

Press Release

October 28, 2005

Standard & Poor's has lowered TeliaSonera AB credit ratings to A-/A-2 with stable outlook

On Oct. 28, 2005, Standard & Poor's Ratings Services lowered its long- and short-term corporate credit ratings to 'A-/A-2' from 'A/A-1' on TeliaSonera AB. The outlook is stable.

"We have noticed the rating action initiated by Standard & Poor's today. No fundamental change has however occurred in the overall financial position, or strategic ambition, of TeliaSonera. Our credit metrics remain very strong, and are still among the strongest within our sector in Europe. Overall, we do not expect the Standard & Poor's action to have any significant cost impact on TeliaSonera's debt financing", says Kim Ignatius, Executive Vice President and Chief Financial Officer of TeliaSonera.

N.B. See below the related press release from Standard & Poor's.

Sweden's TeliaSonera AB Ratings Lowered To 'A-/A-2' On Weaker Business Profile; Outlook Stable

Contacts

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Rationale

On Oct. 28, 2005, Standard & Poor's Ratings Services lowered its long- and short-term corporate credit ratings to 'A-/A-2' from 'A/A-1' on the largest Nordic telecommunications operator, TeliaSonera AB. The outlook is stable.

The downgrade reflects TeliaSonera's continued struggle against difficult conditions in its core Swedish and Finnish markets, despite some signs of stabilization in the past quarter. Although TeliaSonera's balance sheet remains a source of rating support, fierce competition in mobile telephony in Finland, and to a lesser degree in Sweden, has weakened the company's business profile. The ratings continue to reflect TeliaSonera's strong positions in its core Nordic and Baltic markets, and the company's conservative financial profile.

At Sept. 30, 2005, TeliaSonera had on-balance-sheet debt of Swedish krona (Skr) 26.8 billion (\$3.4 billion).

For the 12 months ended Sept. 30, 2005, Finland's share of total EBITDA fell to 14%, from 23% one year earlier. In the company's cash-generative Swedish fixed-line business, which represents 36% of total EBITDA, third-quarter 2005 profits dropped 6% year-on-year, on continued stiff competition, increased activity in fixed-to-mobile substitution, and Voice over Internet Protocol development. TeliaSonera is still performing well in Denmark, however, essentially on the back of the Orange Denmark acquisition at year-end 2004. Similarly, the company's operations in the Baltic region are benefiting from the consolidation of Estonia's No. 1 mobile provider EMT.

Ongoing very strong free cash flow generation--a critical support for the ratings--represented 18% of revenues in the 12 months ended Sept. 30, 2005.

TeliaSonera is the leading telecommunications company in the Nordic and Baltic regions. At the end of December 2004 TeliaSonera had 15,411,000 mobile customers (51,359,000 incl associated companies) and 8,312,000 fixed telephony customers (8,943,000 incl associated companies) and 2,017,000 internet customers (2,056,000 incl associated companies). Outside the home markets TeliaSonera has extensive interests in the growth markets in Russia, Turkey and Eurasia. TeliaSonera is listed on the Stockholm Stock Exchange and the Helsinki Stock Exchange. Net sales January-December 2004 amounted to SEK 81.9 billion (EUR 9.08 billion). The number of employees was 29,082.

TeliaSonera's sound capitalization also continues to support the ratings, as debt, net of excess cash and adjusted for operating leases and after-tax pension underfunding, was just 0.6x EBITDA before one-off items.

The company's shareholder return policies include a 30%-50% payout ratio and the continuation of a Skr30 billion additional return program, of which Skr10 billion has already been executed. Another Skr10 billion is to be proposed at the next Annual General Meeting in April 2006.

Short-term credit factors

Our 'A-2' short-term credit rating reflects TeliaSonera's strong internal liquidity, good cash flow capacity and visibility, and significant access to capital markets.

At June 30, 2005, TeliaSonera's liquidity was supported by:

- Available cash and short-term investments of Skr17 billion, of which Skr1 billion is blocked to guarantee payments in Italy;
- Expected continued strong free cash flow; and
- Undrawn committed bank credit facilities of about Skr10 billion.

The main near-term cash requirements--short-term debt of Skr6.2 billion and the exceptional Skr10 billion dividend payment to be proposed are therefore easily manageable.

Outlook

The stable outlook reflects Standard & Poor's expectations that TeliaSonera will successfully address challenging Nordic market conditions, at least stabilizing its revenue and profitability in its core Nordic markets, and fund possible small to midsize acquisitions while preserving conservative financial leverage. Notably, we expect net adjusted debt to remain at or below 2x EBITDA, excluding contributions from the company's risky and not fully controlled central Asian operations.

A significant and unexpected increase in leverage, particularly beyond our leverage target of 2x, or further deterioration in operating performance in the core Nordic markets could cause downward pressure the ratings. We do not, at present, foresee near-term credit upside given the trading environment in Finland and Sweden.

Ratings List

	To	From
TeliaSonera AB		
Corporate credit rating	A-/Stable/A-2	A/Negative/A-1
Commercial paper	A-2	A-1
TeliaSonera Finland Oyj		
Corporate credit rating	A-/Stable/A-2	A/Negative/A-1

NB: This list does not include all ratings affected.

Forward-Looking Statements

Statements made in the press release relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of TeliaSonera.

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