TeliaSonera January-December 2005

- **Net sales increased 7.0 percent to SEK 87,661 million (81,937) driven by strong mobile and broadband growth.**
- **Strong customer growth year on year:**
  - **2.7 million new customers in the majority owned Nordic, Baltic and Eurasian operations.**
  - **14.8 million new customers in the associated companies MegaFon and Turkcell.**
- **Operating income, excluding non-recurring items, totaled SEK 20,107 million (20,859). International Mobile operations close to 30 percent of Group operating income.**
- **EBITDA margin, excluding non-recurring items, decreased to 33.6 percent (36.9) due to decreased earnings in Finland mobile and Sweden fixed. Mobile margins maintained in Sweden despite strong price pressure.**
- **Free cash flow increased to SEK 15,594 million (14,118).**
- **Net income totaled SEK 13,694 million (14,264) and earnings per share were SEK 2.56 (2.77).**
- **Proposed ordinary dividend of SEK 1.25 per share (SEK 5,613 million).**
- **In addition to the ordinary dividend, a distribution of SEK 10,104 million to the shareholders through an extra dividend of SEK 2.25 per share is proposed.**

Financial Highlights

SEK in millions, except per share data	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	22,876	21,252	87,661	81,937
EBITDA[1] excl. non-recurring items[2]	7,098	7,457	29,411	30,196
Operating income	4,022	1,300	17,549	18,793
Operating income excl. non-recurring items	4,890	5,076	20,107	20,859
Net income[3]	3,342	2,409	13,694	14,264
of which attributable to shareholders of the parent company	2,734	2,091	11,697	12,964
Earnings per share (SEK)	0.61	0.45	2.56	2.77

1) Please refer to page 23 for definitions.
2) Non-recurring items; see table on page 28-29.
3) In accordance with International Financial Reporting Standards net income includes net income attributable to minority interests in subsidiaries.

Comments from Anders Igel, President and CEO

“2005 was another strong year for TeliaSonera despite intense competition in our markets and major internal restructuring initiatives. I believe this demonstrates the ability of our employees to make good achievements under demanding conditions.”

“We posted a good 7 percent growth in net sales. More than 17 million new customers showed their trust in our services. This, together with the significant volume growth within mobile and broadband and major initiatives to launch new services and offerings, once again confirmed TeliaSonera’s leading position within its markets.”

"The income from our operations reached more than SEK 20 billion also in 2005. We showed continued good cash flow and net income, and the proposal to make another substantial capital distribution to our shareholders will make TeliaSonera one of the highest yielding shares in the industry."

"This year I believe we will show continued sales growth, improved profits and strong cash flow."

Outlook 2006

Strategy

TeliaSonera's strategy is based on dual opportunities stemming from operations in markets with different degrees of maturity. In the more mature home markets in the Nordic and Baltic countries the strategic priorities are to *create growth* via new mobile and IP based services and offerings, increased simplicity in services as well as selected acquisitions, and to *keep the profitability* via the ongoing programs to achieve competitive cost levels and focusing of the service offerings. In the more emerging International Mobile operations in Eurasia, Russia and Turkey the strategy is to *exploit the inherent growth* and *enhance the value* of the companies. Based on the current strengths in the regions, complementary acquisitions can be considered, which may lead to additional growth.

Group outlook

Despite tough competition and price pressure in the home markets, TeliaSonera has been able to keep its leading position during 2005, which provides a good platform for development in 2006. Group net sales and results before tax are expected to grow. CAPEX is mainly driven by capacity and customer needs and CAPEX to sales ratio is expected to be somewhat higher than for 2005. Free cash flow will remain strong. Changes in the competitive landscape, currency fluctuations and political uncertainties, including tax and regulatory conditions, may impact the reported figures.

Home markets

The migration from traditional fixed voice to mobile and IP based services is estimated to continue. Competition in all product areas will remain strong in the home markets. Mobile and broadband volume growth is expected to be significant.

In **Sweden**, the migration to mobile and IP based services is most evident. This is expected to result in a continued decline in fixed voice sales. Mobile and broadband volumes are expected to show continued significant growth whereas prices will be under pressure. Still 2006, total sales are expected to decline. The ongoing restructuring program will affect positively but not offset the impact on EBITDA excluding non-recurring items.

In **Finland**, focus has been shifted from market share and price to customer loyalty, quality and services. However, in the short term the average price is still expected to decrease due to historical price changes. New possibilities to subsidize 3G mobile terminals may accelerate the use of mobile services. Subsidies should, however, be at moderate levels allowing for profitable growth. Streamlining initiatives taken in 2005 are expected to lower annual costs in 2006. Additional initiatives were taken and a turnaround program was launched to ensure future growth and restore profitability.

In **Norway**, organic growth is estimated to continue and the consolidation of Chess will increase sales. The margin will be impacted by the lower margin level of Chess and the synergies from the Chess transaction, which are mainly related to increased utilization of NetCom's network. Before implementation costs the transaction is expected to result in an annual EBITDA improvement of about SEK 0.8 billion from mid 2006.

In **Denmark**, the sales growth is estimated to continue. The integration of Orange is completed successfully. The increased volumes and internal efficiency improvements will impact profitability positively.

In the **Baltic countries**, competition and price pressure within the mobile operations is expected to increase, which will affect margins. This will to some part be compensated by the expected continued mobile volume growth. In the fixed operations, expected decline in fixed voice sales is estimated to be offset by continued growth in broadband.

International Mobile operations

The income from International Mobile operations is expected to grow in 2006.

In the **Eurasian** operations, strong sales growth is expected to continue, but a tougher competitive environment is estimated to impact sales and margins.

In **Turkey**, the competitive environment will change significantly due to new market entrants. In **Russia**, the increased penetration is expected to lead to increased price competition. TeliaSonera views both Turkcell and MegaFon to be well positioned to meet the new challenges in the respective markets.

In light of the prevailing uncertainties regarding ownership issues in both Turkcell and MegaFon, TeliaSonera reiterates its commitment to the Turkish and Russian markets and its interest and ambition to increase the ownership in both operators, should an opportunity arise.

Review of the Group, Full Year 2005

Net sales increased 7.0 percent to SEK 87,661 million. Acquisitions and divestitures affected positively by 5.9 percent and exchange rate fluctuations by 1.2 percent.

Strong volume growth within mobile communications and broadband increased net sales in most operations despite overall price pressure. In Sweden, the development within mobile communications was slightly positive but decline in fixed voice communications was considerable. In Finland, the strong mobile volume growth could not balance the effect of significantly lower price levels (-20 percent year on year).

The acquisition of Orange in Denmark, the consolidation of Eesti Telekom in Estonia in late 2004 and the acquisition of Chess in Norway in late 2005 affected net sales positively.

In the International Mobile operations, net sales climbed sharply in all markets.

The customer base increased 28 percent year on year. At the end of 2005, TeliaSonera had 29 million customers in the majority-owned operations and 51 million customers in associated companies. Intake of mobile and broadband customers was strong.

Operating income excluding non-recurring items totaled SEK 20,107 million (20,859). Earnings improved in most operations but weakened in Finland due to the substantially lower mobile price levels and in Sweden due to lower fixed voice sales. In the international mobile operations, earnings improvement was robust in all markets.

Non-recurring items totaled SEK -2,558 million (-2,675) mainly attributable to restructuring costs in Sweden.

EBITDA margin (excluding non-recurring items) decreased to 33.6 percent (36.9) mainly due to the decline in earnings in Finland and Sweden.

Financial items improved to SEK -530 million (-1,345), of which non-recurring items were SEK 0 million (-609).

Tax expenses totaled SEK 3,325 (3,184). The effective tax rate increased only slightly to 19.5 percent (18.2).

Net income attributable to shareholders of the parent company decreased to SEK 11,697 million (12,964) and earnings per share were SEK 2.56 (2.77).

CAPEX increased to SEK 11,583 million (10,331) mainly due to investments in the mobile network in Eurasia, Denmark and the Baltics and also due to the consolidation of Eesti Telekom.

Free cash flow increased to SEK 15,594 million (14,118). Lower tax payments and positive changes in working capital had a stronger effect than lower EBITDA and higher CAPEX. Utilization of restructuring provisions affected cash flow negatively by SEK 747 million (674).

Divestitures and acquisitions caused a net cash outflow of SEK 116 million, the repurchase of shares a cash outflow of SEK 10,218 million, the ordinary dividend a cash outflow of SEK 5,610 million and the net effect of dividends paid to minority shareholders of subsidiaries, changes in financial receivables, etc., a cash outflow of SEK 961 million.

Net debt increased from SEK 7,062 million to SEK 8,373 million.

The equity/assets ratio decreased from 63.8 percent to 58.9 percent in 2005.

Fourth quarter

Net sales increased 7.6 percent to SEK 22,876 million. Acquisitions affected positively by 4.8 percent and exchange rate fluctuations by 3.2 percent.

Net sales increased in most operations. In Sweden, mobile sales increased 1 percent and the fixed voice sales in the retail market decreased considerably. In Finland, the strong volume growth did not balance the effect of the significantly lower price levels within mobile communications.

The customer base increased during the quarter by 1.2 million in the majority-owned operations and by 3.6 million customers in associated companies. Intake of mobile and broadband customers was strong.

Operating income excluding non-recurring items decreased to SEK 4,890 million (5,076) as a result of weakened earnings primarily in Finland and Sweden and to a lesser degree in Other operations. Earnings in the international mobile operations improved significantly.

Non-recurring items totaled SEK -868 million (-3,776) mainly attributable to restructuring costs in Sweden.

EBITDA margin (excluding non-recurring items) decreased to 31.0 percent (35.1) mainly due to the decline in earnings in Finland and Sweden.

Financial items improved to SEK -145 million (-221)

Tax expenses were SEK 535 million (tax benefit of SEK 1,330 million in 2004). High income from associated companies and revaluation of deferred tax assets lowered the effective tax rate for the quarter.

Net income attributable to shareholders of the parent company increased to SEK 2,734 million (2,091) because of higher non-recurring items in the comparative quarter. Earnings per share increased to SEK 0.61 (0.45).

CAPEX totaled SEK 3,091 million (3,349).

Free cash flow totaled SEK 3,191 million (3,265)

Net debt fell from SEK 9,449 million to SEK 8,373 million during the quarter.

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 in 2005 from SEK 39.80 to SEK 42.70. The highest share price was SEK 43.40 (42.40) and the lowest was SEK 35.50 (29.40).

The number of shareholders decreased from 822,306 to 745,173. TeliaSonera acquired 4.0 percent of the total number of shares through the repurchase offer, which decreased the Swedish state's holding as a percent of the capital from 45.3 percent to 43.5 percent and the Finnish state's from 13.7 percent to 13.2 percent. Holdings outside Sweden and Finland increased from 12.1 percent to 12.3 percent. At year-end, Swedish private investors owned 3.0 percent (3.5) and Finnish private investors 2.1 percent (2.4). Swedish institutional investors owned 18.9 percent (19.1) of the share capital and Finnish institutional investors owned 3.0 percent (3.9).

The Board of Directors' intention is to propose that the Annual General Meeting 2006 cancel the repurchased shares.

Annual General Meeting 2006

The Annual General Meeting (AGM) will be held on April 27, 2006, at 5 p.m. Swedish time at Münchenbryggeriet, Stockholm. Notice of the meeting will be posted on TeliaSonera's website, www.teliasonera.com, and advertised in the newspapers at the end of March 2006. The record date entitling shareholders to attend the meeting will be April 21, 2006. Shareholders may file notice of intent to attend the AGM from March 28, 2006. TeliaSonera must receive notice of attendance no later than 4 p.m. Swedish time on April 21, 2006.

A Finnish shareholders' information meeting will be arranged on April 26, 2006, at 5 p.m. Finnish time at Helsinki Fair Centre, Congress wing. The Finnish shareholders will have the possibility to meet in person representatives from management and the Board. Shareholders may file notice of intent to attend the Finnish shareholders' information meeting from March 28, 2006. TeliaSonera must receive notice of attendance no later than April 12, 2006. More information about how to file a notice of intent to attend the meeting will be given in connection to similar information about the AGM.

Ordinary dividend and capital distribution to shareholders

TeliaSonera's dividend policy is to distribute 30-50 percent of net income excluding minority interest in subsidiaries. For 2005, the Board of Directors and the CEO propose to the Annual General Meeting (AGM) an ordinary dividend of SEK 1.25 per share, totaling SEK 5,613 million.

The increase in the proposed dividend is made in light of the strong results in 2005 and the expected growth in results in 2006. The dividend level is in accordance with TeliaSonera's dividend policy.

In addition to the ordinary dividend, TeliaSonera has communicated that it is planning to distribute SEK 30 billion to its shareholders during the period 2005-2007. As a first step, approximately 10 billion of this SEK 30 billion was distributed in 2005 by repurchasing shares through a public offer with tradable rights. The Board of Directors and CEO propose to the AGM, as a second step, an extraordinary dividend of SEK 2.25 per share, totaling SEK 10,104 million.

The Board of Directors proposes that the final day for trading in shares entitling shareholders to ordinary and extraordinary dividends be set at April 27, 2006, and that the first day of trading in shares excluding rights to ordinary and extraordinary dividends be set at April 28, 2006. The recommended record date at VPC for the right to receive ordinary and extraordinary dividends will be May 3, 2006. If the AGM votes to approve the Board's proposals, ordinary and extraordinary dividends are expected to be distributed by VPC on May 8, 2006.

Strong customer intake and volume growth in mobile and broadband maintained Telia's leading market position in Sweden

Full year

- The launch of new, attractive offers helped Telia maintain its leading position on the Swedish market in 2005 despite intensive competition and regulatory constraints.

Mobile communications

- Strong volume growth, of which outgoing traffic increased 17 percent, and efficiency effects maintained net sales and earnings year on year despite substantially lower price levels.

- The number of customers increased by 144,000, mainly through Halebop, and traffic volume per customer and month rose 6 percent. Usage of mobile data services increased significantly during the year but from relatively low levels.

SEK in millions, except margins, ARPU and number of customers	**Oct-Dec 2005**	**Oct-Dec 2004**	**Jan-Dec 2005**	**Jan-Dec 2004**
Net sales	9,804	10,296	38,960	40,448
EBITDA excl. non-recurring items	3,644	4,144	15,255	16,730
Margin (%)	37.2	40.2	39.2	41.4
Operating income	1,578	3,021	8,359	12,696
Operating income excl. non-recurring items	2,565	2,951	10,869	12,051
Mobile communications				
Net sales	3,027	3,000	12,104	12,059
EBITDA excl. non-recurring items	1,216	1,226	5,081	5,129
Margin (%)	40.2	40.9	42.0	42.5
CAPEX	137	158	787	615
ARPU (SEK)	210	220	213	227
Number of customers, end of period (thousands)	4,387	4,243	4,387	4,243
Fixed communications				
Net sales	6,777	7,296	26,856	28,389
EBITDA excl. non-recurring items	2,428	2,918	10,174	11,601
Margin (%)	35.8	40.0	37.9	40.9
CAPEX	906	987	3,280	3,334
Number of customers, end of period (thousands):				
Retail excl. broadband	5,758	6,932	5,758	6,932
Broadband	717	533	717	533
Wholesale PSTN subscriptions	858	8	858	8
Wholesale copper access, LLUB	374	210	374	210

- Higher CAPEX due to expanded capacity, investments in EDGE and roll-out of the GSM network with the goal of extending the geographic coverage from 70 percent to 90 percent. The associated company Svenska UMTS-nät AB has invested SEK 3.5 billion in the 3G infrastructure in Sweden by the end of fourth quarter. Magazine Mobil's tests show that Telia has the best coverage and the most consistent quality. This applies to normal voice calls and video calls as well as other mobile data services.

Fixed communications

- The migration from fixed to mobile and IP based services continued. In 2005, the total the number of fixed voice callers (PSTN) in the Swedish market decreased by more than 3 percent, corresponding to a decrease of approximately 180,000 callers. However, the reduction for callers with Telia was less than 2 percent or 61,000.

- During the year, 850,000 retail subscriptions were transformed into wholesale subscriptions, of which 85,000 in the fourth quarter. The major part is related to customers that already had their voice traffic subscriptions with other operators.

- Together with lower price levels, this caused net sales for fixed communications to fall 5 percent despite continued strong growth within broadband.

- The number of broadband customers climbed by 184,000 to 717,000.

- Decreased sales and increased costs by SEK 400 million from storm damages in January 2005 weakened the EBITDA margin despite positive effects from the ongoing restructuring. The storm also resulted in approximately SEK 100 million in re-investments and impairment losses from the network during the year.

New services and offers

- A large number of new services were launched, including SurfPort (Portal for mobile content services), IP-TV (Digital TV over broadband), Mobile TV, e-mail on the mobile and DataNet (IP-VPN services based on the latest technology).

- To stimulate the use of mobile, fixed and broadband services and to promote customer loyalty, a wide range of price plans and combination offers were introduced.

- Telia strengthened its position within managed services and IP-VPN services and a number of major customer agreements were signed.

- For the delivery of a platform for voice over IP, an agreement was signed with the City of Malmö.

Restructuring progressing according to plan

- The restructuring program in Sweden is expected to reduce annual costs by SEK 4-5 billion as of 2008. The changes are expected to result in a reduction of approximately 3,000 employees. The restructuring cost is estimated at around SEK 5 billion to be reported as non-recurring.

- The program is proceeding as planned. At year-end, 802 employees had accepted the early retirement offer and 560 employees were transferred to the redeployment unit. The number of hired personnel decreased by 400. In total, employees and hired personnel in the operative units decreased by 15 percent during 2005.

- The effects of cost savings in 2005 are estimated to be approximately SEK 800 million, of which about SEK 400 million in the fourth quarter. The measures that were taken during the year are estimated to give an annual savings effect of SEK 1.6 billion as of 2006.

- Non-recurring items for the restructuring totaled SEK 2,509 million, of which redundancy provisions were SEK 1,837 million and SEK 672 million were impairment charges for the network and costs for surplus office space.

Fourth quarter

Mobile communications

- Net sales increased 1 percent. Strong volume growth, of which outgoing traffic increased 21 percent, more than compensated for lower price levels.

- The EBITDA margin was maintained due to cost-efficiency effects.

- During the quarter the number of customers increased by 15,000, which includes the effects of deregistration of 79,000 prepaid Halebop customers in conjunction with the implementation of a minimum charge.

- Churn was 12 percent (11).

Fixed communications

- Strong broadband intake of 84,000 customers, highest ever quarterly increase.

- Decreased sales of fixed voice and transformation of 85,000 retail subscriptions to wholesale subscriptions affected net sales and earnings negatively.

- Cost efficiency measures had a positive effect on earnings, as did the release of a reserve of SEK 72 million after the decision by the Swedish Administrative Court of Appeal to lower interconnect fees, which Vodafone had previously demanded from TeliaSonera. The Swedish Administrative Court of Appeal's decision led to a cash payment of SEK 231 million from TeliaSonera in the fourth quarter.

Turnaround program launched to restore profitability in Finland. Highest number of mobile customers since introduction of number portability

Full Year

- The mobile market in Finland was characterized by aggressive competition, which resulted in substantially reduced price levels and high churn. TeliaSonera Finland maintained its position in the very turbulent market but at the cost of a sharp fall in earnings.

- At the end of the year, focus was moved from market share and price to customer loyalty, quality and services.

- In order to restore profitability, a turnaround program has been launched in Finland.

Mobile communications

- TeliaSonera regained customers during the year through a renewal of the service portfolio and the introduction of attractive loyalty programs as well as the acquisition of ACN customers earlier in the year. The number of end customers increased by 210,000 to 2,507,000 and is for the first time higher than before the introduction of number portability in 2003.

SEK in millions, except margins, ARPU and number of customers	**Oct-Dec 2005**	**Oct-Dec 2004**	**Jan-Dec 2005**	**Jan-Dec 2004**
Net sales	4,000	4,560	16,308	18,267
EBITDA excl. non-recurring items	758	1,370	3,618	6,663
Margin (%)	19.0	30.0	22.2	36.5
Operating income	-22	515	321	3,278
Operating income excl. non-recurring items	-20	537	432	3,313
Mobile communications				
Net sales	2,379	3,018	9,993	11,937
EBITDA excl. non-recurring items	343	1,121	1,985	5,068
Margin (%)	14.4	37.1	19.9	42.5
CAPEX	202	302	763	1,056
ARPU (EUR)	28.5	35.3	30.1	37.5
Number of customers, end of period (thousands)	2,507	2,297	2,507	2,297
Fixed communications				
Net sales	1,621	1,542	6,315	6,330
EBITDA excl. non-recurring items	415	249	1,633	1,595
Margin (%)	25.6	16.1	25.9	25.2
CAPEX	324	436	1,151	1,319
Number of customers, end of period (thousands)	1,073	1,096	1,073	1,096

- Customer growth and increased usage per customer was not enough to outweigh the negative effects of lower price levels, Saunalahti's withdrawal from Sonera's network and the new fixed-to-mobile pricing regime. Net sales fell 18 percent in local currency.

- Lower price levels and falling wholesales strongly affected EBITDA and the EBITDA margin. Cost for the compensation for historical interconnect fees (SEK 388 million) and costs for the takeover of mobile customers from the service provider ACN also burdened earnings. The turbulent market conditions and high churn brought significantly higher costs for sales year on year.

- Compensation from Saunalahti for early termination of the MVNO agreement totaled SEK 101 million, which had a positive effect on EBITDA.

- Decreased CAPEX due to increased purchasing efficiency and more focused investments.

- Legislation opening for subsidies for 3G mobile terminals was passed on January 20, 2006. Subsidizing is allowed from April 1, 2006.

Fixed communications

- Strong broadband growth and increased wholesales compensated for most of the decline in fixed voice. In local currency, net sales decreased 2 percent.
- The number of broadband customers increased by 107,000 to 350,000.
- The streamlining measures that were initiated began to yield results, which improved earnings.
- Improved network capacity usage in broadband lowered CAPEX.

New services and offers

- A number of new services and price plans were launched, including SurfPort, DataNet, the high-speed data service Connect, broadband services for 12 Mbps and 24 Mbps and home video-on-demand. Sonera piloted the interactive Visual Radio service and participated in one of the first mobile TV pilots in the world, based on DVB-H standard.
- To award long-time customers who use Sonera for mobile and broadband services, the loyalty program Sonera Etu was launched.
- Several large pan-Nordic and domestic customer agreements for voice and managed services were signed.
- Agreements for broadband delivery were signed with several additional municipalities.

Turnaround program launched

- Streamlining efforts initiated in 2005 are expected to lower annual costs by SEK 1 billion as of 2006.
- In 2005 cost savings totaled about SEK 250 million of which all in the fourth quarter. Implementation costs were SEK 111 million, reported as non-recurring items.
- Late in the year, additional initiatives were taken in Finland and a turnaround program was launched to ensure future growth and restore profitability. A new business organization was introduced. The program accelerates the focusing of the service portfolio and the migration to the IP based network technology through investments in infrastructure and services. At the same time, additional efficiency measures were implemented to achieve competitive cost levels in the operations.

- The program is estimated to result in an additional annual cost reduction of SEK 2 billion as of 2008. The implementation costs are estimated to reach SEK 1-1.5 billion and CAPEX is estimated to be about SEK 0.5 billion.

Fourth quarter

Mobile communications

- Price pressure slowed toward year-end and the turbulence in the mobile market calmed. However, the average price declined due to historical price changes. Lower price levels and significantly reduced wholesales still outweighed the positive effects of the increased usage of mobile services and cost efficiency measures. In local currency, net sales decreased 25 percent.

- The number of end customers increased 9 percent year on year. During the quarter, the number of customers increased by 43,000.

- The number of traffic minutes per customer rose 5 percent.

- Churn declined to 17 percent (26), which is the lowest level since the introduction of number portability.

- The Finnish Communications Regulatory Authority (FICORA) has decided to transfer the right of use of 19 radio frequencies from Sonera to Finnet Networks Oy. TeliaSonera Finland estimates that the decision will require investments of SEK 150-200 million in 2006. TeliaSonera has appealed FICORA's decision.

Fixed communications

- Net sales were flat in local currency. The broadband growth was outweighed by the price erosion and decline in traditional data services. The change in fixed to mobile pricing regime and strong equipment sales also contributed positively.

- The number of broadband customers increased 44 percent year on year. During the quarter, the number of customers increased by 29,000.

- EBITDA improved due to efficiency measures, which significantly reduced expenses for subcontracting and personnel.

Improved profitability and market position in Norway

Full Year

- The acquisition of the mobile service provider Chess was concluded in the fourth quarter after approval from competition authorities. TeliaSonera now owns 100 percent of the company. The acquisition has provided 390,000 additional customers and strengthened TeliaSonera's number two position on the Norwegian mobile market. Chess will continue to function under its own brand name and will primarily concentrate on the consumer segment.

- Increased usage per customer, the acquisition of Chess (consolidated as of November 7) and exchange rate effects improved sales and earnings year on year. In local currency, sales increased 12 percent.

- NetCom's enhanced focus on the business segment was successful and during the year the number of postpaid customers increased by 9 percent. Mandatory registration of prepaid card customers caused, however, NetCom's total customer base to decrease somewhat year on year.

- Investments in 3G and EDGE and the extension of the GSM 900 license for another twelve years increased CAPEX.

- During the year, NetCom opened its 3G network for commercial use, first for high speed data mobile services and later for voice services.

SEK in millions, except margins, ARPU and number of customers	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Mobile communications				
Net sales	2,096	1,612	7,481	6,299
EBITDA excl. non-recurring items	704	519	2,614	2,059
Margin (%)	33.6	32.2	34.9	32.7
Operating income	486	257	1,682	1,183
Operating income excl. non-recurring items	485	307	1,803	1,275
CAPEX	261	460	876	866
ARPU (NOK) *	353	329	338	339
Number of customers, end of period (thousands)	1,651	1,308	1,651	1,308

* Refers to NetCom

- A number of new services were launched, including SurfPort and Connect. For families with a maximum of six users, Wireless Family was introduced, offering free domestic calls within the user group. A similar service for business customers was also launched.

- In the fourth quarter, NetCom launched an efficiency program and a new organization, which will reduce the number of employees by 78. The annual cost savings are estimated at approximately SEK 60 million as of 2006. A provision for redundancy of SEK 42 million was made in the fourth quarter (not reported as a non-recurring item). Cost savings for 2005 were marginal.

- The Norwegian regulatory authority decided in 2005 to reduce mobile interconnect fees for NetCom and Telenor. NetCom appealed the decision and the implementation of the new fees was put on hold.

Fourth quarter

- Strong improvement in earnings and sales year on year. In local currency sales increased 20 percent.

- EBITDA margin improved despite increased sales and marketing costs and despite that Chess still purchases the majority of its network capacity from an external operator. The implementation of synergy effects proceeds according to plan and the traffic is currently being gradually transferred to NetCom's network, which will have a positive effect on earnings.

- The customer base increased by 343,000 to 1,651,000 due to the acquisition of Chess. In NetCom, the number of postpaid customers increased by 28,000, while the number of prepaid customers declined by 44,000, partially due to the mandatory registration requirement.

- Churn increased to 16 percent (14).

Integration successfully completed – improved market position in Denmark

Full year

- The acquisition of Orange (consolidated as of October 11, 2004) and good organic growth in all operations improved sales and earnings year on year. The integration of Telia and Orange is completed and Telia now operates one network and one service portfolio. The acquisition has substantially strengthened Telia's position on the Danish mobile market.

- To further improve efficiency in the Danish operations, the mobile operations Telia Mobile and the fixed network operations Telia Networks are being integrated. The integration will decrease annual costs by approximately SEK 110 million as of 2006 and reduce the number of full-time positions by approximately 110. The implementation cost is estimated at approximately SEK 106 million, of which a provision of SEK 54 million was made in the fourth quarter (reported as a non-recurring item).

Mobile communications

- Net sales increased by almost 100 percent, of which 16 percent was organic growth. Strong new customer intake in the fourth quarter. Focus throughout the year was on postpaid customers and the share of postpaid customers increased. The total numbers of customers increased by 39,000, whereas postpaid customers increased by 82,000 during the year.

- The test and evaluation of an UMA (Unlicensed Mobile Access) based IP mobile service was carried out during the year and the plan is to launch UMA based services in 2006. The service makes it possible to use the mobile phone over broadband at home.

- SurfPort and a high-speed mobile data service based on GPRS/EDGE were introduced on the market.

SEK in millions, except margins, ARPU and number of customers	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	1,916	1,587	7,178	4,495
EBITDA excl. non-recurring items	182	201	817	414
Margin (%)	9.5	12.7	11.4	9.2
Operating income	52	-711	-174	-909
Operating income excl. non-recurring items	-81	-72	-277	-270
Mobile communications				
Net sales	1,332	1,049	4,965	2,491
EBITDA excl. non-recurring items	77	23	391	50
Margin (%)	5.8	2.2	7.9	2.0
CAPEX	141	170	682	312
ARPU (DKK)	244	245	247	256
Number of customers, end of period (thousands)	1,154	1,115	1,154	1,115
Fixed communications				
Net sales	584	538	2,213	2,004
EBITDA excl. non-recurring items	105	178	426	364
Margin (%)	18.0	33.1	19.2	18.2
CAPEX	45	62	151	173
Number of customers, end of period (thousands)	550	539	550	539

- CAPEX increased due to the integration of the two mobile networks, increased geographical extension and roll-out of EDGE functionality.

- The Danish regulatory authority, has decided to reduce the mobile interconnect fees for TDC, Sonofon and Telia. The price reduction will be carried out in three steps starting May 1, 2006. The annual negative impact on earnings is estimated at SEK 60 million per step. Telia is considering to appeal the decision.

Fixed communications

- Net sales and earnings improved due to increased demand for wholesale services, IP-VPN services and broadband. The launch of DataNet has strengthened Telia's competitiveness on the business market and a number of contracts were signed.

- To strengthen its competitiveness on the Danish broadband market, Telia introduced ADSL in major cities.

- Flat rate offerings were launched for both domestic and international voice. Voice over IP was introduced for business customers.

Fourth quarter

Mobile communications

- Net sales increased 27 percent year on year due to strong customer growth in the fourth quarter (36,000 new customers) and increased use per customer. In local currency, sales increased 12 percent.

- Minutes of use per customer and month increased to 206 (192) and ARPU remained stable.

- Effects from synergies and increased sales improved EBITDA, but increased costs for sales and marketing slowed earnings growth.

- In the fourth quarter, the final costs of SEK 47 million for the integration were reported under non-recurring items. At the same time, SEK 233 million of a previous provision was released since it was possible to use a larger part of the Orange network than anticipated.

Fixed communications

- Net sales improved 8 percent year on year due to increased demand for wholesale services and positive development in the business segment for both data and voice products.

- The decline in EBITDA and EBITDA margin is primarily due to the positive effect in the comparative quarter of SEK 56 million from the reversal of reserves.

- The number of broadband customers increased by 6,000 to 151,000.

Turnaround in fixed communications and continued mobile growth in the Baltic operations

Full year

- Positive development in all operations and increased ownership to over 50 percent in the mobile operator EMT and the fixed network operator Elion in Estonia at the end of 2004 had a positive effect on sales and earnings in the Baltic region year on year.

Mobile communications

- Net sales improved due to strong customer growth in all three operations and the consolidation of EMT despite lower price levels in all Baltic markets. The number of mobile customers increased by 719,000 year on year. Customer growth was strongest in Lithuania, where the customer base increased by 551,000 customers.

- Increased customer acquisition costs decreased EBITDA margin in Latvia and Lithuania. In Estonia, the margin has slightly decreased year on year.

- Increased CAPEX due to the consolidation of EMT, investments in EDGE and capacity expansion in the GSM networks in all countries.

- The mobile operators have worked actively with customer segmentation and launched attractive offers directed to, among others, students, first graders and parents. In Lithuania, an electronic signature was launched allowing mobile telephones to be used for bank transactions.

- SurfPort was launched in Lithuania and the portal was upgraded with a number of new services, including Mobile TV, which resulted in a strong increase in mobile data traffic. Mobile TV was also launched in Latvia.

- The 3G network was commercially launched in Estonia and Latvia.

SEK in millions, except margins and number of customers	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	2,453	1,495	9,293	5,868
EBITDA excl. non-recurring items	971	647	4,255	2,795
Margin (%)	39.6	43.3	45.8	47.6
Income from associated companies	45	148	220	494
Operating income	432	357	2,303	1,799
Operating income excl. non-recurring items	432	461	2,303	1,903
Mobile communications				
Net sales	1,651	1,074	6,380	4,183
of which Lithuania	605	547	2,302	2,134
of which Latvia	560	527	2,252	2,049
of which Estonia	486	–	1,826	–
EBITDA excl. non-recurring items	608	449	2,799	1,973
Margin (%), Lithuania	31.2	38.0	40.1	42.8
Margin (%), Latvia	43.2	45.7	49.4	51.7
Margin (%), Estonia	36.4	–	41.8	–
CAPEX	214	172	667	520
Number of customers, end of period (thousands)	3,301	2,582	3,301	2,582
Fixed communications				
Net sales	959	478	3,500	1,906
of which Lithuania	522	478	1,970	1,906
of which Estonia	437	–	1,530	–
EBITDA excl. non-recurring items	367	208	1,473	887
Margin (%), Lithuania	44.8	43.5	48.3	46.5
Margin (%), Estonia	30.4	–	34.1	–
CAPEX	173	77	418	197
Number of customers, end of period (thousands)				
in subsidiaries	1,433	1,430	1,433	1,430
in associated companies	692	670	692	670

Fixed communications

- The development within fixed communications has been very good despite strong competition from the mobile sector.

- Through efficiency measures and the development of new offerings within the growth areas Internet, broadband and data communications, the fixed network operator Lietuvos Telekomas in Lithuania has successfully reversed a previously negative trend and shows improvements in sales, earnings and the margin year on year.

- Lietuvos Telekomas launched VPN Access over the Internet and high speed wireless Internet access in hot spot areas in major cities.

- In Elion (Estonia), net sales decreased slightly primarily due to the divestiture of a non-core construction and maintenance company at the end of 2004. The EBITDA margin improved due to cost efficiency measures.

- Elion introduced Digital TV in selected residential areas, which means that the company can offer triple play; voice, TV and Internet access over a single connection. Elion also launched high speed wireless Internet access in hot spot areas in major cities.

- During the year, the total number of broadband customers in Lietuvos Telekomas and Elion increased by 85,000 to 212,000 while the fixed voice customer base decreased by 59,000 to 1,186,000.

- Increased CAPEX due to the consolidation of Elion.

- In order to strengthen their positions in systems integration and managed services, the fixed network operators acquired a 96 percent stake in MicroLink, the leading Baltic IT service group.

- In the associated company Lattelekom (Latvia), sales were at the same level as in 2004 while operating income decreased somewhat. TeliaSonera's income from Lattelekom was SEK 220 million (219).

- The Latvian government decided in July 2005 to look into the possibility of selling its stakes in LMT and in Lattelekom. TeliaSonera is interested in increasing its ownership in the companies and has started discussions with the government. TeliaSonera owns, directly and indirectly, 60.3 percent of LMT and 49 percent of Lattelekom.

Fourth quarter

Mobile communications

- Increased net sales due to strong customer growth. The increase was strongest in Lithuania.

- The customer base increased by 203,000 to 3,301,000.

- Increased costs for sales and marketing decreased the EBITDA margin in Lithuania and Latvia. The margin decreased slightly in Estonia.

Fixed communications

- Continued positive development in sales and earnings in Lietuvos Telekomas, where the already strong margin was further improved. In Elion, net sales increased 10 percent and the EBITDA margin increased slightly.

- The total number of broadband customers in Lietuvos Telekomas and Elion increased by 30,000 to 212,000 while the fixed voice customer base decreased by 3,000 to 1,186,000.

- TeliaSonera's income from Lattelekom was SEK 44 million (44).

International Mobile close to 30 percent of Group operating income

- The majority-owned operations in Eurasia, Fintur (74 percent holding) and the associated companies MegaFon in Russia and Turkcell in Turkey reported continued strong development, which led to the strong improvement of operating income in International Mobile. In 2005, International Mobile contributed close to 30 percent of Group operating income.

- The International Mobile operations, especially in Eurasia and Russia, are in a build-up phase with network rollout and introduction of new services. Due to the companies' strong earnings trend, the expansion has largely been financed with own funds, resulting in a strong financial position.

SEK in millions, except margins and number of customers	**Oct-Dec 2005**	**Oct-Dec 2004**	**Jan-Dec 2005**	**Jan-Dec 2004**
Net sales	1,950	1,151	6,367	4,084
of which Kazakhstan	1,101	613	3,509	2,119
of which Azerbaijan	557	349	1,902	1,324
of which Georgia	219	140	719	470
of which Moldova	75	50	243	175
EBITDA excl. non-recurring items	1,072	614	3,519	2,322
Margin (%), total	55.0	53.3	55.3	56.9
Margin (%), Kazakhstan	60.4	52.5	55.8	58.4
Margin (%), Azerbaijan	60.9	55.0	63.2	60.3
Margin (%), Georgia	44.7	42.9	46.6	38.5
Margin (%), Moldova	44.0	76.0	52.3	58.9
Income from associated companies	845	423	2,937	1,625
of which Russia	283	154	1,176	653
of which Turkey	562	269	1,761	972
Operating income	1,698	894	5,692	3,429
Operating income excl. non-recurring items	1,698	894	5,692	3,429
CAPEX	563	473	2,449	1,710
Number of customers, end of period (thousands)				
Eurasia	6,146	3,866	6,146	3,866
Russia	22,836	13,648	22,836	13,648
Turkey	26,700	22,300	26,700	22,300

Eurasia

Full year

- Continued strong sales and earnings growth year on year.

- Net sales climbed 55.9 percent due to strong customer growth. In local currency, the increase was 49 percent.

- During the year, the Eurasian operators developed a shared model for efficient market segmentation that forms a basis for all market communication, development of services and new offers.

- The number of customers climbed by 2.3 million to 6.1 million. At year-end, K'Cell (Kazakhstan) had 3.3 million customers, Azercell (Azerbaijan) 1.7 million, Geocell (Georgia) 0.7 million and Moldcell (Moldova) 0.4 million.

- The average penetration in Eurasia reached 29.8 percent compared to 18.2 percent in 2004.

- Increased CAPEX due to network roll out, mainly in Kazakhstan and Azerbaijan.

Fourth quarter

- Net sales increased 69.4 percent (in local currency, 49 percent) and operating income improved 91.7 percent. The margin improved, but the margin in the comparative quarter was affected by high costs for sales and marketing.

- The number of customers increased by 0.6 million.

Russia

Full Year

- MegaFon (associated company, 43.8 percent holding) showed strong sales and earnings growth and TeliaSonera's income from Russia is estimated to SEK 1,176 million (653), an increase by 80 percent year on year.

- The company's customer base increased by 9.2 million to 22.8 million. Growth was strongest in the regions outside Moscow and St. Petersburg, where the number of customers increased by 7.4 million to 16.8 million.

- MegaFon maintained its overall Russian market share of customers at 18 percent but strengthened its position in revenue terms during the year. In Moscow, the company improved its market share of customers from 11 percent to 14 percent.

- During the year, MegaFon launched mobile services in six additional regions and now operates in 76 of Russia's 88 federal regions. MegaFon has licenses for all of the regions, which include 144 million inhabitants.

- In 2005, the total Russian mobile market grew by 52 million to 126 million customers. Mobile penetration exceeded 100 percent in Moscow and St. Petersburg, while the average penetration in the regions outside the two largest cities was around 78 percent.

Fourth quarter

- MegaFon showed continued strong sales and earnings growth. Revaluations of loans affected TeliaSonera's income by SEK -173 million. In the comparative quarter, loan revaluation effect was SEK -65 million.

- MegaFon's customer base increased by an additional 1.8 million in the fourth quarter.

Turkey

Full Year

- Turkcell (associated company - 37.3 percent holding, reported with a one-quarter lag) showed a considerable improvement in both sales and earnings, which, despite negative effects from fluctuations in exchange rates and inflation adjustments, increased TeliaSonera's income from SEK 972 million to SEK 1,761 million year on year. The comparable year was negatively affected by provisions in Turkcell.

- Strong network coverage and investments in EDGE technology enabled Turkcell to offer high speed, value added services throughout Turkey, which combined with campaigns and new price options and a segment-based approach has given Turkcell a very strong position on the market.

- The number of customers increased by 4.4 million to 26.7 million year on year. Turkcell maintained its leading position with a market share of approximately 65 percent.

- The Turkish mobile market has undergone a period of very strong growth, with a penetration rate approaching 60 percent. Competition is expected to increase in 2006 due to the new ownership structures of two major competitors.

- During the year, Turkcell successfully launched mobile operations in Ukraine. The network roll-out has been very fast and the customer base is already more than 1.2 million.

- In March 2005, TeliaSonera entered into an agreement with the Turkish Cukurova Group on the sale of Cukurova's 27 percent interest in Turkcell for cash consideration of USD 3.1 billion. Cukurova has since then failed to fulfill its responsibilities as per the agreement. TeliaSonera considers Cukurova to be bound by the agreement and believes that the interests in Turkcell should be transferred to TeliaSonera.

- TeliaSonera has therefore initiated arbitration proceedings in Geneva concerning Cukurova's breach of the agreement and arbitration proceedings in Vienna concerning Cukurova's breach of commitments in the Shareholders' Agreement between TeliaSonera and Cukurova.

Fourth quarter

- Continued strong improvement in both sales and earnings substantially increased TeliaSonera's income from Turkcell year on year despite negative effects from fluctuations in exchange rates and inflation adjustments.

- The number of customers increased by 1.1 million during the quarter.

Other operations *)

Full year

- In TeliaSonera Holding, net sales decreased due to divestitures. EBITDA increased to SEK 48 million (-5) year on year.

- During 2005, an additional 16 shareholdings were divested generating a net capital gain of SEK 293 million (of which SEK -20 million was reported as non-recurring items and SEK 131 million was reported in the financial items) and a cash inflow of SEK 1,632 million.

- Operating income excluding non-recurring items declined to SEK 124 million (374), partly attributable to the downward adjustment of TeliaSonera's holdings in Telefos by SEK 110 million. Capital gains affected by SEK 182 million (185).

- As of July 1, 2005, the role of TeliaSonera International Carrier was redefined as a common operations unit supporting TeliaSonera's business in the Nordic and Baltic home markets. While all net sales from international carrier activities continue to be reported under Other operations, the results from activities that support the home markets are allocated back to the profit centers. The remaining amount, which represents the profitability of the capacity network outside the home markets, continues to be reported under Other operations.

SEK in millions	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	1,358	1,287	4,922	5,422
of which International Carrier	1,113	990	4,139	3,952
EBITDA excl. non-recurring items	-40	182	102	162
of which International Carrier	-56	151	54	167
Income from associated companies	84	364	84	1,413
Operating income	-14	-2,834	130	-1,764
Operating income excl. non-recurring items	-7	211	23	78
CAPEX	91	36	233	212

*) Include TeliaSonera Holding and TeliaSonera International Carrier

- In International Carrier net sales increased due to higher demand for voice services, but earnings were negatively impacted mainly due to strong price pressure on IP traffic and capacity as well as the allocation back to profit centers.

Fourth quarter

- In TeliaSonera Holding, net sales decreased as a result of divestitures. EBITDA decreased to SEK 16 million (31). Operating income excluding non-recurring items declined to SEK 92 million (151) of which capital gains SEK 5 million (-2).

- In International Carrier net sales increased, but EBITDA excluding non-recurring items declined due to price pressure and the allocation back to profit centers. The comparable quarter includes termination of long-term contracts and exchange rate effects totaling SEK 76 million.

Stockholm, February 10, 2006

Anders Igel
President and CEO

This report has not been reviewed by TeliaSonera's auditors.

Financial Information

Interim Report January–March 2006	April 25, 2006
Shareholders' information meeting, Helsinki	April 26, 2006
Annual General Meeting, Stockholm	April 27, 2006
Interim Report January–June 2006	July 28, 2006
Interim Report January–September 2006	October 31, 2006
Year-end Report January–December 2006	February 13, 2007

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Definitions
EBITDA: An abbreviation of "Earnings Before Interest, Tax, Depreciation and Amortization." Equals operating income before depreciation, amortization and impairment losses and before income from associated companies.

ARPU: Average monthly revenue per user.

Churn: The number of post-paid customers that have left the company expressed as a percentage of the average number of post-paid customers.

Condensed Consolidated Income Statements

SEK in millions, except per share data and number of shares	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Net sales	22,876	21,252	87,661	81,937
Costs of production	-12,933	-11,857	-47,287	-43,104
Gross income	**9,943**	**9,395**	**40,374**	**38,833**
Selling, admin., and R&D expenses	-6,277	-5,940	-23,706	-21,367
Other operating revenues and expenses, net	-636	-3,068	-2,348	-2,221
Income from associated companies	992	913	3,229	3,548
Operating income	**4,022**	**1,300**	**17,549**	**18,793**
Net financial revenues and expenses	-145	-221	-530	-1,345
Income after financial items	**3,877**	**1,079**	**17,019**	**17,448**
Income taxes	-535	1,330	-3,325	-3,184
Net income	**3,342**	**2,409**	**13,694**	**14,264**
Attributable to:				
Shareholders of the parent co.	2,734	2,091	11,697	12,964
Minority interests in subsidiaries	608	318	1,997	1,300
Shareholders' basic and diluted earnings per share (SEK)	0.61	0.45	2.56	2.77
Number of shares (thousands)				
Outstanding at period-end	4,490,457	4,675,232	4,490,457	4,675,232
Weighted average, basic and diluted	4,490,457	4,675,232	4,573,986	4,675,232
Number of treasury shares (thousands)				
At period-end	184,775	–	184,775	–
Weighted average	184,775	–	101,246	–
EBITDA	6,744	7,015	27,508	30,841
EBITDA excl. non-recurring items	7,098	7,457	29,411	30,196
Depreciation, amortization and impairment losses	-3,714	-6,628	-13,188	-15,596
Operating income excl. non-recurring items	4,890	5,076	20,107	20,859

Condensed Consolidated Balance Sheets

SEK in millions	Dec 31, 2005	Dec 31, 2004 *)
Assets		
Goodwill and other intangible assets	74,367	69,534
Property, plant and equipment	48,201	47,212
Investments in associates, deferred tax assets and other financial assets	40,526	35,353
Total non-current assets	*163,094*	*152,099*
Inventories	765	655
Trade receivables, current tax assets, assets held-for-sale and other receivables	20,675	20,732
Interest-bearing receivables	2,407	1,241
Cash and cash equivalents	16,834	17,245
Total current assets	*40,681*	*39,873*
Total assets	**203,775**	**191,972**
Equity and liabilities		
Shareholders' equity	127,049	121,133
Minority interests	8,645	6,934
Total equity	*135,694*	*128,067*
Long-term loans	20,520	12,942
Deferred tax liabilities, other long-term provisions	14,948	13,402
Other long-term liabilities	2,343	2,450
Total non-current liabilities	*37,811*	*28,794*
Short-term loans	6,215	11,733
Trade payables, current tax liabilities, short-term provisions and other current liabilities	24,055	23,378
Total current liabilities	*30,270*	*35,111*
Total equity and liabilities	**203,775**	**191,972**

*) Restated to reflect finalized purchase price allocations (see Q1 report, page 18).

Condensed Consolidated Cash Flow Statements

SEK in millions	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Cash flow before change in working capital	5,424	5,704	26,158	24,686
Change in working capital	795	796	832	-283
Cash flow from operating activities	**6,219**	**6,500**	**26,990**	**24,403**
Intangible and tangible fixed assets acquired (cash CAPEX)	-3,028	-3,235	-11,396	-10,285
Free cash flow	***3,191***	***3,265***	***15,594***	***14,118***
Cash flow from other investing activities	-3,068	-4,552	-840	2,294
Total cash flow from investing activities	**-6,096**	**-7,787**	**-12,236**	**-7,991**
Cash flow before financing activities	***123***	***-1,287***	***14,754***	***16,412***
Cash flow from financing activities	**-421**	**866**	**-15,653**	**-11,102**
Cash flow for the period	**-298**	**-421**	**-899**	**5,310**
Cash and cash equivalents, opening balance	**16,936**	**17,781**	**17,245**	**12,069**
Cash flow for the period	-298	-421	-899	5,310
Exchange rate differences	196	-115	488	-134
Cash and cash equivalents, closing balance	**16,834**	**17,245**	**16,834**	**17,245**

Condensed Consolidated Statements of Changes in Equity

	Dec 31, 2005			Dec 31, 2004 *)		
SEK in millions	**Share-holders' equity**	**Minority interests**	**Total equity**	**Share-holders' equity**	**Minority interests**	**Total equity**
Opening balance	121,133	6,934	**128,067**	112,393	3,441	**115,834**
Transactions with non-related parties	–	-12	**-12**	-12	968	**956**
Exchange rate differences	8,808	732	**9,540**	-2,233	-164	**-2,397**
Inflation adjust-ments	1,177	–	**1,177**	1,452	–	**1,452**
Revaluing fair values of net assets in business combi-nations	–	–	**–**	1,098	1,857	**2,955**
Reporting financial instruments at fair value	46	–	**46**	146	–	**146**
Net income recog-nized directly in equity	*10,031*	*720*	***10,751***	*451*	*2,661*	***3,112***
Treasury shares	-10,202	–	**-10,202**	–	–	**–**
Dividend	-5,610	-1,006	**-6,616**	-4,675	-468	**-5,143**
Net income	11,697	1,997	**13,694**	12,964	1,300	**14,264**
Closing balance	**127,049**	**8,645**	**135,694**	**121,133**	**6,934**	**128,067**

*) Restated to reflect finalized purchase price allocations (see Q1 report, page 18).

Basis for Preparation

General. As in the annual accounts for 2004, TeliaSonera's consolidated financial statements as of and for the three-month period and the year ended December 31, 2005, 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 and the Swedish Financial Accounting Standards Council's standard RR 32 "Accounting for Legal Entities" and statements issued by its Emerging Issues Task Force. This report has been prepared in accordance with IAS 34 "Interim Financial Reporting."

New accounting standards (not yet adopted by the EU). On November 24, 2005, IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies," was issued. IFRIC 7 clarifies the requirements under IAS 29 relating to how comparative amounts in financial statements should be restated when an entity identifies the existence of hyperinflation in its functional currency and how deferred tax items in the opening balance sheet should be restated. IFRIC 7 is effective for annual periods beginning on or after March 1, 2006. Earlier application is encouraged. IFRIC 7 is currently not relevant to TeliaSonera.

On December 15, 2005, a limited amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates” was issued, available for adoption with immediate effect. The amendment clarifies, as regards a monetary item that forms part of an entity’s investment in a foreign operation, that the accounting treatment in consolidated financial statements should not be dependent on the currency of the monetary item. Also, the accounting should not depend on which entity within the group conducts a transaction with the foreign operation. Currently, TeliaSonera has no such monetary items that are addressed by the amendment to IAS 21.

On January 12, 2006, IFRIC 8 “Scope of IFRS 2” was issued, clarifying that IFRS 2 “Share-based Payment” applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. IFRIC 8 explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has been or will be received. IFRS 2 therefore applies. IFRIC 8 is effective for annual periods beginning on or after May 1, 2006. Earlier application is encouraged. Currently, TeliaSonera has no share-based payment arrangements.

For additional information, see corresponding sections in the Q3, Q2 and Q1 2005 Interim Reports and in the 2004 Annual Report.

Non-Recurring Items

SEK in millions	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Within EBITDA	**-354**	**-442**	**-1,903**	**645**
Restructuring charges, synergy implementation costs, etc.:				
Sweden	-581	-78	-2,104	-96
Finland	-1	-22	-111	-35
Denmark	92	-142	62	-142
International Carrier	134	48	216	50
Other	-5	13	-27	0
Certain pension-related items:				
Sweden	–	148	–	741
Impairment losses:				
International Carrier	–	-394	–	-394
Capital gains:				
Telia Finans, Sonera Zed	7	-15	61	521
Within Depreciation, amortization and impairment losses	**-514**	**-3,572**	**-636**	**-3,694**
Impairment losses, accelerated depreciation:				
Sweden	-405	–	-405	–
Norway	1	-49	-121	-92
Denmark	40	-497	40	-497
Estonia	–	-104	–	-104
International Carrier	-150	-2,922	-150	-3,001

SEK in millions	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Within Income from associates	**–**	**238**	**-19**	**983**
Capital gains/losses, provisions and other				
Telefos	–	238	–	983
Infonet Services	–	–	-19	–
Within Financial net	**–**	**–**	**–**	**-609**
Impairment losses, provisions:				
Xfera (3G Spain)	–	–	–	-609
Total	**-868**	**-3,776**	**-2,558**	**-2,675**

Deferred Taxes

SEK in millions	Dec 31, 2005	Dec 31, 2004 *)
Deferred tax assets	12,305	12,381
Deferred tax liabilities	-9,578	-7,906
Net deferred tax assets (+)/liabilities (-)	**2,727**	**4,475**

*) Restated to reflect finalized purchase price allocations (see Q1 report, page 18).

Related Party Transactions

MegaFon. As of December 31, 2005, TeliaSonera had interest-bearing claims on its associated company OAO MegaFon of SEK 372 million.

Telefos. As of December 31, 2005, TeliaSonera had interest-bearing claims of SEK 93 million on its associated company Telefos AB. In the three-month period and the year ended December 31, 2005, TeliaSonera purchased services and products from Telefos worth SEK 500 million and SEK 2,087 million, respectively, mostly referring to network construction.

Acquisition of Chess Holding

On November 7, 2005, TeliaSonera for cash consideration acquired 91.2 percent of the shares in Vollvik Gruppen AS (now renamed TeliaSonera Chess Holding AS) in Norway. After making a voluntary offer for the remaining shares, TeliaSonera held close to 100 percent of the shares in Chess Holding at December 31, 2005.

The acquisition has been accounted for using the purchase method of accounting. Under this method, TeliaSonera has allocated the total purchase price to assets acquired and liabilities assumed based on their relative fair values. The determination of fair values has been made using generally accepted principles and procedures. The results of the operations in Chess Holding have been included in the consolidated financial statements as of November 7, 2005.

Purchase consideration and goodwill SEK in millions	
Purchase consideration	
Basic purchase consideration	2,048
Estimated additional purchase consideration	186
Transaction related direct expenses	19
Total purchase consideration	**2,253**
Less fair value of net assets acquired	-164
Goodwill	**2,089**

Total purchase consideration and the determination of fair values of assets acquired and liabilities assumed is based on preliminary appraisal; thus, such values and goodwill are subject to refinement.

Cash flow effects SEK in millions	
Total cash purchase consideration	2,054
Less acquired cash and cash equivalents	-199
Net cash outflow from the acquisition	**1,855**

Investments

SEK in millions	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004 *)
CAPEX	**3,091**	**3,349**	**11,583**	**10,331**
Intangible assets	488	243	1,233	752
Property, plant and equipment	2,603	3,106	10,350	9,579
Acquisitions and other investments	**2,630**	**8,272**	**2,732**	**9,099**
Asset retirement obligations	194	25	194	25
Goodwill and fair value adjustments	2,408	7,947	2,466	8,495
Shares and participations	28	300	72	579
Total	**5,721**	**11,621**	**14,315**	**19,430**

*) Restated to reflect finalized purchase price allocations (see Q1 report, page 18).

Net Debt

SEK in millions	Dec 31, 2005	Dec 31, 2004
Long-term and short-term loans	26,735	24,675
Less short-term investments, cash and bank	-18,362	-17,613
Net debt	**8,373**	**7,062**

Loan Financing and Credit Rating

The underlying cash-flow generation was positive during the fourth quarter of 2005. During the quarter, the payment for Chess Holding in Norway was made.

In the first quarter of 2006, TeliaSonera has rather large scheduled debt repayments, and thus the cash position is expected to be reduced during the quarter.

On October 28, 2005, Standard & Poor's lowered the credit-rating of Telia-Sonera AB by one notch to A-/A2. The Outlook is Stable.

Financial Key Ratios

	Dec 31, 2005	Dec 31, 2004 *)
Return on equity (%, rolling 12 months)	10.3	11.6
Return on capital employed (%, rolling 12 months)	12.5	13.9
Equity/assets ratio (%)	58.9	63.8
Net debt/equity ratio (%)	7.0	5.8
Shareholders' equity per share (SEK)	28.29	25.91

*) Restated to reflect finalized purchase price allocations (see Q1 report, page 18) and changes in IAS 27.

Collateral Pledged and Contingent Liabilities

Collateral pledged at year-end totaled SEK 1,584 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. Contingent liabilities totaled SEK 2,581 million, of which SEK 605 million related to credit and performance guarantees on behalf of Xfera Móviles S.A. and SEK 1,475 million 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 2,650 million.

Contractual Obligations

Contractual obligations at year-end totaled SEK 2,891 million, of which SEK 2,001 million referred to committed capital contributions to Xfera and SEK 640 million to contracted build out of TeliaSonera's mobile networks in Norway and fixed networks in Sweden.

Parent Company

Net sales for the year were SEK 21,363 million (21,601), of which SEK 16,046 million (16,892) was billed to subsidiaries. Earnings before appropriations and taxes increased to SEK 11,526 million (3,970), due to increased group contributions from subsidiaries. Earnings after appropriations and taxes were SEK 1,853 million (10,467).

Total investments for the year amounted to SEK 7,009 million (14,472), including SEK 2,927 million (2,941) in property, plant and equipment, primarily fixed-line installations. Other investments totaling SEK 4,082 million (11,531) were mainly attributable to acquisitions of and capital infusions in subsidiaries and associated companies. Of the capital infusions to subsidiaries, SEK 921 million (14) was provided through debt conversion.

Financial Information/"Underlying" Measures of Results of Operations

This year-end report includes information on "underlying" measures of TeliaSonera's results of operations, such as "EBITDA excluding non-recurring items" and "Operating income excluding non-recurring items." EBITDA equals operating income before depreciation, amortization and impairment losses, excluding income from associated companies. Non-recurring items include impairment losses, capital gains/losses, restructuring/phase-out of operations and personnel redundancy costs. TeliaSonera's management uses operating income excluding non-recurring items as the principal measure for monitoring profitability in internal reporting. Management believes that, besides operating income, EBITDA excluding non-recurring items and operating income excluding non-recurring items are also measures commonly reported and widely used by analysts, investors and other interested parties in the telecommunications industry. Accordingly, these "underlying" measures are presented to enhance the understanding of TeliaSonera's historical operating performance.

These "underlying" measures, however, should not be considered as alternatives to operating income as indicators of our operating performance. Similarly, EBITDA excluding non-recurring items should not be considered as an alternative to cash flows from operating activities as a measure of liquidity. EBITDA excluding non-recurring items and operating income excluding non-recurring items are not measures of consolidated financial performance under IFRS or U.S. GAAP and may not be comparable to other similarly titled measures for other companies. These "underlying" measures are not meant to be predictive of potential future results.

Forward-Looking Statements

This year-end 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, including TeliaSonera's market position, growth in the telecommunications industry in Europe, the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of TeliaSonera 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.