
Interim Report January–September 2011	October 19, 2011
Year-end Report January–December 2011	February 2, 2012

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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.

Condensed Consolidated Statements of Comprehensive Income

SEK in millions, except per share data, number of shares and changes	**Jan-Mar 2011**	**Jan-Mar 2010[1)]**	***Chg (%)***	**Jan-Dec 2010[1)]**
Net sales	24,725	26,190	*-6*	106,979
Cost of sales	-13,046	-14,687	*-10*	-57,691
Gross profit	**11,679**	**11,503**	***2***	**49,288**
Selling, admin. and R&D expenses	-6,307	-5,838	*8*	-25,684
Other operating income and expenses, net	262	-62		578
Income from associated companies and joint ventures	1,628	1,601	*2*	7,821
Operating income	**7,262**	**7,204**	***1***	**32,003**
Finance costs and other financial items, net	-593	-479	*24*	-2,067
Income after financial items	**6,669**	**6,725**	***-1***	**29,936**
Income taxes	-1,429	-1,489	*-4*	-6,374
Net income	**5,240**	**5,236**	***0***	**23,562**
Foreign currency translation differences	-3,822	-5,356	*-29*	-18,959
Income from associated companies	-35	-21	*67*	-103
Cash flow hedges	61	-53		63
Available-for-sale financial instruments	–	–		-90
Income taxes relating to other comprehensive income	-10	-378	*-97*	-936
Other comprehensive income	**-3,806**	**-5,808**	***-34***	**-20,025**
Total comprehensive income	**1,434**	**-572**		**3,537**
Net income attributable to:				
Owners of the parent	4,646	4,722	*-2*	21,257
Non-controlling interests	594	514	*16*	2,305
Total comprehensive income attributable to:				
Owners of the parent	1,154	-1,105		1,692
Non-controlling interests	280	533	*-47*	1,845
Earnings per share (SEK), basic and diluted	1.04	1.05	*-1*	4.73
Number of shares (thousands)				
Outstanding at period-end	4,330,085	4,490,457		4,490,457
Weighted average, basic and diluted	4,479,766	4,490,457		4,490,457
Number of treasury shares (thousands)				
Outstanding at period-end	160,372	–		–
Weighted average	10,691	–		–
EBITDA	8,841	8,706	*2*	37,661
EBITDA excl. non-recurring items	8,812	8,945	*-1*	36,897
Depreciation, amortization and impairment losses	-3,207	-3,103	*3*	-13,479
Operating income excl. non-recurring items	7,247	7,444	*-3*	31,935

1) For certain restatements; see page 18.

Condensed Consolidated Statements of Financial Position

SEK in millions	Mar 31, 2011	Dec 31, 2010
Assets		
Goodwill and other intangible assets	89,646	90,531
Property, plant and equipment	57,011	58,353
Investments in associates and joint ventures, deferred tax assets and other non-current assets	61,640	62,458
Total non-current assets	*208,297*	*211,342*
Inventories	1,532	1,395
Trade receivables, current tax assets and other receivables	19,327	19,993
Interest-bearing receivables	1,345	2,477
Cash and cash equivalents	25,660	15,344
Total current assets	*47,864*	*39,209*
Non-current assets held-for-sale	*0*	–
Total assets	**256,161**	**250,551**
Equity and liabilities		
Equity attributable to owners of the parent	117,082	125,907
Equity attributable to non-controlling interests	6,448	6,758
Total equity	*123,530*	*132,665*
Long-term borrowings	70,275	60,563
Deferred tax liabilities, other long-term provisions	23,100	23,230
Other long-term liabilities	1,577	1,593
Total non-current liabilities	*94,952*	*85,386*
Short-term borrowings	1,782	4,873
Trade payables, current tax liabilities, short-term provisions and other current liabilities	35,897	27,627
Total current liabilities	*37,679*	*32,500*
Total equity and liabilities	**256,161**	**250,551**

Condensed Consolidated Statements of Cash Flows

SEK in millions	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Cash flow before change in working capital	5,696	6,263	28,831
Change in working capital	-594	-804	-1,397
Cash flow from operating activities	**5,102**	**5,459**	**27,434**
Cash CAPEX	-2,515	-2,087	-14,533
Free cash flow	***2,587***	***3,372***	***12,901***
Cash flow from other investing activities	516	-2,402	-1,943
Total cash flow from investing activities	**-1,999**	**-4,489**	**-16,476**
Cash flow before financing activities	***3,103***	***970***	***10,958***
Cash flow from financing activities	**7,265**	**-6,409**	**-17,736**
Cash flow for the period	**10,368**	**-5,439**	**-6,778**
Cash and cash equivalents, opening balance	**15,344**	**22,488**	**22,488**
Cash flow for the period	10,368	-5,439	-6,778
Exchange rate differences	-52	-121	-366
Cash and cash equivalents, closing balance	**25,660**	**16,928**	**15,344**

Condensed Consolidated Statements of Changes in Equity

	Jan-Mar 2011			Jan-Mar 2010		
SEK in millions	**Owners of the parent**	**Non-controlling interests**	**Total equity**	**Owners of the parent**	**Non-controlling interests**	**Total equity**
Opening balance	125,907	6,758	**132,665**	135,372	7,127	**142,499**
Dividends	–	-601	**-601**	–	–	–
Repurchased treasury shares	-9,981	–	**-9,981**	–	–	–
Other transactions with owners	–	11	**11**	-98	-57	**-155**
Total comprehensive income	1,154	280	**1,434**	-1,105	533	**-572**
Share-based payments	2	–	**2**	–	–	–
Closing balance	**117,082**	**6,448**	**123,530**	**134,169**	**7,603**	**141,772**

Basis of Preparation

General. As in the annual accounts for 2010, TeliaSonera's consolidated financial statements as of and for the three-month period ended March 31, 2011, 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 *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*.

Correction of prior period classification errors. In this report, prior periods have been restated to reflect the discovery of certain classification errors, referring to: (a) certain commission fees to retailers in business area Eurasia; (b) certain equipment sales and commission fees in business area Mobility Services; and (c) certain leasing agreements with customers in reportable segment Other operations. The corrections were as follows.

Condensed Consolidated Statements of Comprehensive Income	Jan-Mar 2010			Apr-Jun 2010		
SEK in millions	**Reported**	**Restated**	**Chg**	**Reported**	**Restated**	**Chg**
Net sales	26,090	26,190	100	26,964	27,065	101
Cost of sales	-14,655	-14,687	-32	-15,180	-15,206	-26
Gross profit	**11,435**	**11,503**	**68**	**11,784**	**11,859**	**75**
Selling, admin. and R&D expenses	-5,752	-5,838	-86	-5,836	-5,931	-95
Other items, net	1,539	1,539	–	1,976	1,976	–
Operating income	**7,222**	**7,204**	**-18**	**7,924**	**7,904**	**-20**
Finance costs and other financial items, net	-497	-479	18	-583	563	20
Income after financial items	**6,725**	**6,725**	**–**	**7,341**	**7,341**	**–**

Condensed Consolidated Statements of Comprehensive Income	**Jul-Sep 2010**			**Oct-Dec 2010**		
SEK in millions	**Reported**	**Restated**	**Chg**	**Reported**	**Restated**	**Chg**
Net sales	26,754	26,873	119	26,774	26,851	77
Cost of sales	-14,129	-14,158	-29	-13,640	-13,640	–
Gross profit	**12,625**	**12,715**	**90**	**13,134**	**13,211**	**77**
Selling, admin. and R&D expenses	-6,158	-6,268	-110	-7,548	-7,647	-99
Other items, net	2,271	2,271	–	2,613	2,613	–
Operating income	**8,738**	**8,718**	**-20**	**8,199**	**8,177**	**-22**
Finance costs and other financial items, net	-487	-467	20	-580	-558	22
Income after financial items	**8,251**	**8,251**	**–**	**7,619**	**7,619**	**–**

Condensed Consolidated Statements of Comprehensive Income	**Jan-Dec 2010**			**Jan-Dec 2009**		
SEK in millions	**Reported**	**Restated**	**Chg**	**Reported**	**Restated**	**Chg**
Net sales	106,582	106,979	397	109,161	109,550	389
Cost of sales	-57,604	-57,691	-87	-60,965	-61,039	-74
Gross profit	**48,978**	**49,288**	**310**	**48,196**	**48,511**	**315**
Selling, admin. and R&D expenses	-25,294	-25,684	-390	-24,718	-25,115	-397
Other items, net	8,399	8,399	–	6,846	6,846	–
Operating income	**32,083**	**32,003**	**-80**	**30,324**	**30,242**	**-82**
Finance costs and other financial items, net	-2,147	-2,067	80	-2,710	-2,628	82
Income after financial items	**29,936**	**29,936**	**–**	**27,614**	**27,614**	**–**

New accounting standards (not yet adopted by the EU). For information, see corresponding section in TeliaSonera's Annual Report 2010.

Non-recurring Items

SEK in millions	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Within EBITDA	**29**	**-239**	**764**
Restructuring charges, synergy implementation costs, etc.:			
Mobility Services	-3	-12	-26
Broadband Services	-11	-80	-142
Eurasia	-4	–	-47
Other operations	-18	-147	-144
of which TeliaSonera Holding	*–*	*-4*	*-37*
Capital gains/losses:			
Telia Stofa	–	–	830
Other entities	65	–	293
Within Depreciation, amortization and impairment losses	**-14**	**-1**	**-692**
Impairment losses, accelerated depreciation:			
Broadband Services	-14	-1	-14
Other operations	–	–	-678
Within Income from associated companies and joint ventures	**–**	**–**	**-4**
Capital gains:			
SmartTrust	–	–	-4
Within Finance costs and other financial items, net	**–**	**–**	**–**
Total	**15**	**-240**	**68**

Deferred Taxes

SEK in millions	Mar 31, 2011	Dec 31, 2010
Deferred tax assets	8,779	9,048
Deferred tax liabilities	-12,620	-12,526
Net deferred tax liabilities (-)/assets (+)	**-3,841**	**-3,478**

Segment and Group Operating Income

SEK in millions	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Mobility Services	2,609	2,480	10,750
Broadband Services	1,861	2,168	7,813
Eurasia	2,898	2,741	13,267
Other operations	-110	-182	143
Total segments	**7,258**	**7,207**	**31,973**
Elimination of inter-segment profits	4	-3	30
Group	**7,262**	**7,204**	**32,003**

Related Party Transactions

Svenska UMTS-nät. As of March 31, 2011, TeliaSonera had interest-bearing claims of SEK 200 million on its 50 percent-owned joint venture, Svenska UMTS-nät AB. In the three-month period ended March 31, 2011, TeliaSonera purchased services from Svenska UMTS-nät worth SEK 151 million and sold services worth SEK 63 million.

Investments

SEK in millions	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
CAPEX	**3,710**	**2,047**	**14,934**
Intangible assets	1,420	289	2,498
Property, plant and equipment	2,290	1,758	12,436
Acquisitions and other investments	**104**	**763**	**1,735**
Asset retirement obligations	104	13	527
Goodwill and fair value adjustments	–	–	69
Equity holdings	0	750	1,139
Total	**3,814**	**2,810**	**16,669**

Net Debt

SEK in millions	Mar 31, 2011	Dec 31, 2010
Long-term and short-term borrowings	72,057	65,436
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings	-1,242	-1,731
Less short-term investments, cash and bank	-25,815	-16,396
Net debt	**45,000**	**47,309**

Loan Financing

The underlying operating positive cash-flow continued to be positive also in the first quarter of 2011.

Despite an eventful first quarter with a number of negative headlines, the corporate credit market continued to show resilience although with lower activity than anticipated. TeliaSonera issued a EUR 750 million nine-year benchmark Eurobond in February and a SEK 4 billion 18-month floating-rate note in March to attractive levels. TeliaSonera will continue to have an opportunistic funding approach through-out the year to take advantage of attractive funding opportunities when they appear.

The outlook for the remainder of 2011 continues to be mixed with strong macro fundamentals combined with worrying elements as an escalation of the sovereign debt problems. However, the corporate credit market will probably continue to be resilient as long as there are no specific bad news and pending the underlying interest rate development. The Swedish krona ended the first quarter 2011 almost unchanged compared to year-end 2010, and the case for a stronger SEK is fading with other central banks initiating their cycles of interest rate hikes.

Financial Key Ratios

	Mar 31, 2011	Dec 31, 2010
Return on equity (%, rolling 12 months)	19.0	17.8
Return on capital employed (%, rolling 12 months)	17.7	16.9
Equity/assets ratio (%)	42.2	48.0
Net debt/equity ratio (%)	41.6	39.3
Net debt/EBITDA rate (multiple, rolling 12 months)	1.22	1.28
Owners' equity per share (SEK)	27.04	28.04

Business Combinations

For a minor business combination in the first quarter, the cost of combination totaled SEK 4 million and the net cash outflow SEK 4 million. Goodwill was SEK 2 million, allocated to business area Mobility Services. Goodwill is explained by strengthened market positions. The total cost of combination and fair values were determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustment.

Guarantees and Collateral Pledged

As of March 31, 2011, the maximum potential future payments that TeliaSonera could be required to make under issued financial guarantees totaled SEK 1,544 million, of which SEK 1,275 million referred to credit guarantees on behalf of Svenska UMTS-nät AB. Collateral pledged totaled SEK 1,057 million, mainly referring to pledged shares in and claims on Svenska UMTS-nät and blocked funds in bank accounts related to Ipse 2000 S.p.A.'s license payments.

Contractual Obligations

As of March 31, 2011, contractual obligations totaled SEK 998 million, of which SEK 942 million referred to contracted build-out of TeliaSonera's mobile and fixed networks in Sweden.

Parent Company

Condensed Income Statements (SEK in millions)	Jan-Mar 2011	Jan-Mar 2010	Jan-Dec 2010
Net sales	10	3,477	13,236
Operating income	-1,388	386	1,803
Income after financial items	996	6,178	34,761
Income before taxes	1,975	4,684	29,798
Net income	1,529	3,441	25,422

As of January 1, 2011, the parent company operations within fixed network services and broadband application services were transferred to a subsidiary, impacting net sales and operating income. Out of the total net sales in the period, SEK 10 million (2,764) was billed to subsidiaries. Income after financial items declined, mainly as a result of lower group contributions from subsidiaries and negative effects from foreign exchange derivatives.

Condensed Balance Sheets (SEK in millions)	Mar 31, 2011	Dec 31, 2010
Non-current assets	178,152	174,292
Current assets	45,503	65,044
Total assets	**223,655**	**239,336**
Shareholders' equity	86,167	94,573
Untaxed reserves	12,230	13,209
Provisions	612	620
Liabilities	124,646	130,934
Total equity and liabilities	**223,655**	**239,336**

Total investments in the period were SEK 4,015 million (3,572), of which SEK 4,014 million referred to shareholder contributions to subsidiaries.

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 2010 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 2010.

Risks and uncertainties that could specifically impact the quarterly results of operations during the remainder of 2011 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 2011 (published on February 3, 2011)

The growth in net sales in local currencies and excluding acquisitions is expected to be around 4 percent. Currency fluctuations may have a material impact on reported figures in Swedish krona.

We expect the growth in the addressable cost base in 2011 to be below the growth in net sales, in local currencies and excluding acquisitions. The EBITDA margin, excluding non-recurring items, in 2011 is expected to improve compared with 2010.

Capital expenditures will be driven by investments in broadband and mobile capacity as well as in network expansion in Eurasia. The CAPEX-to-sales ratio is expected to be approximately 13-14 percent in 2011, excluding license and spectrum fees.

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.