WESTERN ASSET GLOBAL CORPORATE DEFINED OPPORTUNITY FUND INC.
Form N-CSR
December 23, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22334

Western Asset Global Corporate Defined Opportunity Fund Inc.
(Exact name of registrant as specified in charter)

620 Eighth Avenue, New York, NY	10018
(Address of principal executive offices)	(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902
(Name and address of agent for service)

Registrant s telephone number, including area code: (888)777-0102

Date of fiscal year end: October 31

Date of reporting period: October 31, 2011

ITEM 1. REPORT TO STOCKHOLDERS.

The Annual Report to Stockholders is filed herewith.

October 31, 2011

Annual Report

Western Asset Global Corporate Defined Opportunity Fund Inc.

(GDO)

Fund objectives

The Fund s primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund s net assets to stockholders on or about December 2, 2024. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

What s inside

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Global Corporate Defined Opportunity Fund Inc. for the twelve-month reporting period ended October 31, 2011. Please read on for a detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.leggmason.com/cef. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,

- Market insights and commentaries from our portfolio managers, and

- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

November 25, 2011

Investment commentary

Economic review

Although the U.S. economy continued to grow over the twelve months ended October 31, 2011, the pace of the expansion was generally disappointing. U.S. gross domestic product (GDP)i growth, as reported by the U.S. Department of Commerce, has been less robust than during most other periods exiting a severe recession. GDP growth was 2.3% during the fourth quarter of 2010 and 3.0% for calendar 2010 as a whole. The Commerce Department then reported that first and second quarter 2011 GDP growth were 0.4% and 1.3%, respectively. This moderation in growth during the first half of the calendar year was due to a variety of factors, including less robust export activity and a deceleration in consumer spending given higher oil and food prices. The second estimate for third quarter GDP growth was 2.0%. Accelerating growth was attributed, in part, to higher consumer spending, which grew 2.3% in the third quarter, versus a modest 0.7% gain in the second quarter.

Two factors holding back the U.S. economy have been the weak job market and continued strains in the housing market. While there was some modest improvement in early 2011, unemployment again moved higher and remained elevated throughout the remainder of the reporting period. At the end of October 2011, the unemployment rate, as reported by the U.S. Department of Labor, was 9.0%. Looking at the housing market, existing-home sales moved somewhat higher toward the end of 2010 and in January 2011, according to the National Association of Realtors (NAR). Existing-home sales then declined during five of the next nine months. Existing-home prices were weak versus a year ago, with the NAR reporting that the median existing-home price for all housing types was $162,500 in October 2011, down 4.7% from October 2010.

Even the manufacturing sector, one of the stalwarts of the U.S. economy in recent years, softened during much of the reporting period. Based on the Institute for Supply Management s PMI (PMI)ii, in February 2011, the manufacturing sector expanded at its fastest pace since May 2004, with a reading of 61.4 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). The PMI then generally moderated over the remainder of the reporting period and ended October 2011 at 50.8.

Disappointing economic news was not limited to the U.S. In September 2011, the International Monetary Fund (IMF) lowered its growth projections for the global economy. Citing a much slower recovery in advanced economies since the beginning of the year and an increase in fiscal and financial uncertainty, the IMF pared its estimate for 2011 global growth to 4.0%, versus 4.3% in June. The IMF now anticipates 2011 growth will be 1.6% in the Eurozone and -0.5% in Japan. While growth in emerging market countries is expected to remain higher than in their developed country counterparts, the IMF reduced its projection for the former from 6.6% to 6.4% in 2011.

The Federal Reserve Board (Fed)iii took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. In November 2010, the Fed announced a second round of quantitative easing (often referred to as QE2) to help stimulate the economy. Also, as has been the case since December 2008, the Fed kept the federal funds rateiv at a historically low range between zero and

Investment commentary (cont d)

0.25%. In addition, in August 2011, the Fed declared its intention to keep the federal funds rate on hold until mid-2013. In September 2011, the Fed announced its intention to purchase $400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as Operation Twist). Finally, at its meeting in early November (after the reporting period ended), the Fed potentially opened the door to another round of quantitative easing, saying it is prepared to employ its tools to promote a stronger economic recovery in a context of price stability.

Given the economic challenges in the Eurozone, the European Central Bank (ECB) had not raised interest rates since July 2008. However, in April 2011, the ECB raised interest rates from 1.00% to 1.25%, and then to 1.50% in July. However, in November 2011 (after the reporting period ended), the ECB lowered interest rates from 1.50% to 1.25%. In other developed countries, the Bank of England kept rates on hold at 0.50% during the reporting period, as did Japan at a range of zero to 0.10%, the lowest level since 2006. Elsewhere, a number of emerging market countries, including China, India and Brazil, raised interest rates during the reporting period in an effort to ward off inflation.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

November 25, 2011

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

ii The Institute for Supply Management s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.

iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

Fund overview

Q. What is the Fund s investment strategy?

A. The Fund s primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund s net assets to stockholders on or about December 2, 2024. As a secondary objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its managed assets in a portfolio of U.S. and foreign corporate fixed-income securities of varying maturities. Under normal market conditions, the Fund will invest at least 40% of its managed assets in fixed-income securities of foreign issuers organized or having a principal place of business outside the United States, including in emerging market countries. In addition, the Fund may invest up to 35% of its managed assets in fixed-income securities of below investment grade quality.

Under normal market conditions, the Fund expects to maintain, on an ongoing basis, a dollar-weighted average credit quality of portfolio holdings of investment grade quality. When choosing investments, Western Asset Management Company (Western Asset), the Fund s subadviser, focuses on corporate securities that exhibit pricing inefficiencies, improving credit conditions that offer income opportunities and the potential for high real yields.

At Western Asset, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset s senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The portfolio managers responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, S. Kenneth Leech, Michael C. Buchanan, Keith J. Gardner, Andrew Belshaw and Ryan K. Brist.

Q. What were the overall market conditions during the Fund s reporting period?

A. Given changing perceptions for the economy and a number of macro issues, the performance of the spread sectors (non-Treasuries) fluctuated during the reporting period. The spread sectors began the period on a weak note in November 2010, triggered by the European sovereign debt crisis. Most spread sectors then rallied through the end of April 2011 as expectations for the economy were generally positive. While the spread sectors generally posted positive results in May, they underperformed equal-durationi Treasuries. Risk aversion then increased from June through September given a host of disappointing economic data, a further escalation of the European sovereign debt crisis and the Standard & Poor s rating downgrade of U.S. sovereign debt. However, most spread sectors then rallied in October given hopes of progress in Europe and some better-than-expected economic data.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the reporting period. When the period began, two- and ten-year Treasury yields were 0.34%

Fund overview (cont d)

and 2.63%, respectively. Yields declined in early November, but then moved sharply higher given expectations for stronger growth in 2011 and the potential for rising inflation. Two- and ten-year Treasury yields peaked at 0.87% and 3.75%, respectively, in February 2011. Yields then declined during much of the next seven months due to disappointing economic data and several flights to quality. Two-year Treasuries hit their low for the reporting period of 0.16% on September 19, 2011. Ten-year Treasuries reached their reporting period trough of 1.72% on September 22, 2011. Yields then moved higher in October as investor risk appetite increased. When the period ended on October 31, 2011, two-year Treasury yields were 0.25% and ten-year Treasury yields were 2.17%.

All told, the Barclays Capital U.S. Aggregate Index[ii] returned 5.00% for the twelve months ended October 31, 2011. Comparatively, global investment grade corporate bonds, global high-yield bonds and emerging market debt lagged the Barclays Capital U.S. Aggregate Index. Over the reporting period, the Barclays Capital Global Aggregate Corporate Index[iii] returned 3.92%, the Barclays Capital Global High Yield Index[iv] returned 3.49% and the JPMorgan Emerging Markets Bond Index Global (EMBI Global)[v] returned 4.05%.

Q. How did we respond to these changing market conditions?

A. A number of adjustments were made to the Fund s portfolio during the reporting period. We reduced our long euro exposure in March 2011 and moved to a slightly short position by the end of the reporting period given the escalating European sovereign debt crisis. Additionally, the Fund s non-agency mortgage-backed security (MBS) exposure was modestly reduced during the period to free up funds to pursue other opportunities. We actively participated in the new issue market, typically emphasizing senior secured bonds and issues that were higher up in the corporate capital structure.

During the reporting period, we employed U.S. Treasury futures to manage the Fund s duration. This was a detractor from performance. The use of currency forwards to manage our currency exposure did not materially impact results.

During the reporting period, we actively managed the Fund s leverage. We temporarily reduced leverage in the spring of 2011 when we felt the credit markets were pricing in an overly optimistic outlook. We ended the period with borrowings as a percentage of gross assets of roughly 21.5%.

Performance review

For the twelve months ended October 31, 2011, Western Asset Global Corporate Defined Opportunity Fund Inc. returned 2.13% based on its net asset value (NAV)[vi] and 2.97% based on its New York Stock Exchange (NYSE) market price per share. The Fund s unmanaged benchmark, the Barclays Capital Global Aggregate Corporate Index, returned 3.92% for the same period. The Lipper Global Income Closed-End Funds

Category Averagevii returned 4.20% over the same time frame. Please note that Lipper performance returns are based on each fund s NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling $1.56 per share. The performance table shows the Fund s twelve-month total return based on its NAV and market price as of October 31, 2011. **Past performance is no guarantee of future results.**

Performance Snapshot as of October 31, 2011

Price Per Share	**12-Month Total Return***
$19.15 (NAV)	2.13%
$18.05 (Market Price)	2.97%

All figures represent past performance and are not a guarantee of future results.

*** Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. The largest contributor to the Fund s relative performance during the reporting period was its out-of-benchmark (securities held by the Fund but not included in the benchmark) exposure to emerging market debt (roughly 22% of the portfolio at period-end), as it outperformed the benchmark. In particular, overweight positions in Thailand-based Wireless Telecommunication Services firm **True Move Co., Ltd.** and Venezuelan sovereign debt were beneficial for performance. True Move Co. posted stable results over the fiscal year in conjunction with adequate overall liquidity levels. As we anticipated, bondholders also benefited from conservative balance sheet management by True Move s management team, which included a tender for our bonds toward the end of the reporting period to extend their maturity profile. Venezuela s sovereign debt was boosted by strong investor demand as it offered very attractive yields in a low-yield environment that characterized much of the reporting period.

The Fund had an out-of-benchmark exposure to structured products (roughly 6% of the portfolio at period-end), such as non-agency MBS, which, overall, outperformed the benchmark during the period. Our specific holdings were concentrated primarily on higher-quality fixed coupon issuers that were, in general, more seasoned. These positions benefited from principal paydowns at par and they offered higher yields.

An out-of-benchmark exposure to high-yield bonds (roughly 22% of the portfolio at period-end) was rewarded. Leading contributors to Fund performance during the period included overweight positions in **MGM Resorts International** and holdings in subsidiaries of **Liberty Global Inc. (UPC Holding, Unitymedia GMBH** and **UPCB Finance II LTD**). MGM Resorts International is a U.S. entertainment and gaming company. Its bonds were trading at a steep discount given fears over the debt levels at the company. The company s bonds rallied significantly during the period as it continued to make its debt payments and fears of a default receded. Liberty Global is a large European cable company. It was a strong performer given consistent positive fundamental performance and strong free cash flow generation.

The Fund s allocation to investment grade bonds (roughly 47% of the portfolio at period-end) also boosted results. Overweight positions that enhanced the Fund s results included **Anadarko Petroleum Corp.** and **Travelers Cos. Inc.** Anadarko Petroleum is an oil and gas exploration and production

Fund overview (cont d)

company. It had a 25% stake in the Macondo well that caused a record Gulf of Mexico oil spill in 2010. Its debt suffered given uncertainty surrounding litigation related to the disaster. Anadarko Petroleum s debt rallied as the company reached a settlement that was less than anticipated. In addition, its fundamental results improved during the period. Travelers Cos. is an insurance company that performed well given the strong results from its investment portfolio.

Q. What were the leading detractors from performance?

A. The largest detractors from relative performance for the period were certain holdings in the high-yield sector. Overweights in **CMA CGM** and **Horizon Lines Inc.** were not beneficial to results. CMA CGM, based in France, is the world s third largest container shipping company. The firm performed poorly due to a variety of factors, including signs that global economic growth was decelerating, higher oil prices and fears related to the escalating European sovereign debt crisis. In addition, there was an overhang regarding allegations that the company engaged in illegal shipping practices from various foreign ports to Sudan. Horizon Lines is a U.S.-based shipping company that performed poorly as it was expected to default after failing to make certain debt payments. Horizon Lines suffered from an overall secular decline in global shipping. Weak demand due to the sputtering global economy led company fundamentals to become challenged, and a U.S. Department of Justice settlement against the company added to already elevated liquidity concerns.

While the Fund s investment grade bond exposure was additive to results, security selection, overall, detracted from results. Overweight positions in Europe-based Financials companies, particularly **Barclays Bank** and **Intesa Sanpaolo SpA,** were not rewarded. Both companies were negatively impacted by the European sovereign debt crisis.

Several emerging market holdings were also a drag on performance. An overweight in India-based **ICICI Bank Ltd.** was a negative for results. It was dragged down along with the banking industry as a whole given fears of contagion from the European debt crisis. In addition, there were concerns that economic growth expectations in India were overly optimistic.

Looking for additional information?

The Fund is traded under the symbol GDO and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XGDOX on most financial websites. *Barron s* and the *Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund s current NAV, market price and other information.

Thank you for your investment in Western Asset Global Corporate Defined Opportunity Fund Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund s investment goals.

Sincerely,

Western Asset Management Company

November 15, 2011

RISKS: *Fixed-income securities are subject to credit risk, inflation risk, call risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund s holdings. The Fund may invest in lower-rated high-yield bonds which are subject to greater credit risk (risk of default) than higher-rated obligations. Investments in foreign securities involve risks, including the possibility of losses due to changes in currency exchange rates and negative developments in the political, economic or regulatory structure of specific countries or regions. These risks are magnified in emerging markets. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder s risk of loss.*

Portfolio holdings and breakdowns are as of October 31, 2011 and are subject to change and may not be representative of the portfolio managers current or future investments. Please refer to pages 9 through 21 for a list and percentage breakdown of the Fund s holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund s top five sector holdings (as a percentage of total investments) as of October 31, 2011 were: Financials (27.7%), Consumer Discretionary (12.6%), Energy (9.7%), Telecommunication Services (8.7%) and Materials (7.9%). The Fund s portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

i Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

ii The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

iii The Barclays Capital Global Aggregate Corporate Index is the corporate component of the Barclays Capital Global Aggregate Index, which is comprised of several other Barclays Capital indices that measure fixed-income performance of regions around the world.

iv The Barclays Capital Global High Yield Index provides a broad-based measure of the global high-yield fixed-income markets, representing the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield and Pan European Emerging Markets High-Yield Indices.

v The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.

vi Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total investments) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund s market price as determined by supply of and demand for the Fund s shares.

vii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended October 31, 2011, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 13 funds in the Fund s Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund s investments as of October 31, 2011 and October 31, 2010 and does not include derivatives, such as futures contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund s investments is subject to change at any time.

Prior year percentages have been restated to reflect current period classifications.

Spread duration (unaudited)

Economic Exposure October 31, 2011

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund s sectors relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset-Backed Securities
BC Global Aggregate	Barclays Capital Global Aggregate Corporate Bond Index
EM	Emerging Markets
GDO	Western Asset Global Corporate Defined Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities

Effective duration (unaudited)

Interest Rate Exposure October 31, 2011

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund s sectors relative to the selected benchmark as of the end of the reporting period.

ABS	Asset-Backed Securities
BC Global Aggregate	Barclays Capital Global Aggregate Corporate Bond Index
EM	Emerging Markets
GDO	Western Asset Global Corporate Defined Opportunity Fund Inc.
Govt	Government
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities

Schedule of investments

October 31, 2011

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount		Value
Corporate Bonds & Notes 85.9%					
Consumer Discretionary 12.6%					
Auto Components 0.8%					
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	785,000EUR	$	744,050(a)
Hertz Holdings Netherlands BV, Senior Secured Bonds	8.500%	7/31/15	1,420,000EUR		1,994,327(a)
Total Auto Components					***2,738,377***
Automobiles 0.7%					
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	2,000,000		***2,525,246***
Diversified Consumer Services 1.1%					
Dignity Finance PLC, Secured Bonds	6.310%	12/31/23	534,259GBP		1,021,686
Odeon & UCI Finco PLC, Senior Secured Notes	9.000%	8/1/18	940,000GBP		1,488,755(a)
Stonemor Operating LLC/Cornerstone Family Services of WV/Osiris Holding, Senior Notes	10.250%	12/1/17	1,500,000		1,466,250(b)
Total Diversified Consumer Services					***3,976,691***
Hotels, Restaurants & Leisure 1.7%					
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,000,000		1,075,000
Landry s Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	1,000,000		1,065,000
MGM Resorts International, Senior Notes	11.375%	3/1/18	1,000,000		1,092,500
Mitchells & Butlers Finance PLC, Secured Notes	5.965%	12/15/25	581,485GBP		974,706
Mohegan Tribal Gaming Authority, Senior Secured Notes	11.500%	11/1/17	1,000,000		937,500(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	1,000,000		1,155,000
Total Hotels, Restaurants & Leisure					***6,299,706***
Household Durables 0.7%					
Norcraft Cos. LP/Norcraft Finance Corp., Senior Secured Notes	10.500%	12/15/15	2,500,000		***2,425,000***(b)
Media 7.2%					
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	2,030,000		2,172,100(b)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	1,570,000		1,707,375(b)
Comcast Corp., Senior Notes	5.700%	7/1/19	1,800,000		2,111,526(b)
Daily Mail & General Trust PLC, Senior Bonds	5.750%	12/7/18	1,280,000GBP		1,959,406
Grupo Televisa SA, Senior Bonds	6.625%	1/15/40	1,730,000		1,988,704(b)
ITV PLC, Senior Notes	10.000%	6/30/14	600,000EUR		917,393
Kabel BW Musketeer GmbH, Senior Secured Notes	9.500%	3/15/21	300,000EUR		411,997(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,000,000EUR		1,290,300(a)
NET Servicos de Comunicacao SA, Bonds	7.500%	1/27/20	920,000		1,055,700
Ono Finance II PLC, Senior Bonds	11.125%	7/15/19	500,000EUR		610,558(a)
Pearson PLC, Senior Bonds	7.000%	10/27/14	1,200,000GBP		2,177,481

See Notes to Financial Statements.

Schedule of investments (cont d)

October 31, 2011

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount		Value
Media continued					
Reed Elsevier Capital Inc., Notes	8.625%	1/15/19	870,000	$	1,085,495(b)
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,500,000		1,953,777(b)
UPC Holding BV, Senior Secured Notes	9.750%	4/15/18	310,000EUR		452,539(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	1,000,000EUR		1,300,678(a)
Videotron Ltee, Senior Notes	7.125%	1/15/20	2,000,000CAD		2,041,635(a)
Vivendi SA, Senior Notes	4.750%	7/13/21	1,300,000EUR		1,848,817
Ziggo Bond Co. BV, Senior Notes	8.000%	5/15/18	750,000EUR		1,061,125(a)
Total Media					***26,146,606***
Multiline Retail 0.0%					
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	180,000		***166,500***
Specialty Retail 0.4%					
Edcon Proprietary Ltd., Senior Notes	4.778%	6/15/14	960,000EUR		1,135,741(a)(c)
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	300,000EUR		353,881(a)
Total Specialty Retail					***1,489,622***
Total Consumer Discretionary					**45,767,748**
Consumer Staples 5.6%					
Food & Staples Retailing 0.9%					
CVS Caremark Corp., Senior Notes	6.125%	9/15/39	1,000,000		1,218,972(b)
Tesco PLC, Senior Notes	6.125%	2/24/22	1,200,000GBP		2,265,390
Total Food & Staples Retailing					***3,484,362***
Food Products 0.9%					
Boparan Holdings Ltd., Senior Notes	9.875%	4/30/18	700,000GBP		995,391(a)
Campofrio Food Group SA, Senior Notes	8.250%	10/31/16	530,000EUR		755,362(a)
Foodcorp Ltd., Senior Secured Notes	8.750%	3/1/18	360,000EUR		470,735(a)
Smithfield Foods Inc., Senior Secured Notes	10.000%	7/15/14	801,000		935,167
Total Food Products					***3,156,655***
Personal Products 0.2%					
Hypermarcas SA, Notes	6.500%	4/20/21	760,000		***744,800***(a)
Tobacco 3.6%					
Altria Group Inc., Senior Notes	9.700%	11/10/18	2,600,000		3,499,186(b)
BAT International Finance PLC, Senior Notes	4.875%	2/24/21	1,450,000EUR		2,220,583
Imperial Tobacco Finance PLC, Senior Notes	8.375%	2/17/16	1,150,000EUR		1,917,060
Lorillard Tobacco Co., Senior Notes	8.125%	6/23/19	2,305,000		2,781,897(b)
Reynolds American Inc., Senior Notes	6.750%	6/15/17	2,340,000		2,707,188(b)
Total Tobacco					***13,125,914***
Total Consumer Staples					**20,511,731**
Energy 9.7%					
Energy Equipment & Services 0.1%					
Parker Drilling Co., Senior Notes	9.125%	4/1/18	300,000		***315,750***

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Oil, Gas & Consumable Fuels 9.6%				
Anadarko Petroleum Corp., Senior Notes	6.450%	9/15/36	1,370,000	$ 1,593,340(b)
Dolphin Energy Ltd., Senior Secured Bonds	5.888%	6/15/19	1,899,740	2,121,899(a)
Ecopetrol SA, Senior Notes	7.625%	7/23/19	1,650,000	1,984,950(b)
Energy Transfer Partners LP, Senior Notes	9.700%	3/15/19	1,000,000	1,237,774(b)
Enterprise Products Operating LLC, Senior Notes	6.500%	1/31/19	1,290,000	1,531,951(b)
Indo Energy Finance BV, Senior Notes	7.000%	5/7/18	470,000	479,400(a)
KazMunaiGaz Finance Sub BV, Senior Notes	8.375%	7/2/13	980,000	1,053,500(a)
KazMunaiGaz Finance Sub BV, Senior Notes	11.750%	1/23/15	675,000	821,812(a)
Kinder Morgan Energy Partners LP, Medium-Term Notes	6.950%	1/15/38	1,180,000	1,374,632(b)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	310,000	334,025(a)
LUKOIL International Finance BV, Bonds	6.656%	6/7/22	1,860,000	1,983,225(a)
Novatek Finance Ltd., Notes	6.604%	2/3/21	750,000	782,813(a)
Pemex Project Funding Master Trust, Senior Bonds	6.625%	6/15/35	910,000	1,001,000
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	760,000	876,280
Petroleum Co. of Trinidad & Tobago Ltd., Senior Notes	9.750%	8/14/19	2,590,000	3,037,474(a)
Petronas Capital Ltd.	5.250%	8/12/19	700,000	795,118(a)
Petronas Capital Ltd., Senior Notes	5.250%	8/12/19	1,780,000	2,021,872(a)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,500,000	1,672,500
Ras Laffan Liquefied Natural Gas Co., Ltd. III, Senior Secured Bonds	6.750%	9/30/19	2,280,000	2,707,842(a)(b)
Ras Laffan Liquefied Natural Gas Co., Ltd. III, Senior Secured Notes	5.500%	9/30/14	1,050,000	1,146,285(a)
SandRidge Energy Inc., Senior Notes	9.875%	5/15/16	1,000,000	1,065,000(a)
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	4,150,000	4,751,750(a)(b)
Williams Partners LP, Senior Notes	5.250%	3/15/20	610,000	675,161(b)
Total Oil, Gas & Consumable Fuels				***35,049,603***
Total Energy				**35,365,353**
Financials 27.2%				
Capital Markets 3.1%				
Credit Suisse AG, Subordinated Notes	5.400%	1/14/20	320,000	320,183(b)
Credit Suisse London, Subordinated Notes	6.750%	1/16/23	2,500,000GBP	4,196,773(c)
Goldman Sachs Capital II, Junior Subordinated Bonds	5.793%	6/1/12	1,300,000	897,000(b)(c)(d)
Goldman Sachs Group Inc.	5.500%	10/12/21	600,000GBP	836,525
Goldman Sachs Group Inc., Subordinated Notes	4.750%	10/12/21	2,700,000EUR	3,090,807
UBS AG London, Senior Notes	6.375%	7/20/16	1,050,000GBP	1,861,159
Total Capital Markets				***11,202,447***

See Notes to Financial Statements.

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October 31, 2011

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Commercial Banks 14.2%				
Australia & New Zealand Banking Group Ltd., Subordinated Bonds	6.540%	6/15/12	450,000GBP	$ 719,359(c)(d)
Australia & New Zealand Banking Group Ltd., Subordinated Notes	5.125%	9/10/19	1,250,000EUR	1,769,981
BankAmerica Capital II, Junior Subordinated Bonds	8.000%	12/15/26	800,000	732,000(b)
BankAmerica Institutional Capital A, Junior Subordinated Bonds	8.070%	12/31/26	1,240,000	1,134,600(a)(b)
BankAmerica Institutional Capital B, Junior Subordinated Bonds	7.700%	12/31/26	850,000	745,875(a)
Barclays Bank PLC, Subordinated Notes	6.369%	12/15/19	1,950,000GBP	2,304,523(c)(d)
BB&T Capital Trust II, Junior Subordinated Notes	6.750%	6/7/36	660,000	666,465(b)
BB&T Capital Trust IV, Junior Subordinated Debentures	6.820%	6/12/57	2,700,000	2,710,125(b)(c)
BBVA International Preferred SA Unipersonal	9.100%	10/21/14	400,000GBP	572,413(c)(d)
Commonwealth Bank of Australia, Subordinated Notes	5.500%	8/6/19	1,200,000EUR	1,740,754
Credit Agricole SA, Junior Subordinated Notes	7.875%	10/26/19	400,000EUR	475,993(c)(d)
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	2,530,000	2,239,050(a)(c)(d)
Fortis Bank SA/NV, Junior Subordinated Notes	4.625%	10/27/14	1,900,000EUR	1,840,321(a)(c)(d)
Fortis Bank SA/NV, Senior Subordinated Notes	5.757%	10/4/17	1,200,000EUR	1,659,588
HSBC Capital Funding LP, Junior Subordinated Bonds	5.369%	3/24/14	1,900,000EUR	2,352,982(c)(d)
ING Bank NV, Subordinated Notes	6.875%	5/29/23	2,850,000GBP	4,396,870(c)
Intesa Sanpaolo SpA, Subordinated Notes	6.625%	5/8/18	1,200,000EUR	1,446,959
Intesa Sanpaolo SpA, Subordinated Notes	8.375%	10/14/19	450,000EUR	463,885(c)(d)
Lloyds TSB Bank PLC, Notes	5.800%	1/13/20	520,000	533,233(a)
Matalan Finance Ltd., Senior Notes	9.625%	3/31/17	66,000GBP	59,959(a)
National Australia Bank Ltd., Subordinated Notes	6.750%	6/26/23	2,750,000EUR	4,157,858(c)
National Capital Trust I	5.620%	12/17/18	266,000GBP	359,783(a)(c)(d)
NB Capital Trust IV, Junior Subordinated Notes	8.250%	4/15/27	1,650,000	1,546,875(b)
Rabobank Nederland NV, Junior Subordinated Notes	11.000%	6/30/19	1,997,000	2,423,032(a)(c)(d)
Resona Preferred Global Securities Cayman Ltd., Junior Subordinated Bonds	7.191%	7/30/15	90,000	87,379(a)(b)(c)(d)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	4,000,000	3,743,288(b)
Royal Bank of Scotland PLC, Senior Notes	5.375%	9/30/19	1,300,000EUR	1,694,146
Santander Finance Preferred SA Unipersonal, Subordinated Bonds	11.300%	7/27/14	350,000GBP	554,324(c)(d)

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Commercial Banks continued				
Skandinaviska Enskilda Banken AB, Subordinated Notes	9.250%	3/31/15	450,000EUR	$ 656,569(c)(d)
Societe Generale, Subordinated Notes	9.375%	9/4/19	1,550,000EUR	1,882,005(c)(d)
Standard Chartered Bank, Subordinated Notes	5.875%	9/26/17	1,250,000EUR	1,767,521(a)
Standard Chartered Bank, Subordinated Notes	7.750%	4/3/18	1,000,000GBP	1,757,443
USB Capital XIII Trust, Junior Subordinated Notes	6.625%	12/15/39	1,500,000	1,546,615(b)
Wachovia Capital Trust III, Junior Subordinated Bonds	5.570%	12/5/11	760,000	662,150(c)(d)
Total Commercial Banks				***51,403,923***
Consumer Finance 1.9%				
American Express Co., Subordinated Debentures	6.800%	9/1/66	1,820,000	1,808,625(b)(c)
Fiat Finance & Trade Ltd. SA, Senior Notes	6.125%	7/8/14	540,000EUR	719,178
SLM Corp., Medium-Term Notes	8.000%	3/25/20	1,880,000	1,959,900(b)
SLM Corp., Medium-Term Notes, Senior Notes	5.050%	11/14/14	2,400,000	2,347,622(b)
Total Consumer Finance				***6,835,325***
Diversified Financial Services 4.8%				
AES El Salvador Trust, Senior Notes	6.750%	2/1/16	1,000,000	982,500(a)
Citigroup Inc., Senior Notes	7.375%	9/4/19	1,300,000EUR	2,048,355
Countrywide Capital III, Junior Subordinated Notes	8.050%	6/15/27	3,000,000	2,782,500
General Electric Capital Corp., Subordinated Bonds	5.500%	9/15/67	940,000EUR	1,118,583(a)(c)
General Electric Capital Corp., Subordinated Debentures	6.375%	11/15/67	1,200,000	1,194,240(b)(c)
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,000,000	3,169,500(b)
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	1,130,000	1,065,250(b)
ISS Financing PLC, Senior Secured Bonds	11.000%	6/15/14	560,000EUR	815,553(a)
JPMorgan Chase Capital XVIII, Bonds	6.950%	8/17/36	1,440,000	1,491,862(b)
JPMorgan Chase Capital XXVII, Junior Subordinated Notes	7.000%	11/1/39	1,000,000	1,008,083(b)
MUFG Capital Finance 4 Ltd., Junior Subordinated Bonds	5.271%	1/25/17	550,000EUR	726,788(c)(d)
Telenet Finance III Luxembourg S.C.A., Senior Secured Notes	6.625%	2/15/21	800,000EUR	1,084,821(a)
Total Diversified Financial Services				***17,488,035***
Insurance 3.0%				
American International Group Inc., Senior Notes	8.250%	8/15/18	1,200,000	1,353,823(b)
Aviva PLC, Subordinated Notes	5.250%	10/2/23	1,300,000EUR	1,771,828(c)
AXA SA, Junior Subordinated Notes	5.777%	7/6/16	500,000EUR	536,944(c)(d)
AXA SA, Junior Subordinated Notes	6.463%	12/14/18	2,000,000	1,435,000(a)(c)(d)
ELM BV	5.252%	5/25/16	550,000EUR	662,481(c)(d)
Farmers Insurance Exchange, Subordinated Notes	8.625%	5/1/24	1,295,000	1,590,097(a)

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Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Insurance continued				
Generali Finance BV, Junior Subordinated Bonds	5.317%	6/16/16	500,000EUR	$ 525,806(c)(d)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	300,000	319,094(a)
Muenchener Rueckversicherungs-Gesellschaft AG (MunichRe), Subordinated Bonds	5.767%	6/12/17	500,000EUR	597,839(c)(d)
QBE Insurance Group Ltd., Senior Notes	6.125%	9/28/15	550,000GBP	927,160(a)
Travelers Cos. Inc., Senior Notes	5.350%	11/1/40	1,150,000	1,306,222(b)
Total Insurance				***11,026,294***
Real Estate Management & Development 0.2%				
Countrywide Holdings, Senior Secured Notes	10.000%	5/8/18	550,000GBP	***840,128***(a)
Total Financials				**98,796,152**
Health Care 2.2%				
Health Care Equipment & Supplies 0.1%				
Ontex IV SA, Senior Notes	9.000%	4/15/19	430,000EUR	***510,205***(a)
Health Care Providers & Services 1.7%				
Crown Newco 3 PLC, Senior Subordinated Notes	8.875%	2/15/19	250,000GBP	377,857(a)
Humana Inc., Senior Notes	7.200%	6/15/18	2,700,000	3,157,588(b)
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	1,000,000	1,152,500
UnitedHealth Group Inc., Senior Notes	6.000%	2/15/18	1,350,000	1,592,993(b)
Total Health Care Providers & Services				***6,280,938***
Pharmaceuticals 0.4%				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	1,070,000EUR	***1,376,920***(a)
Total Health Care				**8,168,063**
Industrials 6.1%				
Air Freight & Logistics 0.3%				
TGI International Ltd., Senior Notes	9.500%	10/3/17	850,000	***930,750***(a)
Airlines 3.1%				
BAA SH PLC, Senior Secured Notes	7.125%	3/1/17	950,000GBP	1,460,032
Continental Airlines Inc., Pass-Through Certificates	9.250%	5/10/17	3,577,732	3,685,064
Continental Airlines Inc., Senior Secured Notes	6.750%	9/15/15	4,430,000	4,463,225(a)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	1,500,000	1,582,500(a)
United Airlines, Pass-Through Trust, Senior Secured Notes	10.400%	11/1/16	100,003	110,504(b)
Total Airlines				***11,301,325***
Commercial Services & Supplies 0.9%				
ACCO Brands Corp., Senior Secured Notes	10.625%	3/15/15	1,250,000	1,384,375
Republic Services Inc., Senior Notes	5.250%	11/15/21	1,450,000	1,656,528(b)
Total Commercial Services & Supplies				***3,040,903***
Construction & Engineering 0.4%				
Odebrecht Finance Ltd., Senior Notes	7.000%	4/21/20	1,450,000	***1,566,000***(a)

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount		Value
Marine 0.1%					
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	180,000	$	174,488(a)
Horizon Lines LLC, Senior Secured Notes	13.000%	10/15/16	240,000		229,800(a)(e)(f)
Total Marine					***404,288***
Road & Rail 1.0%					
FirstGroup PLC, Senior Bonds	8.125%	9/19/18	1,150,000GBP		2,239,400
RailAmerica Inc., Senior Secured Notes	9.250%	7/1/17	1,333,000		1,456,302
Total Road & Rail					***3,695,702***
Transportation 0.3%					
CMA CGM, Senior Notes	8.500%	4/15/17	1,000,000		450,000(a)
CMA CGM, Senior Notes	8.875%	4/15/19	1,100,000EUR		677,321(a)
Total Transportation					***1,127,321***
Total Industrials					**22,066,289**
Information Technology 0.6%					
Communications Equipment 0.6%					
Brocade Communications Systems Inc., Senior Secured Notes	6.625%	1/15/18	2,000,000		**2,085,000**(b)
Materials 7.9%					
Chemicals 1.3%					
Kerling PLC, Senior Secured Notes	10.625%	1/28/17	606,000EUR		784,018(a)
Lyondell Chemical Co., Senior Secured Notes	8.000%	11/1/17	609,120EUR		939,766
Solutia Inc., Senior Notes	8.750%	11/1/17	1,500,000		1,640,625(b)
Styrolution GmbH, Senior Secured Notes	7.625%	5/15/16	1,100,000EUR		1,210,046(a)
Total Chemicals					***4,574,455***
Construction Materials 0.3%					
HeidelbergCement AG, Senior Notes	8.500%	10/31/19	610,000EUR		***903,141***
Containers & Packaging 0.4%					
Clondalkin Industries BV, Senior Secured Notes	8.000%	3/15/14	330,000EUR		372,146(a)
Reynolds Group Issuer Inc., Senior Notes	9.500%	6/15/17	200,000EUR		240,764(a)
Suzano Trading Ltd., Senior Notes	5.875%	1/23/21	970,000		911,800(a)
Total Containers & Packaging					***1,524,710***
Metals & Mining 4.7%					
CSN Resources SA, Senior Bonds	6.500%	7/21/20	1,100,000		1,190,750(a)
Evraz Group SA, Notes	8.875%	4/24/13	460,000		487,600(a)
Evraz Group SA, Notes	9.500%	4/24/18	450,000		490,500(a)
Evraz Group SA, Notes	6.750%	4/27/18	930,000		886,987(a)
Freeport-McMoRan Copper & Gold Inc., Senior Notes	8.375%	4/1/17	1,710,000		1,831,692(b)
Gerdau Holdings Inc., Senior Notes	7.000%	1/20/20	1,380,000		1,486,950(a)
Metals USA Inc., Senior Secured Notes	11.125%	12/1/15	1,000,000		1,042,500
New World Resources NV, Senior Bonds	7.375%	5/15/15	530,000EUR		696,693(a)

See Notes to Financial Statements.

Schedule of investments (cont d)

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Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Metals & Mining continued				
Southern Copper Corp., Senior Notes	6.750%	4/16/40	1,680,000	$ 1,777,610(b)
Vale Overseas Ltd., Notes	6.250%	1/23/17	670,000	752,913(b)
Vale Overseas Ltd., Notes	8.250%	1/17/34	2,146,000	2,812,196(b)
Vale Overseas Ltd., Notes	6.875%	11/21/36	340,000	389,742(b)
Vedanta Resources PLC, Senior Notes	8.750%	1/15/14	1,570,000	1,585,700(a)
Vedanta Resources PLC, Senior Notes	9.500%	7/18/18	260,000	252,200(a)
Xstrata Finance Canada Ltd., Senior Notes	5.250%	6/13/17	950,000EUR	1,393,438
Total Metals & Mining				***17,077,471***
Paper & Forest Products 1.2%				
Celulosa Arauco y Constitucion SA, Senior Notes	7.250%	7/29/19	1,220,000	1,458,570(b)
M-real OYJ, Senior Notes	8.750%	4/1/13	730,000EUR	1,005,050
NewPage Corp., Senior Secured Notes	11.375%	12/31/14	1,500,000	1,128,750(g)
PE Paper Escrow GmbH, Senior Secured Notes	11.750%	8/1/14	640,000EUR	940,916(a)
Total Paper & Forest Products				***4,533,286***
Total Materials				**28,613,063**
Telecommunication Services 8.7%				
Diversified Telecommunication Services 6.6%				
Axtel SAB de CV, Senior Notes	7.625%	2/1/17	260,000	222,300(a)
Axtel SAB de CV, Senior Notes	9.000%	9/22/19	373,000	328,240(a)
British Telecommunications PLC, Senior Bonds	8.750%	12/7/16	1,200,000GBP	2,363,936
CC Holdings GS V LLC, Senior Secured Notes	7.750%	5/1/17	2,000,000	2,175,000(a)(b)
Intelsat Luxembourg SA, Senior Notes	11.250%	2/4/17	1,800,000	1,791,000
Qtel International Finance Ltd., Senior Notes	4.750%	2/16/21	650,000	664,625(a)
Qwest Corp., Senior Notes	6.750%	12/1/21	2,500,000	2,662,500(b)
Sunrise Communications Holdings SA, Senior Secured Notes	8.500%	12/31/18	266,000EUR	364,384(a)
Sunrise Communications International SA, Senior Secured Notes	7.000%	12/31/17	224,000EUR	316,923(a)
Telecom Italia Capital SA, Senior Notes	7.721%	6/4/38	500,000	506,469(b)
Telecom Italia SpA, Senior Notes	5.375%	1/29/19	1,400,000EUR	1,828,626
Telefonica Emisiones SAU, Senior Notes	5.134%	4/27/20	2,000,000	1,991,016
Telefonica Emisiones SAU, Senior Notes	7.045%	6/20/36	2,000,000	2,196,710(b)
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	1,150,000	1,207,500(a)
Unitymedia GmbH, Senior Subordinated Notes	9.625%	12/1/19	640,000EUR	943,130(a)
Vimpel Communications, Notes	6.493%	2/2/16	200,000	197,000(a)
Wind Acquisition Finance SA, Senior Secured Notes	7.250%	2/15/18	2,010,000	1,944,675(a)
Wind Acquisition Holdings Finance SpA, Senior Notes	12.250%	7/15/17	1,810,096EUR	2,329,306(a)(e)
Total Diversified Telecommunication Services				***24,033,340***

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Wireless Telecommunication Services 2.1%				
America Movil SAB de CV, Senior Notes	5.625%	11/15/17	2,050,000	$ 2,413,442(b)
America Movil SAB de CV, Senior Notes	6.125%	3/30/40	650,000	773,294(b)
MetroPCS Wireless Inc., Senior Notes	6.625%	11/15/20	1,500,000	1,413,750
Phones4u Finance PLC, Senior Secured Notes	9.500%	4/1/18	500,000GBP	671,299(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	750,000	551,250(b)
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	2,000,000	1,670,000(b)
Total Wireless Telecommunication Services				***7,493,035***
Total Telecommunication Services				**31,526,375**
Utilities 5.3%				
Electric Utilities 2.0%				
AES Ironwood LLC, Secured Notes	8.857%	11/30/25	127,585	128,861
Centrais Eletricas Brasileiras SA, Senior Notes	6.875%	7/30/19	1,680,000	1,919,400(a)
ENW Capital Finance PLC, Notes	6.750%	6/20/15	600,000GBP	1,058,906
Scottish & Southern Energy PLC, Senior Notes	5.750%	2/5/14	1,200,000GBP	2,084,316
Texas Competitive Electric Holdings Co. LLC/ TCEH Finance Inc., Senior Secured Notes	11.500%	10/1/20	2,500,000	2,162,500(a)
Total Electric Utilities				***7,353,983***
Gas Utilities 0.3%				
Wales & West Utilities Finance PLC, Senior Secured Bonds	5.125%	12/2/16	650,000GBP	***1,144,737***
Independent Power Producers & Energy Traders 1.4%				
Calpine Corp., Senior Secured Notes	7.500%	2/15/21	1,000,000	1,055,000(a)
Colbun SA, Senior Notes	6.000%	1/21/20	1,370,000	1,458,177(a)
Energy Future Holdings Corp., Senior Notes	10.875%	11/1/17	197,000	167,450(b)
Energy Future Intermediate Holding Co. LLC/ EFIH Finance Inc., Senior Secured Notes	10.000%	12/1/20	512,000	540,160(b)
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	1,948,589	2,031,404
Total Independent Power Producers & Energy Traders				***5,252,191***
Multi-Utilities 1.6%				
Centrica PLC, Senior Notes	6.375%	3/10/22	1,200,000GBP	2,282,251
Empresas Publicas de Medellin ESP, Senior Notes	7.625%	7/29/19	1,210,000	1,421,750(a)
Veolia Environnement, Senior Notes	6.750%	4/24/19	1,200,000EUR	1,982,748
Total Multi-Utilities				***5,686,749***
Total Utilities				**19,437,660**
Total Corporate Bonds & Notes (Cost $310,884,230)				**312,337,434**
Asset-Backed Securities 3.2%				
Argent Securities Inc., 2004-W10 A2	0.635%	10/25/34	816,891	720,973(c)
Asset Backed Funding Certificates, 2003-WMC1 M1	1.220%	6/25/33	2,393,442	1,969,053(c)
Countrywide Asset-Backed Certificates, 2005-5 M1	0.705%	10/25/35	1,200,000	1,129,805(c)

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Schedule of investments (cont d)

October 31, 2011

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Asset-Backed Securities continued				
Countrywide Home Equity Loan Trust, 2006-HW 2A1B	0.393%	11/15/36	877,227	$ 663,968(c)
Home Equity Asset Trust, 2004-8 M1	1.115%	3/25/35	641,516	540,215(c)
National Collegiate Student Loan Trust, IO, 2004-2 AIO	9.750%	10/27/14	2,377,500	211,003(f)
National Collegiate Student Loan Trust, IO, 2007-2 AIO	6.700%	7/25/12	6,050,000	453,750(f)
Park Place Securities Inc., 2004-WCW1 M2	0.925%	9/25/34	1,900,000	1,699,347(c)
Residential Asset Mortgage Products Inc., 2003-RZ5 A7	4.970%	9/25/33	2,263,785	2,267,246
Residential Asset Securities Corp., 2003-KS10 AI6	4.540%	12/25/33	460,629	457,994
Soundview Home Equity Loan Trust, 2005-3 M2	1.025%	6/25/35	353,419	334,787(c)
Structured Asset Securities Corp., 2002-HF1 A	0.825%	1/25/33	1,430,007	1,253,109(c)
Total Asset-Backed Securities (Cost $11,328,586)				**11,701,250**
Collateralized Mortgage Obligations 2.1%				
ARM Trust, 2004-5 4A1	5.182%	4/25/35	1,023,178	957,718(c)
Bayview Commercial Asset Trust, IO, 2005-2A	2.870%	8/25/35	24,575,821	449,738(a)
Bear Stearns ARM Trust, 2005-12 24A1	5.574%	2/25/36	100,254	63,311(c)
Credit Suisse Mortgage Capital Certificates, 2009-3R 25A1	2.802%	7/27/36	567,683	567,990(a)(c)
GSMPS Mortgage Loan Trust, 2006-RP1 1A2	7.500%	1/25/36	355,732	356,638(a)
Harborview Mortgage Loan Trust, 2004-10 4A	2.626%	1/19/35	446,042	402,373(c)
JPMorgan Mortgage Trust, 2005-A5 1A2	5.163%	8/25/35	1,900,000	1,669,926(c)
Residential Asset Mortgage Products Inc., 2003-SL1 M1	7.322%	4/25/31	2,173,296	1,645,744(c)
Sequoia Mortgage Trust, 2003-3 A1	0.575%	7/20/33	831,774	695,987(c)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2007-0A5 1A	0.980%	6/25/47	1,065,153	606,239(c)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2007-HY4 4A1	2.556%	9/25/36	116,737	82,701(c)
Total Collateralized Mortgage Obligations (Cost $7,469,590)				**7,498,365**
Convertible Bonds & Notes 0.1%				
Industrials 0.1%				
Marine 0.1%				
Horizon Lines Inc., Secured Senior Notes (Cost $473,074)	6.000%	4/15/17	471,756	**330,566**
Sovereign Bonds 6.2%				
Brazil 1.2%				
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/14	556,000BRL	318,758
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/17	7,375,000BRL	4,064,552
Total Brazil				***4,383,310***

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Chile 0.4%				
Banco del Estado de Chile, Senior Notes	4.125%	10/7/20	1,540,000	$ ***1,588,194***(a)
India 0.5%				
ICICI Bank Ltd., Junior Subordinated Bonds	6.375%	4/30/22	1,900,000	***1,795,500***(a)(c)
Malaysia 0.2%				
Government of Malaysia, Senior Bonds	3.835%	8/12/15	2,270,000MYR	***754,404***
Peru 0.1%				
Republic of Peru, Bonds	7.840%	8/12/20	1,100,000PEN	***466,773***
Russia 0.9%				
RSHB Capital, Loan Participation Notes, Senior Secured Bonds	6.299%	5/15/17	3,070,000	***3,227,337***(a)(b)
United Arab Emirates 0.6%				
MDC-GMTN B.V., Senior Notes	5.750%	5/6/14	430,000	465,368(a)
MDC-GMTN B.V., Senior Notes	7.625%	5/6/19	1,250,000	1,529,393(a)
Total United Arab Emirates				***1,994,761***
United Kingdom 0.5%				
United Kingdom Treasury Gilt, Bonds	4.500%	3/7/19	1,019,000GBP	***1,927,547***
Venezuela 1.8%				
Bolivarian Republic of Venezuela	5.750%	2/26/16	5,293,000	4,141,772(a)
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	3,000,000	2,182,500
Total Venezuela				***6,324,272***
Total Sovereign Bonds (Cost $21,218,161)				**22,462,098**
			Shares	
Common Stocks 0.0%				
Industrials 0.0%				
Marine 0.0%				
Horizon Lines Inc., Class A (Cost $36,791)			84,242	**23,167***
Convertible Preferred Stocks 0.5%				
Financials 0.5%				
Diversified Financial Services 0.5%				
Citigroup Inc. (Cost $2,073,750)	7.500%		17,500	**1,663,200**
Preferred Stocks 0.0%				
Financials 0.0%				
Diversified Financial Services 0.0%				
Citigroup Capital XIII (Cost $80,711)	7.875%		3,050	**82,136**(c)
Total Investments Before Short-Term Investments (Cost $353,564,893)				**356,098,216**

See Notes to Financial Statements.

Schedule of investments (cont d)

October 31, 2011

Western Asset Global Corporate Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Short-Term Investments 2.0%				
U.S. Government Agencies 0.0%				
Federal Home Loan Mortgage Corp. (FHLMC), Discount Notes (Cost $124,973)	0.110%	1/12/12	125,000	**$** ***124,998***(h)(i)
Repurchase Agreements 2.0%				
Credit Suisse First Boston Inc. tri-party repurchase agreement dated 10/31/11; Proceeds at maturity $5,500,006; (Fully collateralized by U.S. government obligations, 5.000% due 5/15/37; Market Value $5,610,218)	0.040%	11/1/11	5,500,000	5,500,000
State Street Bank & Trust Co., dated 10/31/11; Proceeds at maturity $1,774,000; (Fully collateralized by U.S. government obligations, 0.000% due 12/29/11; Market Value $1,809,971)	0.010%	11/1/11	1,774,000	1,774,000
Total Repurchase Agreements (Cost $7,274,000)				***7,274,000***
Total Short-Term Investments (Cost $7,398,973)				**7,398,998**
Total Investments 100.0% (Cost $360,963,866#)				**$363,497,214**

Face amount denominated in U.S. dollars, unless otherwise noted.

* Non-income producing security.

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

(b) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

(c) Variable rate security. Interest rate disclosed is as of the most recent information available.

(d) Security has no maturity date. The date shown represents the next call date.

(e) Payment-in-kind security for which part of the income earned may be paid as additional principal.

(f) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).

(g) The coupon payment on these securities is currently in default as of October 31, 2011.

(h) All or a portion of this security is held at the broker as collateral for open futures contracts.

(i) Rate shown represents yield-to-maturity.

Aggregate cost for federal income tax purposes is $363,030,470.

Abbreviations used in this schedule:

ARM	Adjustable Rate Mortgage
BRL	Brazilian Real
CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
IO	Interest Only

MYR	Malaysian Ringgit
OJSC	Open Joint Stock Company
PEN	Peruvian Nuevo Sol

See Notes to Financial Statements.

Western Asset Global Corporate Defined Opportunity Fund Inc.

Summary of Investments by Country (unaudited)

United States	40.3%
United Kingdom	12.9
Brazil	5.0
Russia	4.0
Netherlands	3.6
France	3.0
Australia	2.6
Mexico	2.3
Luxembourg	2.2
Italy	1.8
Switzerland	1.8
Venezuela	1.7
Spain	1.7
Qatar	1.2
Chile	1.2
United Arab Emirates	1.1
Germany	1.1
Belgium	1.1
Cayman Islands	1.1
India	1.0
Malaysia	1.0
Canada	0.9
Colombia	0.9
Trinidad and Tobago	0.8
Jersey	0.7
South Africa	0.5
Ireland	0.5
Kazakhstan	0.5
Bermuda	0.3
Finland	0.3
Panama	0.3
Austria	0.3
Sweden	0.2
Peru	0.1
Short-Term Investments	2.0
	100.0%

As a percentage of total investments. Please note that Fund holdings are as of October, 31, 2011 and are subject to change.

See Notes to Financial Statements.

Statement of assets and liabilities

October 31, 2011

Assets:	
Investments, at value (Cost $360,963,866)	$363,497,214
Foreign currency, at value (Cost $790,299)	790,428
Cash	874
Interest receivable	7,650,628
Unrealized appreciation on forward foreign currency contracts	1,985,672
Prepaid expenses	12,482
Other assets	54,700
Total Assets	***373,991,998***
Liabilities:	
Payable for open reverse repurchase agreement (Note 3)	80,030,489
Distribution payable	1,940,630
Investment management fee payable	244,976
Interest payable (Notes 3 and 5)	74,954
Unrealized depreciation on forward foreign currency contracts	66,676
Payable to broker variation margin on open futures contracts	31,469
Accrued expenses	108,011
Total Liabilities	***82,497,205***
Total Net Assets	**$291,494,793**
Net Assets:	
Par value ($0.001 par value, 15,220,631 shares issued and outstanding; 100,000,000 shares authorized)	$ 15,221
Paid-in capital in excess of par value	289,949,994
Overdistributed net investment income	(1,149,784)
Accumulated net realized loss on investments, futures contracts and foreign currency transactions	(1,717,495)
Net unrealized appreciation on investments, futures contracts and foreign currencies	4,396,857
Total Net Assets	**$291,494,793**
Shares Outstanding	15,220,631
Net Asset Value	$ 19.15

See Notes to Financial Statements.

Statement of operations

For the Year Ended October 31, 2011

Investment Income:	
Interest	$ 25,275,357
Dividends	72,047
Less: Foreign taxes withheld	(16,674)
Total Investment Income	***25,330,730***
Expenses:	
Investment management fee (Note 2)	3,008,054
Interest expense (Notes 3 and 5)	707,396
Legal fees	90,187
Transfer agent fees	71,273
Excise tax (Note 1)	65,300
Audit and tax	56,617
Directors fees	48,449
Shareholder reports	46,656
Custody fees	35,066
Fund accounting fees	25,698
Stock exchange listing fees	19,448
Insurance	6,495
Miscellaneous expenses	5,121
Total Expenses	***4,185,760***
Net Investment Income	**21,144,970**
Realized and Unrealized Gain (Loss) on Investments, Futures Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):	
Net Realized Gain (Loss) From:	
Investment transactions	131,051
Futures contracts	(202,572)
Foreign currency transactions	(4,334,549)
Net Realized Loss	***(4,406,070)***
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(16,968,787)
Futures contracts	(7,859)
Foreign currencies	4,749,016
Change in Net Unrealized Appreciation (Depreciation)	***(12,227,630)***
Net Loss on Investments, Futures Contracts and Foreign Currency Transactions	**(16,633,700)**
Increase in Net Assets from Operations	**$ 4,511,270**

See Notes to Financial Statements.

Statements of changes in net assets

For the Year Ended October 31, 2011 and the Period Ended October 31, 2010	**2011**	**2010**
Operations:		
Net investment income	$ 21,144,970	$ 18,300,045
Net realized gain (loss)	(4,406,070)	5,410,535
Change in net unrealized appreciation (depreciation)	(12,227,630)	16,624,487
Increase in Net Assets From Operations	***4,511,270***	***40,335,067***
Distributions to Shareholders From (Note 1):		
Net investment income	(22,494,570)	(19,758,070)
Net realized gains	(1,173,511)	
Decrease in Net Assets From Distributions to Shareholders	***(23,668,081)***	***(19,758,070)***
Fund Share Transactions:		
Net proceeds from sale of shares (0 and 15,105,236 shares issued, respectively)		287,906,000
Reinvestment of distributions (0 and 115,395 shares reinvested, respectively)		2,168,607
Increase in Net Assets From Fund Share Transactions		***290,074,607***
Increase (Decrease) in Net Assets	***(19,156,811)***	***310,651,604***
Net Assets:		
Beginning of year	310,651,604	
End of year*	**$291,494,793**	**$310,651,604**
* Includes (overdistributed) undistributed net investment income, respectively, of:	$(1,149,784)	$3,833,754

For the period November 24, 2009 (commencement of operations) through October 31, 2010.

See Notes to Financial Statements.

Statement of cash flows

For the Year Ended October 31, 2011

Increase (Decrease) in Cash:	
Cash Provided from Operating Activities:	
Net increase in net assets resulting from operations	$ 4,511,270
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Purchases of portfolio securities	(58,098,655)
Proceeds from sales of portfolio securities	61,392,529
Net purchases, sales and maturities of short-term investments	(4,253,417)
Net amortization (accretion) of discount and premium	1,886,705
Decrease in interest receivable	369,767
Increase in prepaid expenses	(3,316)
Net increase in other assets	(54,700)
Decrease in payable for securities purchased	(1,170,868)
Decrease in investment management fee payable	(16,094)
Decrease in Directors fee payable	(7,508)
Decrease in interest payable	(82,424)
Decrease in accrued expenses	(20,250)
Change in payable to broker variation margin on open futures contracts	20,188
Net realized gain on investments	(131,051)
Change in unrealized appreciation of investments and forward foreign currency contracts	12,026,765
Net Cash Provided Operating Activities*	***16,368,941***
Cash Used from Financing Activities:	
Distributions paid on common stock	(21,727,451)
Repayment of loans	(50,000,000)
Due to custodian	(6,807)
Net proceeds from reverse repurchase agreements	55,118,930
Net Cash Used in Financing Activities	***(16,615,328)***
Net Increase in Cash	**(246,387)**
Cash Beginning of Year	1,037,689
Cash End of Year	$ 791,302

* Included in operating expenses is $707,396 in cash, paid for interest on borrowings.

See Notes to Financial Statements.

Financial highlights

For a share of capital stock outstanding throughout each year ended October 31, unless otherwise noted:

	2011[1]	**2010[1,2]**
Net asset value, beginning of year	$20.41	$19.06[3]
Income (loss) from operations:		
Net investment income	1.39	1.21
Net realized and unrealized gain (loss)	(1.09)	1.44
Total income from operations	***0.30***	***2.65***
Less distributions from:		
Net investment income	(1.48)	(1.30)
Net realized gains	(0.08)	
Total distributions	***(1.56)***	***(1.30)***
Net asset value, end of year	$19.15	$20.41
Market price, end of year	$18.05	$19.08
Total return, based on NAV[4,5]	***2.13%***	***14.87%***
Total return, based on Market Price[5]	***2.97%***	***2.33%***
Net assets, end of year (000s)	$291,495	$310,652
Ratios to average net assets:		
Gross expenses	1.40%	1.35%[6]
Net expenses[7]	1.40	1.34[6,8]
Net investment income	7.05	6.76[6]
Portfolio turnover rate	16%	18%
Supplemental data:		
Loans Outstanding, End of Year (000s)		$50,000
Asset Coverage for Loan Outstanding		721%
Weighted Average Loan (000s)	$21,644	$48,044
Weighted Average Interest Rate on Loans	1.16%	1.18%

1 Per share amounts have been calculated using the average shares method.
2 For the period November 24, 2009 (commencement of operations) through October 31, 2010.
3 Initial public offering price of $20.00 per share less offering costs and sales load totaling $0.94 per share.
4 Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.
5 The total return calculation assumes that distributions are reinvested in accordance with the Fund s dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

6 Annualized.
7 The impact of compensating balance arrangements, if any, was less than 0.01%.
8 The investment manager has agreed to reimburse all organization expenses.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

Western Asset Global Corporate Defined Opportunity Fund Inc. (the Fund) was incorporated in Maryland on September 17, 2009 and is registered as a non-diversified, limited-term, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s primary investment objective is to provide current income and then to liquidate and distribute substantially all of the Fund s net assets to stockholders on or about December 2, 2024. As a secondary investment objective, the Fund will seek capital appreciation. The Fund seeks to achieve its investment objectives by investing 80% of its managed assets in a portfolio of U.S. and foreign corporate fixed-income securities of varying maturities.

The following are significant accounting policies consistently followed by the Funds and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

(a) Investment valuation. The valuations for fixed income securities and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of fair valuation techniques and methodologies. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment s fair value. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund s Board of Directors.

The Fund has adopted Financial Accounting Standards Board Codification Topic 820 (ASC Topic 820). ASC Topic 820 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair

Notes to financial statements (cont d)

value based on inputs used to value the Fund s investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

The following is a summary of the inputs used in valuing the Fund s assets and liabilities carried at fair value:

ASSETS

Description	**Quoted Prices (Level 1)**	**Other Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Long-term investments :				
Corporate bonds & notes		$312,107,634	$229,800	$312,337,434
Asset-backed securities		11,701,250		11,701,250
Collateralized mortgage obligations		7,498,365		7,498,365
Convertible bonds & notes		330,566		330,566
Sovereign bonds		22,462,098		22,462,098
Common stocks	$ 23,167			23,167
Convertible preferred stocks	1,663,200			1,663,200
Preferred stocks	82,136			82,136
Total long-term investments	**$1,768,503**	**$354,099,913**	**$229,800**	**$356,098,216**

Short-term investments		**7,398,998**		**7,398,998**
Total investments	**$1,768,503**	**$361,498,911**	**$229,800**	**$363,497,214**
Other financial instruments:				
Forward foreign currency contracts		1,985,672		1,985,672
Total	**$1,768,503**	**$363,484,583**	**$229,800**	**$365,482,886**

LIABILITIES

Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments:				
Futures contracts	$31,429			$31,429
Forward foreign currency contracts		$66,676		66,676
Total	**$31,429**	**$66,676**		**$98,105**

See Schedule of Investments for additional detailed categorizations.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

Investments In Securities	Corporate Bonds & Notes
Balance as of October 31, 2010	$4,275,000
Accrued premiums/discounts	
Realized gain (loss)	
Change in unrealized appreciation (depreciation)[1]	(177,868)
Net purchases (sales)	(182,268)
Transfers into Level 3	
Transfers out of Level 3[2]	(3,685,064)
Balance as of October 31, 2011	**$ 229,800**
Net change in unrealized appreciation (depreciation)	
for investments in securities still held at October 31, 2011[1]	**$ (10,200)**

The Fund s policy is to recognize transfers between levels as of the end of the reporting period.

1 This amount is included in the change in net unrealized appreciation (depreciation) in the accompanying Statement of Operations. Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

2 Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

(b) Repurchase agreements. The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund s holding period. When entering into repurchase agreements, it is the Fund s policy that its custodian or a third party custodian, acting on the Fund s behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty

Notes to financial statements (cont d)

defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Reverse repurchase agreements. The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed-upon time and price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund s use of the proceeds of the agreement may be restricted pending a determination by the counterparty, or its trustee or receiver, whether to enforce the Fund s obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will maintain cash, U.S. government securities or other liquid debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations.

(d) Futures contracts. The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against, changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. The daily changes in contract value are recorded as unrealized gains or losses in the Statement of Operations and the Fund recognizes a realized gain or loss when the contract is closed.

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(e) Forward foreign currency contracts. The Fund enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on the Statement of Assets and Liabilities. The Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(f) Foreign currency translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from fluctuations in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund s books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the values of assets and liabilities, other than investments in securities, on the date of valuation, resulting from changes in exchange rates.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(g) Stripped securities. The Fund may invest in Stripped Securities, a term used collectively for components, or strips, of fixed income securities. Stripped securities can be principal only securities (PO), which are debt obligations that have been stripped of unmatured interest coupons or, interest only securities (IO), which are unmatured interest coupons that have been stripped from debt obligations. The market value of Stripped Securities will

Notes to financial statements (cont d)

fluctuate in response to changes in economic conditions, rates of pre-payment, interest rates and the market s perception of the securities. However, fluctuations in response to interest rates may be greater in Stripped Securities than for debt obligations of comparable maturities that pay interest currently. The amount of fluctuation may increase with a longer period of maturity.

The yield to maturity on IO s is sensitive to the rate of principal repayments (including prepayments) on the related underlying debt obligation and principal payments may have a material effect on yield to maturity. If the underlying debt obligation experiences greater than anticipated prepayments of principal, the Fund may not fully recoup its initial investment in IO s.

(h) Loan participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund s investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

(i) Cash flow information. The Fund invests in securities and distributes dividends from net investment income and net realized gains, which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments are presented in the Statement of Cash Flows.

(j) Credit and market risk. The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund s investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund s investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(k) Counterparty risk and credit-risk-related contingent features of derivative instruments. The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund s investment manager attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the investment manager. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

The Fund has entered into master agreements with certain of its derivative counterparties that provide for general obligations, representations, agreements, collateral, events of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund s net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

As of October 31, 2011, the Fund held forward foreign currency contracts with credit related contingent features which had a liability position of $66,676. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties.

(l) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(m) Distributions to shareholders. Distributions from net investment income of the Fund, if any, are declared quarterly and paid on a monthly basis. Distributions of net realized gains, if any, are declared at least annually. Distributions to shareholders of the Fund are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

Notes to financial statements (cont d)

(n) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian s fees is paid indirectly by credits earned on the Fund s cash on deposit with the bank.

(o) Federal and other taxes. It is the Fund s policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986 (the Code), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund s financial statements.

However, due to the timing of when distributions are made by the Fund, the Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund s annual taxable income and net realized gains exceed the distributions from such taxable income and realized gains for the calendar year. The Fund paid $65,301 of Federal excise tax attributable to calendar year 2010. The Fund anticipates being subject to an excise tax of approximately $29,000 for calendar year 2011. Under the recently enacted Regulated Investment Company Modernization Act of 2010, the minimum distribution requirement for capital gains that must be met in order to avoid the imposition of excise tax has been raised from 98% to 98.2% for calendar years beginning after December 22, 2010.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(p) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the current year, the following reclassifications have been made:

	Overdistributed Net Investment Income	Accumulated Net Realized Loss	Paid-in Capital
(a)	$ 65,301		$(65,301)
(b)	(3,699,239)	$3,699,239	

(a) Reclassifications are primarily due to a non-deductible excise tax paid by the Fund.

(b) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities and losses from mortgage backed securities treated as capital losses for tax purposes.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund s investment manager. Western Asset Management Company (Western Asset), Western Asset Management Company Pte. Ltd. (Western Singapore), Western Asset Management Company Ltd (Western Japan) and Western Asset Management Company Limited (Western Asset Limited) are the Fund s subadvisers. LMPFA, Western Asset, Western Singapore, Western Japan and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays an investment management fee, calculated daily and paid monthly, at an annual rate of 0.80% of the Fund s average daily net assets plus the proceeds of any outstanding borrowings used for leverage.

LMPFA delegates to Western Asset the day-to-day portfolio management of the Fund. Western Singapore, Western Japan and Western Asset Limited provide certain advisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated debt securities. For its services, LMPFA pays Western Asset 70% of the net management fee it receives from the Fund. In turn, Western Asset pays Western Singapore, Western Japan and Western Asset Limited a fee for its services at no additional expense to the Fund. Each of Western Singapore, Western Japan and Western Asset Limited receives a fee from Western Asset, payable monthly, in an amount equal to an annual rate of 0.56% of the Fund s daily managed assets related to the Fund s assets that Western Asset allocates to Western Singapore, Western Japan and Western Asset Limited, respectively, to manage.

All officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended October 31, 2011, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	$58,098,655
Sales	61,392,529

At October 31, 2011, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

Gross unrealized appreciation	$ 15,027,715
Gross unrealized depreciation	(14,560,971)
Net unrealized appreciation	**$ 466,744**

At October 31, 2011, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Loss
Contracts to Sell:					
U.S. Treasury 10-Year Notes	8	12/11	$1,032,154	$1,032,500	$ (346)
U.S. Treasury 30-Year Bonds	11	12/11	1,498,261	1,529,344	(31,083)
Net unrealized loss on open futures contracts					**$ (31,429)**

Notes to financial statements (cont d)

Transactions in reverse repurchase agreements for the Fund during the year ended October 31, 2011 were as follows:

Average Daily Balance*	Weighted Average Interest Rate*	Maximum Amount Outstanding
$54,438,384	0.833%	$81,912,947

* Averages based on the number of days that Fund had reverse repurchase agreements outstanding.

Interest rates on reverse repurchase agreements ranged from 0.600% to 1.250% during the year ended October 31, 2011. Interest expense incurred on reverse repurchase agreements totaled $453,363.

At October 31, 2011, the Fund had the following open reverse repurchase agreements:

Counterparty	Rate	Effective Date	Maturity Date	Face Amount of Reverse Repurchase Agreements
Deutsche Bank	0.60%	5/24/11	TBD*	$ 2,375,760
Credit Suisse	0.75%	6/27/11	TBD*	2,151,580
Credit Suisse	0.75%	9/29/11	TBD*	3,716,325
Credit Suisse	0.75%	10/11/11	TBD*	1,786,824
Barclays Capital Inc.	1.01%	10/12/11	4/12/12	70,000,000
				$80,030,489

* TBD To Be Determined; These reverse repurchase agreements have no maturity dates because they are renewed daily and can be terminated by either the Fund or the counterparty in accordance with the terms of the agreements.
Interest rate on the reverse repurchase agreement resets daily. Interest rate disclosed is as of October 31, 2011.

On October 31, 2011, the total market value of underlying collateral (refer to the Schedule of Investments for positions held at the counterparty as collateral for reverse repurchase agreements) for open reverse repurchase agreements was $104,136,351.

At October 31, 2011, the Fund had the following open forward foreign currency contracts:

Foreign Currency	Counterparty	Local Currency	Market Value	Settlement Date	Unrealized Gain (Loss)
Contracts to Buy:					
British Pound	Morgan Stanley	100,000	$ 160,764	11/16/11	$ 2,892
British Pound	Morgan Stanley	100,000	160,764	11/16/11	4,636
British Pound	Morgan Stanley	200,000	321,529	11/16/11	1,977
Euro	Citibank N.A.	250,000	345,869	11/16/11	12,257
Euro	Morgan Stanley	100,000	138,348	11/16/11	(4,632)
Euro	Morgan Stanley	300,000	415,043	11/16/11	(7,343)
Euro	Morgan Stanley	200,000	276,695	11/16/11	1,040
Euro	Morgan Stanley	100,000	138,348	11/16/11	1,100
Euro	Morgan Stanley	200,000	276,695	11/16/11	(1,921)
					10,006

Foreign Currency	Counterparty	Local Currency	Market Value	Settlement Date	Unrealized Gain (Loss)
Contracts to Sell:					
British Pound	Citibank N.A.	400,000	$ 643,058	11/16/11	$ 9,662
British Pound	Morgan Stanley	18,781,741	30,194,363	11/16/11	66,684
British Pound	UBS AG	200,000	321,529	11/16/11	(11,216)
Canadian Dollar	Morgan Stanley	2,000,000	2,005,791	11/16/11	9,089
Euro	Morgan Stanley	200,000	276,695	11/16/11	(3,116)
Euro	Morgan Stanley	900,000	1,245,128	11/16/11	(15,685)
Euro	Morgan Stanley	53,683,123	74,269,311	11/16/11	1,863,020
Euro	UBS AG	100,000	138,348	11/16/11	(780)
Euro	UBS AG	200,000	276,695	11/16/11	(7,693)
Euro	UBS AG	471,247	651,959	11/16/11	13,315
Euro	UBS AG	600,000	830,086	11/16/11	(14,290)
					1,908,990
Net unrealized gain on open forward foreign currency contracts					**$1,918,996**

4. Derivative instruments and hedging activities

Financial Accounting Standards Board Codification Topic 815 requires enhanced disclosure about an entity s derivative and hedging activities.

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at October 31, 2011.

ASSET DERIVATIVES1

	Foreign Exchange Contracts Risk
Forward foreign currency contracts	$1,985,672

LIABILITY DERIVATIVES1

	Interest Rate Contracts Risk	Foreign Exchange Contracts Risk	Total
Futures contracts2	$31,429		$31,429
Forward foreign currency contracts		$66,676	66,676
Total	**$31,429**	**$66,676**	**$98,105**

1 Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

2 Includes cumulative appreciation (depreciation) of futures contracts as reported in the footnotes. Only variation margin is reported within the receivables and/or payables of the Statement of Assets and Liabilities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund s Statement of Operations for the year ended October 31, 2011. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized

Notes to financial statements (cont d)

appreciation (depreciation) resulting from the Fund s derivatives and hedging activities during the period.

AMOUNT OF REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED

	Interest Rate Contracts Risk	Foreign Exchange Contracts Risk	Total
Futures contracts	$(202,572)		$ (202,572)
Forward foreign currency contracts		$(4,928,559)	(4,928,559)
Total	**$(202,572)**	**$(4,928,559)**	**$(5,131,131)**

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED

	Interest Rate Contracts Risk	Foreign Exchange Contracts Risk	Total
Futures contracts	$(7,859)		$ (7,859)
Forward foreign currency contracts		$4,942,022	4,942,022
Total	**$(7,859)**	**$4,942,022**	**$4,934,163**

During the year ended October 31, 2011, the volume of derivative activity for the Fund was as follows:

	Average Market Value
Futures contracts (to sell)	$ 2,393,111
Forward foreign currency contracts (to buy)	4,485,234
Forward foreign currency contracts (to sell)	105,627,055

5. Loan

The Fund had a 364-day revolving credit agreement with a financial institution, which allows the Fund to borrow up to an aggregate amount of $100,000,000. Unless renewed, this agreement would have terminated on January 10, 2011. On January 5, 2011, this credit agreement was extended to April 10, 2011. The interest on the loan is calculated at a variable rate based on the one-month LIBOR plus any applicable margin.

To the extent of the borrowing outstanding, the Fund is required to maintain collateral in a special custody account at the Fund s custodian on behalf of the financial institution. During the year ended October 31, 2011, the Fund incurred interest expense on this loan in the amount of $254,033. For the year ended October 31, 2011, based on the number of days during the reporting period that the Fund had a loan balance outstanding, the average daily loan balance was $50,000,000 and the weighted average interest rate was 1.16%. On April 10, 2011, the credit agreement expired. At October 31, 2011, the Fund had no borrowings outstanding under this credit agreement.

Effective April 8, 2011, the Fund entered into a reverse repurchase agreement with Barclay s Capital Inc., replacing the credit facility with Pershing LLC, which allows the Fund to borrow up to an aggregate amount of $70,000,000.

6. Distributions subsequent to October 31, 2011

On August 11, 2011, the Fund s Board of Directors (the Board) declared two distributions, each in the amount of $0.1275 per share, payable on November 1, 2011 and November 25, 2011 to shareholders of record on October 21, 2011 and November 18, 2011, respectively.

On November 10, 2011, the Board declared three distributions, each in the amount of $0.1275 per share, payable on December 23, 2011, January 27, 2012 and February 24, 2012 to shareholders of record on December 16, 2011, January 20, 2012 and February 17, 2012, respectively. The December distribution of $0.1275 per common share is comprised of $0.1041 per common share of income, $0.0048 short-term capital gain and $0.0186 long-term capital gain.

7. Tax information and distributions to shareholders.

The tax character of distributions paid during the fiscal years ended October 31, were as follows:

	2011	**2010**
Distributions Paid From:		
Ordinary Income	$23,668,081	$19,758,070

As of October 31, 2011, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income net	$ 1,145,373
Undistributed long-term capital gains net	245,325
Total undistributed earnings	$ 1,390,698
Other book/tax temporary differences(a)	(2,191,373)
Unrealized appreciation (depreciation)(b)	2,330,253
Total accumulated earnings/(losses) net	**$ 1,529,578**

(a) Other book/tax temporary differences are attributable primarily to the tax deferral of losses on straddles, the realization for tax purposes of unrealized gains (losses) on certain futures and foreign currency contracts and book/tax differences in the timing of the deductibility of various expenses.

(b) The difference between book-basis and tax-basis unrealized appreciation (depreciation) is attributable primarily to the difference between book and tax amortization methods for premiums on fixed income securities.

8. Other tax information

On December 22, 2010, President Obama signed into law the Regulated Investment Company Modernization Act of 2010 (the Act). The Act updates certain tax rules applicable to regulated investment companies (RICs). The various provisions of the Act will generally be effective for RICs with taxable years beginning after December 22, 2010. Additional information regarding the impact of the Act on the Fund, if any, will be contained within the relevant sections of the notes to the financial statements for the fiscal year ending October 31, 2012.

Notes to financial statements (cont d)

9. Recent accounting pronouncements.

In April 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-03, Transfers and Servicing (Topic 860) Reconsideration of Effective Control for Repurchase Agreements (ASU No. 2011-03) related to the accounting for repurchase agreements and similar agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. ASU No. 2011-03 modifies the criteria for determining effective control of transferred assets and as a result certain agreements may now be accounted for as secured borrowings. ASU No. 2011-03 is effective prospectively for new transfers and existing transactions that are modified in the first interim or annual period beginning on or after December 15, 2011. Management is currently evaluating the impact the adoption of ASU No. 2011-03 will have on the Fund s financial statements and related disclosures.

In May 2011, the Financial Accounting Standards Board issued Accounting Standard Update No. 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU No. 2011-04). ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements. ASU No. 2011-04 is effective during interim and annual periods beginning after December 15, 2011. Management is currently evaluating the impact the adoption of ASU No. 2011-04 will have on the Fund s financial statements and related disclosures.

Report of independent registered public accounting firm

The Board of Directors and Shareholders
Western Asset Global Corporate Defined Opportunity Fund Inc.:

We have audited the accompanying statement of assets and liabilities of Western Asset Global Corporate Defined Opportunity Fund Inc., including the schedule of investments, as of October 31, 2011, and the related statement of operations and statement of cash flows for the year then ended, and the statements of changes in net assets and financial highlights for the year then ended and the period from November 24, 2009 (commencement of operations) to October 31, 2010. These financial statements and financial highlights are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2011, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Western Asset Global Corporate Defined Opportunity Fund Inc. as of October 31, 2011, the results of its operations, the changes in its net assets, and the financial highlights for the periods described above, in conformity with U.S. generally accepted accounting principles.

New York, New York
December 16, 2011

Additional information (unaudited)

Information about Directors and Officers

The business and affairs of Western Asset Global Corporate Defined Opportunity Fund Inc. (the Fund) are conducted by management under the supervision and subject to the direction of its Board of Directors. The business address of each Director is c/o R. Jay Gerken, 620 Eighth Avenue, New York, New York 10018. Information pertaining to the Directors and officers of the Fund is set forth below.

Independent Directors :

Carol L. Colman

Year of birth	1946
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	President, Colman Consulting Company (consulting)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	None

Daniel P. Cronin

Year of birth	1946
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Retired; formerly, Associate General Counsel, Pfizer Inc. (prior to and including 2004)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	None

Paolo M. Cucchi

Year of birth	1941

Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class I
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Professor of French and Italian at Drew University; formerly, Vice President and Dean of College of Liberal Arts at Drew University (1984 to 2009)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	None

Independent Directors cont d

Leslie H. Gelb	
Year of birth	1937
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class II
Term of office1 and length of time served	Since 2009
Principal occupation(s) during past five years	President Emeritus and Senior Board Fellow (since 2003), The Council on Foreign Relations; formerly, President, (prior to 2003), the Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, The New York Times
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	Director of two registered investment companies advised by Blackstone Asia Advisors LLC: India Fund, Inc. and Asia Tigers Fund, Inc. (since 1994)
William R. Hutchinson	
Year of birth	1942
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class II
Term of office1 and length of time served	Since 1998
Principal occupation(s) during past five years	President, W.R. Hutchinson & Associates Inc. (Consulting) (since 2001)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	Director (Non-Executive Chairman of the Board (since December 1, 2009)), Associated Banc Corp. (banking) (since 1994)
Riordan Roett	
Year of birth	1938
Position(s) held with Fund1	Director and Member of the Nominating and Audit Committees, Class III
Term of office1 and length of time served	Since 2009
Principal occupation(s) during past five years	The Sarita and Don Johnston Professor of Political Science and Director of Western Hemisphere Studies, Paul H. Nitze School of Advanced International Studies, The John Hopkins University (since

	1973)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	None

Additional information (cont d) (unaudited)

Independent Directors cont d

Jeswald W. Salacuse

Year of birth	1938
Position(s) held with Fund[1]	Director and Member of the Nominating and Audit Committees, Class III
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Henry J. Braker Professor of Commercial Law, The Fletcher School of Law and Diplomacy, Tufts University (since 1986); President and Member, Arbitration Tribunal, World Bank/ICSID (since 2004)
Number of portfolios in fund complex overseen by Director (including the Fund)	25
Other board memberships held by Director	Director of two registered investment companies advised by Blackstone Asia Advisors LLC; India Fund, Inc. and Asia Tigers Fund, Inc. (since 1993)

Interested Director and Officer:

R. Jay Gerken[2]

Year of birth	1951
Position(s) held with Fund[1]	Director, Chairman, President and Chief Executive Officer, Class II
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Managing Director of Legg Mason & Co., LLC (Legg Mason & Co.) (since 2005); Officer and Trustee/Director of 160 funds associated with Legg Mason Partners Fund Advisor, LLC (LMPFA) or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); President and Chief Executive Officer (CEO) of LMPFA (since 2006); President and CEO of Smith Barney Fund Management LLC (SBFM) and Citi Fund Management Inc. (CFM) (formerly registered investment advisers) (since 2002); formerly, Chairman, President and CEO, Travelers Investment Adviser Inc. (prior to 2005)
Number of portfolios in fund complex overseen by Director (including the Fund)	160
Other board memberships held by Director	Former Trustee, Consulting Group Capital Markets Funds (11 funds) (prior to 2006)

Additional Officers:

Ted P. Becker	
Legg Mason	
620 Eighth Avenue, New York, NY 10018	
Year of birth	1951
Position(s) held with Fund[1]	Chief Compliance Officer
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Director of Global Compliance at Legg Mason (since 2006); Chief Compliance Officer of LMPFA (since 2006); Managing Director of Compliance of Legg Mason & Co. (since 2005); Chief Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006)
Vanessa A. Williams	
Legg Mason	
100 First Stamford Place, Stamford, CT 06902	
Year of birth	1979
Position(s) with Fund[1]	Identity Theft Prevention Officer
Term of office[1] and length of time served	Since 2011
Principal occupation(s) during past five years	Identity Theft Prevention Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); formerly, Assistant Vice President and Senior Compliance Officer of Legg Mason & Co. (2008 to 2011); formerly, Compliance Analyst of Legg Mason & Co. (2006 to 2008) and Legg Mason & Co. predecessors (prior to 2006)
Robert I. Frenkel	
Legg Mason	
100 First Stamford Place, Stamford, CT 06902	
Year of birth	1954
Position(s) held with Fund[1]	Secretary and Chief Legal Officer
Term of office[1] and length of time served	Since 2009

Principal occupation(s) during past five years	Vice President and Deputy General Counsel of Legg Mason (since 2006); Managing Director and General Counsel of Global Mutual Funds for Legg Mason & Co. (since 2006) and Legg Mason & Co. predecessors (since 1994); Secretary and Chief Legal Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006)

Additional information (cont d) (unaudited)

Additional Officers cont d

Thomas C. Mandia	
Legg Mason	
100 First Stamford Place, Stamford, CT 06902	
Year of birth	1962
Position(s) held with Fund[1]	Assistant Secretary
Term of office[1] and length of time served	Since 2009
Principal occupation(s) during past five years	Managing Director and Deputy General Counsel of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005); Secretary of LMPFA (since 2006); Assistant Secretary of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2006) and Legg Mason & Co. predecessors (prior to 2006); Secretary of SBFM and CFM (since 2002)
Richard F. Sennett	
Legg Mason	
55 Water Street, New York, NY 10041	
Year of birth	1970
Position(s) held with Fund[1]	Principal Financial Officer
Term of office[1] and length of time served	Since 2011
Principal occupation(s) during past five years	Principal Financial Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Managing Director of Legg Mason & Co. and Senior Manager of the Treasury Policy group for Legg Mason & Co. s Global Fiduciary Platform (since 2011); formerly, Chief Accountant within the SEC s Division of Investment Management (2007 to 2011); formerly, Assistant Chief Accountant within the SEC s Division of Investment Management (2002 to 2007)

Additional Officers cont d

Steven Frank	
Legg Mason	
55 Water Street, New York, NY 10041	
Year of birth	1967
Position(s) held with Fund1	Treasurer
Term of office1 and length of time served	Since 2010
Principal occupation(s) during past five years	Vice President of Legg Mason & Co. and Legg Mason & Co. predecessors (since 2002); Treasurer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2010); formerly, Controller of certain mutual funds associated with Legg Mason & Co. or its affiliates (prior to 2010); formerly, Assistant Controller of certain mutual funds associated with Legg Mason & Co. predecessors (prior to 2005)
Jeanne M. Kelly	
Legg Mason	
620 Eighth Avenue, New York, NY 10018	
Year of birth	1951
Position(s) with Fund1	Senior Vice President
Term of office1 and length of time served	Since 2009
Principal occupation(s) during past five years	Senior Vice President of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2007); Senior Vice President of LMPFA (since 2006); Managing Director of Legg Mason & Co. (since 2005) and Legg Mason & Co. predecessors (prior to 2005)

Directors who are not interested persons of the Fund within the meaning of Section 2(a)(19) of the 1940 Act.

1 The Fund s Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2014, year 2012 and year 2013, respectively, or thereafter in each case when their respective successors are duly elected and qualified. The Fund s executive officers are chosen each year at the first meeting of the Fund s Board of Directors following the Annual Meeting of Stockholders, to hold office until the meeting of the Board following the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.

2 Mr. Gerken is an interested person of the Fund as defined in the 1940 Act because Mr. Gerken is an officer of LMPFA and certain of its affiliates.

Annual chief executive officer and principal financial officer certifications (unaudited)

The Fund s Chief Executive Officer (CEO) has submitted to the NYSE the required annual certification and the Fund also has included the certifications of the Fund s CEO and Principal Financial Officer required by Section 302 of the Sarbanes-Oxley Act in the Fund s Form N-CSR filed with the SEC for the period of this report.

Other shareholder communications regarding accounting matters (unaudited)

The Fund s Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, Accounting Matters). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Chief Compliance Officer (CCO). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Fund s Audit Committee Chair (together with the CCO, Complaint Officers). Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Legg Mason & Co., LLC

Compliance Department

620 Eighth Avenue, 49th Floor

New York, New York 10018

Complaints may also be submitted by telephone at 1-800-742-5274.

Complaints submitted through this number will be received by the CCO.

Dividend reinvestment plan (unaudited)

Unless you elect to receive distributions in cash (i.e., opt-out), all dividends, including any capital gain dividends, on your Common Stock will be automatically reinvested by American Stock Transfer & Trust Company LLC, as agent for the stockholders (the Plan Agent), in additional shares of Common Stock under the Fund s Dividend Reinvestment Plan (the Plan). You may elect not to participate in the Plan by contacting the Plan Agent. If you do not participate, you will receive all cash distributions paid by check mailed directly to you by American Stock Transfer & Trust Company LLC, as dividend paying agent.

If you participate in the Plan, the number of shares of Common Stock you will receive will be determined as follows:

(1) If the market price of the Common Stock on the record date (or, if the record date is not a NYSE trading day, the immediately preceding trading day) for determining stockholders eligible to receive the relevant dividend or distribution (the determination date) is equal to or exceeds 98% of the net asset value per share of the Common Stock, the Fund will issue new Common Stock at a price equal to the greater of (a) 98% of the net asset value per share at the close of trading on the NYSE on the determination date or (b) 95% of the market price per share of the Common Stock on the determination date.

(2) If 98% of the net asset value per share of the Common Stock exceeds the market price of the Common Stock on the determination date, the Plan Agent will receive the dividend or distribution in cash and will buy Common Stock in the open market, on the NYSE or elsewhere, for your account as soon as practicable commencing on the trading day following the determination date and terminating no later than the earlier of (a) 30 days after the dividend or distribution payment date, or (b) the record date for the next succeeding dividend or distribution to be made to the stockholders; except when necessary to comply with applicable provisions of the federal securities laws. If during this period: (i) the market price rises so that it equals or exceeds 98% of the net asset value per share of the Common Stock at the close of trading on the NYSE on the determination date before the Plan Agent has completed the open market purchases or (ii) if the Plan Agent is unable to invest the full amount eligible to be reinvested in open market purchases, the Plan Agent will cease purchasing Common Stock in the open market and the Fund shall issue the remaining Common Stock at a price per share equal to the greater of (a) 98% of the net asset value per share at the close of trading on the Exchange on the determination date or (b) 95% of the then current market price per share.

Common Stock in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all shares of Common Stock you have received under the Plan.

You may withdraw from the Plan (i.e., opt-out) by notifying the Plan Agent in writing at P.O. Box 922, Wall Street Station, New York, NY 10269-0560 or by calling the Plan Agent at 1-888-888-0151. Such withdrawal will be effective immediately if notice is received by the Plan Agent not less than ten business days prior to any dividend or distribution record date; otherwise such withdrawal will be effective as soon as practicable after the Plan Agent s investment of the most recently declared dividend or distribution on the Common Stock. The Plan may be amended or supplemented by the Fund upon notice in writing mailed to stockholders at least 30 days prior to the record date for the payment of any dividend or distribution by the Fund for which the termination is to be effective.

Upon any termination, you will be sent a certificate or certificates for the full number of shares of Common Stock held for you under the Plan and cash for any fractional share of Common Stock. You may elect to notify the Plan Agent in advance of such termination to have the Plan Agent sell part or all of your Common Stock on your behalf. You will be charged a service charge and the Plan Agent is authorized to deduct brokerage charges actually incurred for this transaction from the proceeds.

There is no service charge for reinvestment of your dividends or distributions in Common Stock. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. Because all dividends and distributions will be automatically reinvested in additional shares of Common Stock, this allows you to add to your investment through dollar cost averaging, which may lower the average cost of your Common Stock over time. Dollar cost averaging is a technique for lowering the average cost per share over time if the Fund s net asset value declines. While dollar cost averaging has definite advantages, it cannot assure profit or protect against loss in declining markets.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions. Investors will be subject to income tax on amounts reinvested under the Plan.

The Fund reserves the right to amend or terminate the Plan if, in the judgment of the Board of Directors, the change is warranted. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan and your account may be obtained from the Plan Agent at 6201 15th Avenue, Brooklyn, New York 11219 or by calling the Plan Agent at 1-888-888-0151.

Western Asset

Global Corporate Defined Opportunity Fund Inc.

Directors

Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Leslie H. Gelb
R. Jay Gerken
Chairman
William R. Hutchinson
Riordan Roett
Jeswald W. Salacuse

Officers
R. Jay Gerken
President and Chief Executive Officer
Richard F. Sennett
Principal Financial Officer
Ted P. Becker
Chief Compliance Officer
Vanessa A. Williams
Identity Theft Protection Officer
Robert I. Frenkel
Secretary and Chief Legal Officer
Thomas C. Mandia
Assistant Secretary
Steven Frank
Treasurer
Jeanne M. Kelly
Senior Vice President

Western Asset Global Corporate Defined Opportunity Fund Inc.
620 Eighth Avenue
49th Floor
New York, NY 10018

Investment manager
Legg Mason Partners Fund Advisor, LLC

Subadvisers
Western Asset Management Company
Western Asset Management Company Limited
Western Asset Management Company Ltd
Western Asset Management Company Pte. Ltd.

Custodian
State Street Bank and Trust Company
1 Lincoln Street
Boston, MA 02111

Transfer agent
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

Independent registered public accounting firm
KPMG LLP
345 Park Avenue
New York, NY 10154

Legal counsel
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017

New York Stock Exchange Symbol
GDO

Legg Mason Funds Privacy and Security Notice

Your Privacy and the Security of Your Personal Information is Very Important to the Legg Mason Funds

This Privacy and Security Notice (the Privacy Notice) addresses the Legg Mason Funds privacy and data protection practices with respect to nonpublic personal information the Funds receive. The Legg Mason Funds include any funds sold by the Funds distributor, Legg Mason Investor Services, LLC, as well as Legg Mason-sponsored closed-end funds. The provisions of this Privacy Notice apply to your information both while you are a shareholder and after you are no longer invested with the Funds.

The Type of Nonpublic Personal Information the Funds Collect About You

The Funds collect and maintain nonpublic personal information about you in connection with your shareholder account. Such information may include, but is not limited to:

- Personal information included on applications or other forms;
- Account balances, transactions, and mutual fund holdings and positions;
- Online account access user IDs, passwords, security challenge question responses; and
- Information received from consumer reporting agencies regarding credit history and creditworthiness (such as the amount of an individual s total debt, payment history, etc.).

How the Funds Use Nonpublic Personal Information About You

The Funds do not sell or share your nonpublic personal information with third parties or with affiliates for their marketing purposes, or with other financial institutions or affiliates for joint marketing purposes, unless you have authorized the Funds to do so. The Funds do not disclose any nonpublic personal information about you except as may be required to perform transactions or services you have authorized or as permitted or required by law. The Funds may disclose information about you to:

- Employees, agents, and affiliates on a need to know basis to enable the Funds to conduct ordinary business or comply with obligations to government regulators;
- Service providers, including the Funds affiliates, who assist the Funds as part of the ordinary course of business (such as printing, mailing services, or processing or servicing your account with us) or otherwise perform services on the Funds behalf, including companies that may perform marketing services solely for the Funds;

- The Funds representatives such as legal counsel, accountants and auditors; and
- Fiduciaries or representatives acting on your behalf, such as an IRA custodian or trustee of a grantor trust.

NOT PART OF THE ANNUAL REPORT

Legg Mason Funds Privacy and Security Notice (cont d)

Except as otherwise permitted by applicable law, companies acting on the Funds behalf are contractually obligated to keep nonpublic personal information the Funds provide to them confidential and to use the information the Funds share only to provide the services the Funds ask them to perform.

The Funds may disclose nonpublic personal information about you when necessary to enforce their rights or protect against fraud, or as permitted or required by applicable law, such as in connection with a law enforcement or regulatory request, subpoena, or similar legal process. In the event of a corporate action or in the event a Fund service provider changes, the Funds may be required to disclose your nonpublic personal information to third parties. While it is the Funds practice to obtain protections for disclosed information in these types of transactions, the Funds cannot guarantee their privacy policy will remain unchanged.

Keeping You Informed of the Funds Privacy and Security Practices

The Funds will notify you annually of their privacy policy as required by federal law. While the Funds reserve the right to modify this policy at any time they will notify you promptly if this privacy policy changes.

The Funds Security Practices

The Funds maintain appropriate physical, electronic and procedural safeguards designed to guard your nonpublic personal information. The Funds internal data security policies restrict access to your nonpublic personal information to authorized employees, who may use your nonpublic personal information for Fund business purposes only.

Although the Funds strive to protect your nonpublic personal information, they cannot ensure or warrant the security of any information you provide or transmit to them, and you do so at your own risk. In the event of a breach of the confidentiality or security of your nonpublic personal information, the Funds will attempt to notify you as necessary so you can take appropriate protective steps. If you have consented to the Funds using electronic communications or electronic delivery of statements, they may notify you under such circumstances using the most current email address you have on record with them.

In order for the Funds to provide effective service to you, keeping your account information accurate is very important. If you believe that your account information is incomplete, not accurate or not current, or if you have questions about the Funds privacy practices, write the Funds using the contact information on your account statements, email the Funds by clicking on the Contact Us section of the Funds website at www.leggmason.com, or contact the Fund at 1-888-777-0102.

Revised April 2011

NOT PART OF THE ANNUAL REPORT

Western Asset Global Corporate Defined Opportunity Fund Inc.

Western Asset Global Corporate
Defined Opportunity Fund Inc.
620 Eighth Avenue
49th Floor
New York, NY 10018

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time, the Fund may purchase, at market prices, shares of its Common Stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund s Forms N-Q are available on the SEC s website at www.sec.gov. The Fund s Forms N-Q may be reviewed and copied at the SEC s Public Reference Room in Washington D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q from the Fund, shareholders can call 1-888-777-0102.

Information on how the Fund voted proxies relating to portfolio securities during the prior 12-month period ended June 30th of each year and a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio transactions are available (1) without charge, upon request, by calling 1-888-777-0102, (2) on the Fund s website at www.leggmason.com/cef and (3) on the SEC s website at www.sec.gov.

This report is transmitted to the shareholders of Western Asset Global Corporate Defined Opportunity Fund Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or any securities mentioned in the report.

American Stock
Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

WASX013050 12/11 SR11-1541

ITEM 2. CODE OF ETHICS.

The registrant has adopted a code of ethics that applies to the registrant s principal executive officer, principal financial officer, principal accounting officer or controller.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors of the registrant has determined that William R. Hutchinson, a member of the Board s Audit Committee, possesses the technical attributes identified in Instruction 2(b) of Item 3 to Form N-CSR to qualify as an audit committee financial expert, and has designated Mr. Hutchinson as the Audit Committee s financial expert. Mr. Hutchinson is an independent Director pursuant to paragraph (a)(2) of Item 3 to Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

a) Audit Fees. The aggregate fees billed in the last two fiscal years ending October 31, 2010 and October 31, 2011 (the Reporting Periods) for professional services rendered by the Registrant s principal accountant (the Auditor) for the audit of the Registrant s annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were $18,000 in 2010 and $51,800 in 2011.

b) Audit-Related Fees. The aggregate fees billed in the Reporting Period for assurance and related services by the Auditor that are reasonably related to the performance of the Registrant s financial statements were $0 in 2010 and $0 in 2011. These services consisted of procedures performed in connection with the audit performed relating to the Tender Options Bonds for the Western Asset Global Corporate Defined Opportunity Fund Inc.

In addition, there were no Audit-Related Fees billed in the Reporting Period for assurance and related services by the Auditor to the Registrant s investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Western Asset Global Corporate Defined Opportunity Fund Inc. (service affiliates), that were reasonably related to the performance of the annual audit of the service affiliates. Accordingly, there were no such fees that required pre-approval by the Audit Committee for the Reporting Periods (prior to August 6, 2003 services provided by the Auditor were not required to be pre-approved).

(c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax advice and tax planning (Tax Services) were $0 in 2010 and $3,200 in 2011. These services consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments, and (iii) tax advice regarding tax qualification matters and/or treatment of various financial instruments held or proposed to be acquired or held.

There were no fees billed for tax services by the Auditors to service affiliates during the Reporting Periods that required pre-approval by the Audit Committee.

d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor, other than the services reported in paragraphs (a) through (c) of this Item 4 for the Western Asset Global Corporate Defined Opportunity Fund Inc.

All Other Fees. There were no other non-audit services rendered by the Auditor to Legg Mason Partners Fund Advisors, LLC (LMPFA), and any entity controlling, controlled by or under common control with LMPFA that provided ongoing services to Western Asset Global Corporate

Defined Opportunity Fund Inc. requiring pre-approval by the Audit Committee in the Reporting Period.

(e) Audit Committee s pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

(1) The Charter for the Audit Committee (the Committee) of the Board of each registered investment company (the Fund) advised by LMPFA or one of their affiliates (each, an Adviser) requires that the Committee shall approve (a) all audit and permissible non-audit services to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund s independent auditors to the Adviser and any Covered Service Providers if the engagement relates directly to the operations and financial reporting of the Fund. The Committee may implement policies and procedures by which such services are approved other than by the full Committee.

The Committee shall not approve non-audit services that the Committee believes may impair the independence of the auditors. As of the date of the approval of this Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser and any service providers controlling, controlled by or under common control with the Adviser that provide ongoing services to the Fund (Covered Service Providers) constitutes not more than 5% of the total amount of revenues paid to the independent auditors during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) the Adviser and (c) any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

(2) For the Western Asset Global Corporate Defined Opportunity Fund Inc., the percentage of fees that were approved by the audit committee, with respect to: Audit-Related Fees were 100% and 100% for 2010 and 2011; Tax Fees were 100% and 100% for 2010 and 2011; and Other Fees were 100% and 100% for 2010 and 2011

(f) N/A

(g) Non-audit fees billed by the Auditor for services rendered to Western Asset Global Corporate Defined Opportunity Fund Inc., LMPFA and any entity controlling, controlled by, or under common control with LMPFA that provides ongoing services to Western Asset Global Corporate Defined Opportunity Fund Inc. during the reporting period were $0 in 2011.

(h) Yes. Western Asset Global Corporate Defined Opportunity Fund Inc. s Audit Committee has considered whether the provision of non-audit services that were rendered to Service Affiliates, which were not pre-approved (not requiring pre-approval), is compatible with maintaining the Accountant s independence. All services provided by the Auditor to the Western Asset Global

Corporate Defined Opportunity Fund Inc. or to Service Affiliates, which were required to be pre-approved, were pre-approved as required.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

a) Registrant has a separately-designated standing Audit Committee established in accordance with *Section 3(a)58(A) of the Exchange Act*. The Audit Committee consists of the following Board members:

William R. Hutchinson

Paolo M. Cucchi

Daniel P. Cronin

Carol L. Colman

Leslie H. Gelb

Dr. Riordan Roett

Jeswald W. Salacuse

b) Not applicable

ITEM 6. SCHEDULE OF INVESTMENTS.

Included herein under Item 1.

ITEM 7. PROXY VOTING LMPFA & Western Asset Management Company (and affiliates)

Proxy Voting Guidelines and Procedures

Legg Mason Partners Fund Advisor, LLC (LMPFA) delegates the responsibility for voting proxies for the fund to the subadviser through its contracts with the subadviser. The subadviser will use its own proxy voting policies and procedures to vote proxies. Accordingly, LMPFA does not expect to have proxy-voting responsibility for the fund. Should LMPFA become responsible for voting proxies for any reason, such as the inability of the subadviser to provide investment advisory services, LMPFA shall utilize the proxy voting guidelines established by the most recent subadviser to vote proxies until a new subadviser is retained.

The subadviser s Proxy Voting Policies and Procedures govern in determining how proxies relating to the fund s portfolio securities are voted and are provided below. Information regarding how each fund voted proxies (if any) relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge (1) by calling 888-777-0102, (2) on the fund s website at http://www.leggmason.com/individualinvestors and (3) on the SEC s website at http://www.sec.gov.

Background

Western Asset Management Company (WA), Western Asset Management Company Limited (WAML), Western Asset Management Company Ltd (WAMCL) and Western Asset Management Company Pte. Ltd. (WAMC) (together Western Asset) have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 (Advisers Act). Our authority to vote the proxies of our clients is established through investment management agreements or comparable documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisers, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts. Unless a manager of ERISA assets has been expressly precluded from voting proxies, the Department of Labor has determined that the responsibility for these votes lies with the Investment Manager.

In exercising its voting authority, Western Asset will not consult or enter into agreements with officers, directors or employees of Legg Mason Inc. or any of its affiliates (except that WA, WAML, WAMCL and WAMC may so consult and agree with each other) regarding the voting of any securities owned by its clients.

Policy

Western Asset s proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are handled in the best interest of our clients. While the guidelines included in the procedures are intended to provide a benchmark for voting standards, each vote is ultimately cast on a case-by-case basis, taking into consideration Western Asset s contractual obligations to our clients and all other relevant facts and circumstances at the time of the vote (such that these guidelines may be overridden to the extent Western Asset deems appropriate).

Procedures

Responsibility and Oversight

The Western Asset Compliance Department (Compliance Department) is responsible for administering and overseeing the proxy voting process. The gathering of proxies is coordinated through the Corporate Actions area of Investment Support (Corporate Actions). Research analysts and portfolio managers are responsible for determining appropriate voting positions on each proxy utilizing any applicable guidelines contained in these procedures.

Client Authority

Prior to August 1, 2003, all existing client investment management agreements (IMAs) will be reviewed to determine whether Western Asset has authority to vote client proxies. At account start-up, or upon amendment of an IMA, the applicable client IMA are similarly reviewed. If an agreement is silent on proxy voting, but contains an overall delegation of discretionary authority or if the account represents assets of an ERISA plan, Western Asset will assume responsibility for proxy voting. The Client Account Transition Team maintains a matrix of proxy voting authority.

Proxy Gathering

Registered owners of record, client custodians, client banks and trustees (Proxy Recipients) that receive proxy materials on behalf of clients should forward them to Corporate Actions. Prior to August 1, 2003, Proxy Recipients of existing clients will be reminded of the appropriate routing to Corporate Actions for proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. Proxy Recipients for new clients (or, if Western Asset becomes aware that the applicable Proxy Recipient for an existing client has changed, the Proxy Recipient for the existing client) are notified at start-up of appropriate routing to Corporate Actions of proxy materials received and reminded of their responsibility to forward all proxy materials on a timely basis. If Western Asset personnel other than Corporate Actions receive proxy materials, they should promptly forward the materials to Corporate Actions.

Proxy Voting

Once proxy materials are received by Corporate Actions, they are forwarded to the Compliance Department for coordination and the following actions:

a. Proxies are reviewed to determine accounts impacted.

b. Impacted accounts are checked to confirm Western Asset voting authority.

c. Compliance Department staff reviews proxy issues to determine any material conflicts of interest. (See conflicts of interest section of these procedures for further information on determining material conflicts of interest.)

d. If a material conflict of interest exists, (i) to the extent reasonably practicable and permitted by applicable law, the client is promptly notified, the conflict is disclosed and Western Asset obtains the client s proxy voting instructions, and (ii) to the extent that it is not reasonably practicable or permitted by applicable law to notify the client and obtain such instructions (e.g., the client is a mutual fund or other commingled vehicle or is an ERISA plan client), Western Asset seeks voting instructions from an independent third party.

e. Compliance Department staff provides proxy material to the appropriate research analyst or portfolio manager to obtain their recommended vote. Research analysts and portfolio managers determine votes on a case-by-case basis taking into account the voting guidelines contained in these procedures. For avoidance of doubt, depending on the best interest of each individual client, Western Asset may vote the same proxy differently for different clients. The analyst s or portfolio manager s basis for their decision is documented and maintained by the Compliance Department.

f. Compliance Department staff votes the proxy pursuant to the instructions received in (d) or (e) and returns the voted proxy as indicated in the proxy materials.

Timing

Western Asset personnel act in such a manner to ensure that, absent special circumstances, the proxy gathering and proxy voting steps noted above can be completed before the applicable deadline for returning proxy votes.

Recordkeeping

Western Asset maintains records of proxies voted pursuant to Section 204-2 of the Advisers Act and ERISA DOL Bulletin 94-2. These records include:

a. A copy of Western Asset s policies and procedures.

b. Copies of proxy statements received regarding client securities.

c. A copy of any document created by Western Asset that was material to making a decision how to vote proxies.

d. Each written client request for proxy voting records and Western Asset s written response to both verbal and written client requests.

e. A proxy log including:

1. Issuer name;

2. Exchange ticker symbol of the issuer s shares to be voted;

3. Council on Uniform Securities Identification Procedures (CUSIP) number for the shares to be voted;

4. A brief identification of the matter voted on;

5. Whether the matter was proposed by the issuer or by a shareholder of the issuer;

6. Whether a vote was cast on the matter;

7. A record of how the vote was cast; and

8. Whether the vote was cast for or against the recommendation of the issuer s management team.

Records are maintained in an easily accessible place for five years, the first two in Western Asset s offices.

Disclosure

Part II of the WA Form ADV, the WAML Form ADV, WAMCL Form ADV and WAMC Form ADV, each, contain a description of Western Asset s proxy policies. Prior to August 1, 2003, Western Asset will deliver Part II of its revised Form ADV to all existing clients, along with a letter identifying the new disclosure. Clients will be provided a copy of these policies and procedures upon request. In addition, upon request, clients may receive reports on how their proxies have been voted.

Conflicts of Interest

All proxies are reviewed by the Compliance Department for material conflicts of interest. Issues to be reviewed include, but are not limited to:

1. Whether Western Asset (or, to the extent required to be considered by applicable law, its affiliates) manages assets for the company or an employee group of the company or otherwise has an interest in the company;

2. Whether Western Asset or an officer or director of Western Asset or the applicable portfolio manager or analyst responsible for recommending the proxy vote (together, Voting Persons) is a close relative of or has a personal or business relationship with an executive, director or person who is a candidate for director of the company or is a participant in a proxy contest; and

3. Whether there is any other business or personal relationship where a Voting Person has a personal interest in the outcome of the matter before shareholders.

Voting Guidelines

Western Asset s substantive voting decisions turn on the particular facts and circumstances of each proxy vote and are evaluated by the designated research analyst or portfolio manager. The examples outlined below are meant as guidelines to aid in the decision making process.

Guidelines are grouped according to the types of proposals generally presented to shareholders. Part I deals with proposals which have been approved and are recommended by a company s board of directors; Part II deals with proposals submitted by shareholders for inclusion in proxy statements; Part III addresses issues relating to voting shares of investment companies; and Part IV addresses unique considerations pertaining to foreign issuers.

I. Board Approved Proposals

The vast majority of matters presented to shareholders for a vote involve proposals made by a company itself that have been approved and recommended by its board of directors. In view of the enhanced corporate governance practices currently being implemented in public companies, Western Asset generally votes in support of decisions reached by independent boards of directors. More specific guidelines related to certain board-approved proposals are as follows:

1. Matters relating to the Board of Directors

Western Asset votes proxies for the election of the company s nominees for directors and for board-approved proposals on other matters relating to the board of directors with the following exceptions:

a. Votes are withheld for the entire board of directors if the board does not have a majority of independent directors or the board does not have nominating, audit and compensation committees composed solely of independent directors.

b. Votes are withheld for any nominee for director who is considered an independent director by the company and who has received compensation from the company other than for service as a director.

c. Votes are withheld for any nominee for director who attends less than 75% of board and committee meetings without valid reasons for absences.

d. Votes are cast on a case-by-case basis in contested elections of directors.

2. Matters relating to Executive Compensation

Western Asset generally favors compensation programs that relate executive compensation to a company s long-term performance. Votes are cast on a case-by-case basis on board-approved proposals relating to executive compensation, except as follows:

a. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for stock option plans that will result in a minimal annual dilution.

b. Western Asset votes against stock option plans or proposals that permit replacing or repricing of underwater options.

c. Western Asset votes against stock option plans that permit issuance of options with an exercise price below the stock s current market price.

d. Except where the firm is otherwise withholding votes for the entire board of directors, Western Asset votes for employee stock purchase plans that limit the discount for shares purchased under the plan to no more than 15% of their market value, have an offering period of 27 months or less and result in dilution of 10% or less.

3. Matters relating to Capitalization

The management of a company s capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, Western Asset votes on a case-by-case basis on board-approved proposals involving changes to a company s capitalization except where Western Asset is otherwise withholding votes for the entire board of directors.

a. Western Asset votes for proposals relating to the authorization of additional common stock.

b. Western Asset votes for proposals to effect stock splits (excluding reverse stock splits).

c. Western Asset votes for proposals authorizing share repurchase programs.

4. Matters relating to Acquisitions, Mergers, Reorganizations and Other Transactions

Western Asset votes these issues on a case-by-case basis on board-approved transactions.

5. Matters relating to Anti-Takeover Measures

Western Asset votes against board-approved proposals to adopt anti-takeover measures except as follows:

a. Western Asset votes on a case-by-case basis on proposals to ratify or approve shareholder rights plans.

b. Western Asset votes on a case-by-case basis on proposals to adopt fair price provisions.

6. Other Business Matters

Western Asset votes for board-approved proposals approving such routine business matters such as changing the company s name, ratifying the appointment of auditors and procedural matters relating to the shareholder meeting.

a. Western Asset votes on a case-by-case basis on proposals to amend a company s charter or bylaws.

b. Western Asset votes against authorization to transact other unidentified, substantive business at the meeting.

II. Shareholder Proposals

SEC regulations permit shareholders to submit proposals for inclusion in a company s proxy statement. These proposals generally seek to change some aspect of a company s corporate governance structure or to change some aspect of its business operations. Western Asset votes in accordance with the recommendation of the company s board of directors on all shareholder proposals, except as follows:

1. Western Asset votes for shareholder proposals to require shareholder approval of shareholder rights plans.

2. Western Asset votes for shareholder proposals that are consistent with Western Asset s proxy voting guidelines for board-approved proposals.

3. Western Asset votes on a case-by-case basis on other shareholder proposals where the firm is otherwise withholding votes for the entire board of directors.

III. Voting Shares of Investment Companies

Western Asset may utilize shares of open or closed-end investment companies to implement its investment strategies. Shareholder votes for investment companies that fall within the categories listed in Parts I and II above are voted in accordance with those guidelines.

1. Western Asset votes on a case-by-case basis on proposals relating to changes in the investment objectives of an investment company taking into account the original intent of the fund and the role the fund plays in the clients portfolios.

2. Western Asset votes on a case-by-case basis all proposals that would result in increases in expenses (e.g., proposals to adopt 12b-1 plans, alter investment advisory arrangements or approve fund mergers) taking into account comparable expenses for similar funds and the services to be provided.

IV. Voting Shares of Foreign Issuers

In the event Western Asset is required to vote on securities held in foreign issuers i.e. issuers that are incorporated under the laws of a foreign jurisdiction and that are not listed on a U.S. securities exchange or the NASDAQ stock market, the following guidelines are used, which are premised on the existence of a sound corporate governance and disclosure framework. These guidelines, however, may not be appropriate under some circumstances for foreign issuers and therefore apply only where applicable.

1. Western Asset votes for shareholder proposals calling for a majority of the directors to be independent of management.

2. Western Asset votes for shareholder proposals seeking to increase the independence of board nominating, audit and compensation committees.

3. Western Asset votes for shareholder proposals that implement corporate governance standards similar to those established under U.S. federal law and the listing requirements of U.S. stock exchanges, and that do not otherwise violate the laws of the jurisdiction under which the company is incorporated.

4. Western Asset votes on a case-by-case basis on proposals relating to (1) the issuance of common stock in excess of 20% of a company s outstanding common stock where shareholders do not have preemptive rights, or (2) the issuance of common stock in excess of 100% of a company s outstanding common stock where shareholders have preemptive rights.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

(a)(1):

NAME AND ADDRESS	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
S. Kenneth Leech Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2009	Co-portfolio manager of the fund; Chief Investment Officer of Western Asset from 1998 to 2008; Senior Advisor/Chief Investment Officer Emeritus of Western Asset.
Stephen A. Walsh Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2009	Co-portfolio manager of the fund; Deputy Chief Investment Officer of Western Asset from 2000 to 2008; Chief Investment Officer of Western Asset since 2008.
Keith J. Gardner Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2009	Co-portfolio manager of the fund; portfolio manager and research analyst at Western Asset since 1994.
Michael C. Buchanan	Since 2009	Co-portfolio manager of the fund; Managing Director and head of U.S. Credit Products from 2003-2005 at Credit Suisse Asset Management

Western Asset

385 East Colorado
Blvd.

Pasadena, CA

91101

Ryan K. Brist Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2009	Co-portfolio manager of the fund; Head of U.S. Investment Grade Credit of Western Asset since 2009; Chief Investment Officer and Portfolio Manager at Logan Circle Partners, L.P. from 2007-2009; Co-Chief Investment Officer and Senior Portfolio Manager at Delaware Investment Advisors from 2000-2007
Andrew J. Belshaw Western Asset 385 East Colorado Blvd. Pasadena, CA 91101	Since 2009	Co-portfolio manager of the fund; Head of investment management for Western Asset Company Limited since 2009; Managing Director and head of Sterling Fixed Income for Blackrock Investment Management from 2004-2009; Director of Institutional Fixed Income for M&G Investment Management from 2003-2004.

(a)(2): DATA TO BE PROVIDED BY FINANCIAL CONTROL

The following tables set forth certain additional information with respect to the fund s portfolio managers for the fund. Unless noted otherwise, all information is provided as of October 31, 2011.

Other Accounts Managed by Portfolio Managers

The table below identifies the number of accounts (other than the fund) for which the fund s portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts. For each category, the number of accounts and total assets in the accounts where fees are based on performance is also indicated.

Portfolio Manager(s)	**Registered Investment Companies**	**Other Pooled Investment Vehicles**	**Other Accounts**

S. Kenneth Leech	8 registered investment companies with $1.6 billion in total assets under management	12 Other pooled investment vehicles with $1.9 billion in assets under management	36 Other accounts with $13.6 on in total assets under management*
Stephen A. Walsh	99 registered investment companies with $151.6 billion in total assets under management	214Other pooled investment vehicles with $109.8 billion in assets under management**	735 Other accounts with $175.7 billion in total assets under management***

Keith J. Gardner	40 registered investment companies with $26.7 billion in total assets under management	7 Other pooled investment vehicles with $2.6 billion in assets under management	2 Other accounts with $0.6 billion in total assets under management
Michael C. Buchanan	46 registered investment Companies with $30.4 billion in total assets Under management	9 Other pooled investment vehicles with $4.9 billion in assets under management	14 Other accounts with $2.2 billion in total assets under management
Ryan K. Brist	12 registered investment Companies with $2.9 billion in total assets Under management	4 Other pooled investment vehicles with $6.9 billion in assets under management****	21 Other accounts with $5.0 billion in total assets under management+
Andrew Belshaw	0 registered investment companies with $0 billion in total assets under management	8 Other pooled investment vehicles with $1.1 billion in assets under management	5 Other accounts with $1.7 billion in total assets under management++

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* Includes 6 accounts managed, totaling $2.3 billion, for which advisory fee is performance based.
** Includes 6 accounts managed, totaling $0.9 billion, for which advisory fee is performance based.
*** Includes 78 account managed, totaling $19.8 billion, for which advisory fee is performance based.
**** Includes 1 account managed, totaling $1 million, for which advisory fee is performance based.
+ Includes 2 accounts managed, totaling $0.3 billion, for which advisory fee is performance based.
++ Includes 2 accounts managed, totaling $0.2 billion, for which advisory fee is performance based.

The numbers above reflect the overall number of portfolios managed by employees of Western Asset Management Company (Western Asset). Mr. Leech and Mr. Walsh are involved in the management of all the Firm s portfolios, but they are not solely responsible for particular portfolios. Western Asset s investment discipline emphasizes a team approach that combines the efforts of groups of specialists working in different market sectors. They are responsible for overseeing implementation of Western Asset s overall investment ideas and coordinating the work of the various sector teams. This structure ensures that client portfolios benefit from a consensus that draws on the expertise of all team members.

(a)(3): *Portfolio Manager Compensation*

With respect to the compensation of the portfolio managers, Western Asset s compensation system assigns each employee a total compensation range, which is derived from annual market surveys that benchmark each role with its job function and peer universe. This method is designed to reward employees with total compensation reflective of the external market value of their skills, experience, and ability to produce desired results. Standard compensation includes competitive base salaries, generous employee benefits, and a retirement plan.

In addition, the subadviser s employees are eligible for bonuses. These are structured to closely align the interests of employees with those of the subadviser, and are determined by the professional s job function and pre-tax performance as measured by a formal review process. All bonuses are completely discretionary. The principal factor considered is a portfolio manager s investment performance versus appropriate peer groups and benchmarks (*e.g*., a securities index and with respect to a fund, the benchmark set forth in the fund s Prospectus to which the fund s average annual total returns are compared or, if none, the benchmark set forth in the fund s annual report). Performance is reviewed on a 1, 3 and 5 year basis for compensation with 3 years having the most emphasis. The subadviser may also measure a portfolio manager s pre-tax investment performance against other benchmarks, as it determines appropriate. Because portfolio managers are generally responsible for multiple accounts (including the funds) with similar investment strategies, they are generally compensated on the performance of the aggregate group of similar accounts, rather than a specific account. Other factors that may be considered when making bonus decisions include client service, business development, length of service to the subadviser, management or supervisory responsibilities, contributions to developing business strategy and overall contributions to the subadviser s business.

Finally, in order to attract and retain top talent, all professionals are eligible for additional incentives in recognition of outstanding performance. These are determined based upon the factors described above and include Legg Mason stock options and long-term incentives that vest over a set period of time past the award date.

Potential Conflicts of Interest

Conflicts of Interest

The manager, subadvisers and portfolio managers have interests which conflict with the interests of the fund. There is no guarantee that the policies and procedures adopted by the manager, the subadvisers and the fund will be able to identify or mitigate these conflicts of interest.

Some examples of material conflicts of interest include:

Allocation of Limited Time and Attention. A portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. A portfolio manager may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those funds and accounts as might be the case if he or she were to devote substantially more attention to the management of a single fund. Such a portfolio manager may make general determinations across multiple funds, rather than tailoring a unique approach for each fund. The effects of this conflict may be more pronounced where funds and/or accounts overseen by a particular portfolio manager have different investment strategies.

Allocation of Limited Investment Opportunities; Aggregation of Orders. If a portfolio manager identifies a limited investment opportunity that may be suitable for multiple funds and/or accounts, the opportunity may be allocated among these several funds or accounts, which may limit the fund s ability to take full advantage of the investment opportunity. Additionally, a subadviser may aggregate transaction orders for multiple accounts for purpose of execution. Such aggregation may cause the price or brokerage costs to be less favorable to a particular client than if similar transactions were not being executed concurrently for other accounts. In addition, a subadviser s trade allocation policies may result in the fund s orders not being fully executed or being delayed in execution.

Pursuit of Differing Strategies. At times, a portfolio manager may determine that an investment opportunity may be appropriate for only some of the funds and/or accounts for which he or she exercises investment responsibility, or may decide that certain of the funds and/or accounts should take differing positions with respect to a particular security. In these cases, the portfolio manager may place separate transactions for one or more funds or accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other funds and/or accounts. For example, a portfolio manager may determine that it would be in the interest of another account to sell a security that the fund holds long, potentially resulting in a decrease in the market value of the security held by the fund.

Cross Trades. Portfolio managers may manage funds that engage in cross trades, where one of the manager s funds or accounts sells a particular security to another fund or account managed by the same manager. Cross trades may pose conflicts of interest because of, for example, the possibility that one account sells a security to another account at a higher price than an independent third party would pay or otherwise enters into a transaction that it would not enter into with an independent party, such as the sale of a difficult-to-obtain security.

Selection of Broker/Dealers. Portfolio managers may select or influence the selection of the brokers and dealers that are used to execute securities transactions for the funds and/or accounts that they supervise. In addition to executing trades, some brokers and dealers provide subadvisers with brokerage and research services, These services may be taken into account in the selection of brokers and dealers whether a broker is being selected to effect a trade on an agency basis for a commission or (as is normally the case for the funds) whether a dealer is being selected to effect a trade on a principal basis. This may result in the payment of higher brokerage fees and/or execution at a less favorable price than might have otherwise been available. The services obtained may ultimately be more beneficial to certain of the manager s funds or accounts than to others (but not necessarily to the funds that pay the increased commission or incur the less favorable execution). A decision as to the selection of brokers and dealers could therefore yield disproportionate costs and benefits among the funds and/or accounts managed.

Variation in Financial and Other Benefits. A conflict of interest arises where the financial or other benefits available to a portfolio manager differ among the funds and/or accounts that he or she manages. If the amount or structure of the investment manager s management fee and/or a portfolio manager s compensation differs among funds and/or accounts (such as where certain funds or accounts pay higher management fees or performance-based management fees), the portfolio manager might be motivated to help certain funds and/or accounts over others. Similarly, the desire to maintain assets under management or to enhance the portfolio manager s performance record or to derive other rewards, financial or otherwise, could influence the portfolio manager in affording preferential treatment to those funds and/or accounts that could most significantly benefit the portfolio manager. A portfolio manager may, for example, have an incentive to allocate favorable or limited opportunity investments or structure the timing of investments to favor such funds and/or accounts. Also, a portfolio manager s or the manager s or a subadviser s desire to increase assets under management could influence the portfolio manager to keep a fund open for new investors without regard to potential benefits of closing the fund to new investors. Additionally, the portfolio manager might be motivated to favor funds and/or accounts in which he or she has an ownership interest or in which the investment manager and/or its affiliates have ownership interests. Conversely, if a portfolio manager does not personally hold an investment in the fund, the portfolio manager s conflicts of interest with respect to the fund may be more acute.

Related Business Opportunities. The investment manager or its affiliates may provide more services (such as distribution or recordkeeping) for some types of funds or accounts than for others. In such cases, a portfolio manager may benefit, either directly or indirectly, by devoting disproportionate attention to the management of funds and/or accounts that provide greater overall returns to the investment manager and its affiliates.

(a)(4): *Portfolio Manager Securities Ownership*

The table below identifies the dollar range of securities beneficially owned by each portfolio managers as of October 31, 2011.

Portfolio Manager(s)	**Dollar Range of Portfolio Securities Beneficially Owned**
S. Kenneth Leech	A
Stephen A. Walsh	C
Keith J. Gardner	A
Michael C. Buchanan	C
Ryan K. Brist	A
Andrew J. Belshaw	A

Dollar Range ownership is as follows:
A: none
B: $1 - $10,000
C: 10,001 - $50,000
D: $50,001 - $100,000
E: $100,001 - $500,000
F: $500,001 - $1 million
G: over $1 million

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

None.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant s principal executive officer and principal financial officer have concluded that the registrant s disclosure controls and procedures (as defined in Rule 30a- 3(c) under the Investment Company Act of 1940, as amended (the 1940 Act)) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are likely to materially affect the registrant s internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) (1) Code of Ethics attached hereto.

Exhibit 99.CODE ETH

(a) (2) Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.CERT

(b) Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 attached hereto.

Exhibit 99.906CERT

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this Report to be signed on its behalf by the undersigned, there unto duly authorized.

Western Asset Global Corporate Defined Opportunity Fund Inc.

By: /s/ **R. Jay Gerken**
(R. Jay Gerken)
Chief Executive Officer of
Western Asset Global Corporate Defined Opportunity Fund Inc.

Date: December 23, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ **R. Jay Gerken**
(R. Jay Gerken)
Chief Executive Officer of
Western Asset Global Corporate Defined Opportunity Fund Inc.

Date: December 23, 2011

By: /s/ **Richard F. Sennett**
(Richard F. Sennett)
Principal Financial Officer of
Western Asset Global Corporate Defined Opportunity Fund Inc.

Date: December 23, 2011

Notes to Consolidated Financial Statements (Continued)

30. Business Segments (Continued)

Product area breakdown

The Group s operations are reported secondarily by product area. Consolidation by product area is based on the same principles as for the Group as a whole.

Fixed Communications include Internet and data services and equipment sales. Other includes non-core/non-strategic operations and Corporate as well as eliminations of inter-segment transfers and similar items.

	January-December or December 31,											
	2005				**2004**				**2003**			
SEK in millions	**Mobile Communi-cations**	**Fixed Communi-cations**	**Other**	**Group**	**Mobile Communi-cations**	**Fixed Communi-cations**	**Other**	**Group**	**Mobile Communi-cations**	**Fixed Communi-cations**	**Other**	**Group**
External net sales	44,721	39,233	3,707	**87,661**	38,199	42,491	1,247	**81,937**	35,889	44,114	2,422	**82,425**
Amortization, depreciation and impairment losses	-5,846	-7,042	-300	**-13,188**	-5,312	-10,262	-22	**-15,596**	-7,477	-9,718	-512	**-17,707**
Income/Loss from associated companies	2,795	350	84	**3,229**	1,820	315	1,413	**3,548**	975	587	-1,180	**382**
Operating income/loss	13,333	4,850	-634	**17,549**	12,973	4,863	957	**18,793**	9,905	5,577	-772	**14,710**
Operating capital	102,099	39,986	-16,786	**125,299**	84,379	47,773	-5,954	**126,198**	88,342	34,045	-2,381	**120,006**
of which Segment assets	115,066	52,548	14,748	**182,362**	95,897	71,858	3,283	**171,038**	98,237	52,098	17,496	**167,831**
of which Segment liabilities	-12,967	-12,562	-31,534	**-57,063**	-11,518	-24,085	-9,237	**-44,840**	-9,895	-18,053	-19,877	**-47,825**
Equity participation in associated companies	23,455	1,138	615	**25,208**	16,936	560	2,117	**19,613**	19,608	-834	1,627	**20,401**
Investments	8,623	5,206	486	**14,315**	7,219	11,632	579	**19,430**	5,149	6,425	544	**12,118**
of which CAPEX	6,222	5,001	360	**11,583**	5,079	5,190	62	**10,331**	4,088	4,854	325	**9,267**
Number of employees	10,451	16,728	996	**28,175**	10,808	17,706	568	**29,082**	9,022	16,371	1,301	**26,694**
Average number of full-time employees	10,167	16,210	1,026	**27,403**	9,191	15,395	795	**25,381**	8,478	16,005	1,705	**26,188**

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Notes to Consolidated Financial Statements (Continued)

30. Business Segments (Continued)

The provisional purchase price allocations for Orange Denmark and Eesti Telekom were finalized in the first quarter of 2005, which resulted in a restatement of certain preliminary figures recognized in 2004.

Reconciliation of EBITDA excluding non-recurring items to operating income

TeliaSonera management uses EBITDA excluding non-recurring items as one of the principal measures for monitoring profitability in segment reporting. Management believes that, besides operating income, EBITDA excluding non-recurring items is also a measure commonly reported and widely used by analysts, investors and other interested parties in the telecommunications industry. Accordingly, EBITDA excluding non-recurring items is presented to enhance the understanding of TeliaSonera s historical operating performance.

EBITDA equals operating income before amortization, depreciation and impairment losses and excluding income from associated companies. Non-recurring items include impairment losses, capital gains/losses, restructuring/phase-out of operations and personnel redundancy costs. Only impairment losses, capital gains/losses, restructuring programs or similar items that represent more than the equivalent to SEK 100 million on an individual basis, are considered to be reported as non-recurring items. When calculating EBITDA excluding non-recurring items, management does not exclude items that are part of the underlying business operations, even though such items may not recur in the near future.

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

For illustrative purposes, the following table sets forth the relationship between operating income, EBITDA and EBITDA excluding non-recurring items.

	January-December		
SEK in millions	**2005**	**2004**	**2003**
EBITDA excluding non-recurring items	**29,411**	**30,196**	**30,700**
Non-recurring items	-1,903	645	1,335
EBITDA	**27,508**	**30,841**	**32,035**
Amortization, depreciation and impairment losses (Note 11)	-13,188	-15,596	-17,707
Income from associated companies (Note 12)	3,229	3,548	382
Operating income	**17,549**	**18,793**	**14,710**

The following table sets forth non-recurring items.

	January-December		
SEK in millions	**2005**	**2004**	**2003**
Restructuring charges, implementation costs to gain synergies, etc.	-1,964	-617	-368
Certain pension-related items		741	
Net capital gains/losses (excluding associated companies)	61	521	1,703
Total	**-1,903**	**645**	**1,335**

Notes to Consolidated Financial Statements (Continued)

30. Business Segments (Continued)

Restructuring charges and implementation costs to gain synergies are excluding amortization, depreciation and impairment losses of intangible and tangible assets but include reversals of provisions and foreign exchange rate effects.

EBITDA excluding non-recurring items, non-recurring items, EBITDA and operating income are broken down by country-based business segments in section Profit Center breakdown above.

31. Human Resources

Employees, salaries, and social security expenses

Acquired operations in 2005 added 320 employees, of which 144 in Chess Holding in Norway and 176 in MicroLink in the Baltics. At the same time, streamlining efforts resulted in a decrease of the number of employees by 1,227. Hence, the net change during 2005 was a decrease by 907 employees to 28,175 (29,082) at year-end.

The breakdown by business segment is presented in note Business Segments. The number of employees net increased by 145 in Profit Center Norway, by 109 in the Baltic countries and by 335 in Eurasia. The number of employees net decreased by 552 in Sweden, by 578 in Finland and by 269 in Denmark, while the other business segments in total reported a decrease by 97 employees year on year.

The average number of full-time employees was as follows.

	January-December					
	2005		2004		2003	
Country	**Total**	**of which men**	**Total**	**of which men**	**Total**	**of which men**
Sweden	11,061	6,040	10,948	5,933	11,321	6,211
Finland	6,369	3,277	6,750	3,666	6,408	4,103
Norway	748	516	718	486	738	496
Denmark	1,409	916	1,160	614	1,048	679
Lithuania	3,446	1,895	3,672	2,060	4,386	2,459
Latvia	583	338	632	369	632	377
Estonia	2,045	885	38	34	48	39
Kazakhstan	609	307	401	196	300	123
Azerbaijan	452	197	382	206	351	177
Georgia	180	91	159	83	154	79
Moldova	227	111	185	91	149	68
Russia	68	46	79	32	89	53
United Kingdom	48	33	52	35	96	55
Germany	35	27	45	32	66	48
United States	30	25	32	29	53	39
Sri Lanka					198	160
Other countries	93	65	128	88	151	86
Total	**27,403**	**14,769**	**25,381**	**13,954**	**26,188**	**15,252**

The Swedish operations were conducted virtually throughout the country, and operations outside Sweden in 24, 26 and 28 countries during the years 2005, 2004 and 2003, respectively.

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

The number of female and male Group senior executives was as follows. Senior executives include ordinary members of boards of directors, presidents and those on executive management teams at the corporate level, profit center level and company level.

	December 31, 2005		2004		2003	
Number	**Boards of directors**	**Other senior executives**	**Boards of directors**	**Other senior executives**	**Boards of directors**	**Other senior executives**
Women	73	41	54	30	50	34
Men	222	111	219	116	224	124

Absence due to illness, as a percentage of ordinary work hours excluding leave time and vacation, was distributed as follows in the Group s Swedish units.

	January-December		
Percent	**2005**	**2004**	**2003**
Total absence due to illness	6.0	6.3	6.3
Absence due to illness that concerns a period of 60 consecutive days or longer	4.2	4.5	4.2
Total absence due to illness, men	3.3	3.4	3.3
Total absence due to illness, women	9.2	9.8	9.7
Total absence due to illness, employees 29 years of age and younger	5.6	4.5	5.6
Total absence due to illness, employees 30-49 years of age	5.1	5.6	5.5
Total absence due to illness, employees 50 years of age and older	7.1	7.3	7.4

Salaries and other remuneration for the Group, along with social security expenses, were as follows.

	January-December		
SEK in millions	**2005**	**2004**	**2003**
Salaries and other remuneration	**9,023**	**8,674**	**8,460**
Social security expenses			
Employer s social security contributions	1,970	1,902	1,950
Pension expenses	1,293	441	1,406
Total social security expenses	**3,263**	**2,343**	**3,356**
Total	**12,286**	**11,017**	**11,816**

Pension expenses for all boards of directors and presidents in the TeliaSonera Group totaled SEK 15 million, SEK 17 million and SEK 23 million for the years 2005, 2004 and 2003, respectively. No pension expenses were recorded for external board members of the parent company TeliaSonera AB.

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

Salaries and other remuneration were divided between boards of directors and presidents and other employees as follows. Variable salary was expensed in the respective year, but settled in cash in the following year.

SEK in millions	January-December 2005			2004			2003		
Country	Boards and presidents (of which variable salary)		Other employees	Boards and presidents (of which variable salary)		Other employees	Boards and presidents (of which variable salary)		Other employees
Sweden	23	(3)	4,472	28	(5)	4,467	40	(10)	4,576
Finland	15	(2)	2,346	40	(3)	2,461	31	(11)	2,125
Norway	7	(1)	413	4	(1)	366	3	(1)	417
Denmark	2	(0)	690	17	(4)	566	4	(1)	437
Lithuania	15	(1)	320	13	(2)	311	11	(2)	329
Latvia	7	(0)	84	6	(0)	88	2	(0)	98
Estonia	16	(4)	223	0	(0)	5	0	(0)	6
Kazakhstan	5	(0)	55	2	(0)	28	1	(0)	19
Azerbaijan	1	(0)	55	4	(0)	35	1	(0)	37
Georgia	0	(0)	17	0	(0)	7	0	(0)	7
Moldova	1	(0)	15	1	(0)	9	1	(0)	7
Russia	0	(0)	21	0	(0)	19	0	(0)	17
United Kingdom	0	(0)	38	0	(0)	43	3	(0)	96
Germany	3	(1)	21	2	(0)	27	2	(0)	8
United States	0	(0)	28	2	(0)	28	2	(0)	49
Sri Lanka		( )			( )		1	(0)	11
Other countries	4	(0)	126	5	(1)	90	6	(0)	113
Total	**99**	**(12)**	**8,924**	**124**	**(16)**	**8,550**	**108**	**(25)**	**8,352**

Remuneration to corporate officers

Principles

As resolved by the Annual General Meeting, remuneration is paid to the chairman of the Board and directors in the amount of SEK 750,000 per year to the chairman, SEK 550,000 per year to the vice chairman and SEK 400,000 per year to each of the other directors, elected by the Annual General Meeting. In addition, remuneration is paid to the chairman of the Board s Audit Committee in the amount of SEK 150,000 per year and SEK 100,000 per year to each of the other members of the Audit Committee. Additional remuneration is also paid to the chairman of the Board s Remuneration Committee in the amount of SEK 40,000 per year and SEK 20,000 per year to each of the other members of the Remuneration Committee. Remuneration is paid monthly. No separate remuneration is paid to directors for other committee work. Directors appointed as employee representatives are not remunerated.

Remuneration to the Chief Executive Officer (CEO), the Executive Vice President and other members of Executive Management consists of a base salary, variable salary, certain taxable benefits and pension benefits. Other members of Executive Management refers to the six individuals who are directly reporting to the CEO and which, along with the CEO and the Executive Vice President, constituted TeliaSonera Executive Management on December 31, 2005.

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

Variable salary to the CEO and to the Executive Vice President is capped at an amount equal to 50 percent and 35 percent of the base salary, respectively. For other members of Executive Management, the variable salary is capped at 35 percent of the base salary. Variable salary is based on the financial performance of the group, financial performance in each officer s area of responsibility and individual performance objectives.

In addition to general employment benefits, TeliaSonera offers the following benefits to members of Executive Management employed in Sweden: health insurance (including coverage for the spouse of an employee), an annual medical examination, a telephone subscription for private use free of charge and the choice of the following: use of a company car, domestic service or a salary increase of an equivalent amount. All benefits, except for health insurance for the employee and the annual medical examination, are treated as taxable income in Sweden. One other member of Executive Management employed in Finland has the standard local benefits provided to other TeliaSonera Finland managers.

Pension benefits and other benefits to the CEO, the Executive Vice President and other members of Executive Management as described above form part of each individual s total remuneration package.

Remuneration and other benefits during the year

SEK	Board remuneration /Base salary	Variable salary	Other benefits	Pension expense	Financial instruments	Other remuneration	Total
Chairman of the Board	860,998						**860,998**
Chief Executive Officer	6,490,000	1,298,000	619,196	6,407,245			**14,814,441**
Executive Vice President	3,570,000	499,800	133,038	1,724,203			**5,927,041**
Other members of Executive Management (six individuals)	14,728,804	1,818,796	801,345	9,076,124			**26,425,069**
Total	**25,649,802**	**3,616,596**	**1,553,579**	**17,207,572**			**48,027,549**

Comments on the table:

- Board remuneration to the Chairman includes remuneration for Audit Committee and Remuneration Committee work amounting to SEK 110,998.

- Base salary in 2006 amounts to SEK 6,814,500 (+5.0 percent) for the CEO, SEK 3,800,000 (+6.4 percent) for the Executive Vice President and the equivalent to SEK 18,470,127 (+4.5 percent) for other members of Executive Management.

- Variable salary was expensed in 2005, but will be settled in cash in 2006. Actual variable salary for 2005 corresponds to 20 percent of the base salary for the CEO, to 14 percent for the Executive Vice President and for other members of Executive Management to 7-15 percent of the base salary. Variable salary with respect to performance in 2004 was paid in 2005 to the CEO in an amount of SEK 2,215,000, to the Executive Vice President in an amount of SEK 844,900 and to other members of current Executive Management in an amount equivalent to SEK 2,929,983.

- Other benefits refer chiefly to company car benefit but also to a number of other taxable items.

- Pension expense refers mainly to defined benefit pension plans and to the expense that affected earnings for the year. See further disclosures concerning the terms and conditions of pension benefits below.

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Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

Stock options

As of December 31, 2005, TeliaSonera had no outstanding stock option programs.

Pension benefits

The age of retirement for the CEO is 60. Pension benefits between age 60 and 65 shall equal 70 percent of pensionable salary. Pension benefits after age 65 shall be paid in accordance with the ITP plan with supplementation of benefits for that part of salary exceeding 20 income base amounts, so that the total pension equals 50 percent of the pensionable salary. Pensionable salary equals the base salary. All pension benefits are unassailable, i.e., are not subject to conditions concerning future employment.

The age of retirement for the Executive Vice President is 60. Pension benefits between age 60 and 65 shall equal 70 percent of pensionable salary. Pension benefits after age 65 shall be paid in accordance with the ITP plan with supplementation of benefits, amounting to 32.5 percent of the pensionable salary, for that part of salary exceeding 20 income base amounts. Pensionable salary equals the base salary. All pension benefits are unassailable, i.e. are not subject to conditions concerning future employment.

The age of retirement for other members of Executive Management employed in Sweden varies between 60, 62 and 65. Pension benefits between age 60 (62) and 65, for those having a retirement age below 65, shall equal 70 percent of pensionable salary, except in one case where pension benefits equal 43 percent of pensionable salary. Pension benefits after age 65 shall be paid in accordance with the ITP plan with supplementation of benefits, amounting to 32.5 percent of the pensionable salary, for that part of salary exceeding 20 income base amounts except in one case where pension benefits amounts to 32.5 percent for that part of the salary exceeding 30 income base amounts. Pensionable salary includes base salary and variable salary for those employed prior to July 1, 2002. For those employed after that date the pensionable salary equals the base salary. All pension benefits are unassailable, i.e. are not subject to conditions concerning future employment.

The age of retirement for one other member of Executive Management employed in Finland is 60. Pension benefits as from the age of 60 shall be the same as they would have been, according to the statutory TEL pension plan, at normal retirement age of 63 if the service with the company would have continued to that date. The pensionable salary includes variable salary.

Severance pay

The contract between the company and the CEO requires both parties to provide six months notice of resignation or termination of employment. Upon termination by the company, the CEO shall be entitled to severance pay equal to his monthly base salary for a period of 24 months. Other income shall be deducted from the severance amount. If the CEO resigns his position, he shall not be entitled to severance pay.

The contract between the company and the Executive Vice President as well as other members of Executive Management, requires a period of notice of six months from the employee and 12 months from the company with respect to resignation or termination of employment. Upon termination by the company, the employee shall be entitled to severance pay equal to the monthly base salary for a period of 12 months. Other income shall be deducted against the salary during the notice period and against the severance amount. If the employee resigns his or her position, he or she shall not be entitled to severance pay.

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

Planning and decision process

Remuneration to the CEO is decided by the Board of Directors based on the recommendation of the Remuneration Committee.

Remuneration to other members of Executive Management is approved by the Remuneration Committee, based on the CEO s recommendation.

Stock-based compensation

General

At General Meetings of shareholders of TeliaSonera AB in 2002 and 2001, a number of stock option schemes were adopted. Under IFRS applicable until 2004, TeliaSonera did not record an expense with respect to these option schemes. The option schemes are described below, together with pro forma information regarding net income and earnings per share, determined as if TeliaSonera had accounted for its stock options at fair value.

Due to non-fulfillment of certain subscription criteria, most of the option programs were cancelled in 2004 and 2003 and the subscription periods for the two remaining programs expired on May 31 and June 30, 2005, respectively. No option holder subscribed for shares under these programs.

The fair value of the options was estimated at the date of grant using a Black-Scholes option-pricing model. The estimated fair value of the options was amortized to expense over the options vesting period. TeliaSonera s aggregate pro forma information was as follows.

SEK in millions	**2005**	**2004**	**2003**
Reported net income	13,964	14,264	10,049
Less: Compensation expense			-18
Pro forma net income	13,964	14,264	10,031
Pro forma basic and diluted earnings per share (SEK)	2.56	2.77	1.94

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because most of TeliaSonera s stock options had characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing models did not necessarily provide a reliable single measure of the fair value of its employee stock options.

2001 Employee stock option program (ESOP)

The 2001 Annual General Meeting voted in favor of establishing an employee stock option program involving issue of debt instruments with option rights to subscribe for shares in TeliaSonera AB. The employee stock options were allotted free of charge and all employees affected were given 1,000 options.

The program covered a total of no more than 21,000,000 options that entitled the holder to acquire an equal number of shares in TeliaSonera AB. Furthermore; a maximum of 6,500,000 options could be transferred to the market in order to counteract the effect of payroll overhead incurred by the option

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

program. Payroll overhead would then be charged to expense, while consideration for options issued would be booked directly to shareholders equity.

The 2001 stock options were exercisable from May 31, 2003 to May 31, 2005. The exercise price was set at SEK 69. The terms of the ESOP might be recalculated as a consequence of share issues, etc.

The fair value of these options, estimated at the date of grant, was SEK 273 million. The fair value was estimated using the following weighted-average assumptions. No options were granted in 2005, 2004 and 2003.

	2002	**2001**
Fair market value of underlying share (SEK)	45.60	62.00
Expected volatility of underlying share (%)	50.0	47.3
Expected dividend yield (%)	0.4	0.3
Risk-free interest rate for expected term (%)	4.59	4.24
Expected life of options (years)	2.4	3.0

For the years ended December 31, 2003, 2002 and 2001, compensation costs amortized over the vesting period amounted to SEK 18 million, SEK 121 million and SEK 91 million, respectively, totaling SEK 230 million. Due to forfeitures and all options being fully vested, no compensation cost was incurred as from 2004.

A summary of the 2001 stock option activity for the years ended December 31, 2005, 2004 and 2003 is presented below.

	Number of options	**Weighted average exercise price (SEK)**
Options outstanding at December 31, 2002	*14,302,000*	*69.00*
Forfeited	-1,752,000	69.00
Options outstanding at December 31, 2003	*12,550,000*	*69.00*
Forfeited	-625,000	69.00
Options outstanding at December 31, 2004	*11,925,000*	*69.00*
Cancelled	-11,925,000	69.00
Options outstanding at December 31, 2005		

2002 stock option scheme series 2002/2005:A-B

On November 4, 2002, the extraordinary General Meeting of TeliaSonera AB (then Telia AB) adopted a resolution to issue warrants of series 2002/2005:A and 2002/2005:B warrants in exchange for Sonera Oyj warrants of series 1999A and 1999B, respectively, as follows.

Series	**Number of warrants Issued in the merger exchange offer**	**Issued in the merger redemption offer**	**Exercise price per share (SEK)**	**Subscription period**
2002/2005:A	5,798,880	157,870	69.42	June 1, 2001 June 30, 2005
2002/2005:B	5,145,708	132,082	132.82	June 1, 2003 June 30, 2005
Total	**10,944,588**	**289,952**		

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

Each warrant entitled the warrant holder to subscribe for one and a half (1.5) new share in TeliaSonera AB. The exercise price as well as the number of new shares that each warrant entitled to subscribe for might be recalculated as a consequence of share issues, cash dividends, etc.

Series 2002/2005:A warrants were immediately exercisable. On December 9, 2002, series A warrants were listed on the Helsinki Exchange, and an employee could sell the warrants on the stock exchange, at a price determined by public quotes. However, option holders could exercise their options no later than June 30, 2005. In 2005, 2004 and 2003, according to the said terms, the exercise price of the series A warrants was adjusted by the 2004, 2003 and 2002 cash dividend per share, respectively.

The subscription rights could be exercised with series 2002/2005:B warrants provided that certain financial performance conditions were fulfilled. In May 2003, the Board of Directors of TeliaSonera AB concluded that these subscription criteria were not fulfilled and consequently decided to cancel all warrants of series B.

The fair value, in total SEK 49.4 million, of all 10,944,588 warrants issued in the exchange offer was recognized in 2002 as part of the purchase price for the merger. The fair value, in total SEK 0.7 million, of all 289,952 warrants issued in the mandatory redemption offer, was recognized as part of the completed purchase price calculation recorded in 2003. The assumptions used in calculating the fair value of the 2002/2005 option schemes, at the date of grant, relating to the exercise price of warrants is presented in the table above. The other weighted average assumptions used in calculating the fair value were as follows. No options were granted in 2005 and 2004.

	2003	**2002**
Fair market value of underlying share (SEK)	29.50	34.70
Expected volatility of underlying share (%)	50.0	50.0
Expected dividend yield (SEK)	0.74	0.73
Risk-free interest rate for expected term (%)	5.5	5.5
Expected life of warrants (years)	2.39	2.58

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

A summary of the series 2002/2005 option schemes as of and changes in the years ended December 31, 2005, 2004 and 2003 is presented below.

	Number of warrants	Weighted average exercise price (SEK)	Weighted average fair value (SEK)
Series 2002/2005:A			
Warrants outstanding on December 31, 2002	*5,798,880*	*72.02*	
Granted (exercise price higher than the share market price)	157,870	72.02	3.77
Forfeited	-100	71.62	
Warrants outstanding on December 31, 2003	*5,956,650*	*71.62*	
Warrants outstanding on December 31, 2004	*5,956,650*	*70.62*	
Cancelled	-5,956,650	69.42	
Warrants outstanding on December 31, 2005			
Series 2002/2005:B			
Warrants outstanding on December 31, 2002	*5,145,708*	*132.82*	
Granted (exercise price higher than the share market price)	132,082	132.82	0.87
Cancelled	-5,277,790	132.82	
Warrants outstanding on December 31, 2003			

2002 stock option scheme series 2002/2008:A-F and 2002/2010:A-F

On November 4, 2002, the extraordinary General Meeting of TeliaSonera AB (then Telia AB) adopted a resolution to issue warrants of series 2002/2008:A-F and 2002/2010:A-F in exchange for Sonera warrants of series 2000/A1-C2 and 2000/A3-C4, as follows.

Number of warrants

Series	Issued in the merger exchange offer	Issued in the merger redemption offer	Exercise price per share (SEK)	Subscription period
2002/2008:A	2,433,350	73,800	347.38	November 2, 2002 May 31, 2008
2002/2008:B	2,433,350	73,800	347.38	May 2, 2003 May 31, 2008
2002/2008:C	4,866,700	147,600	347.38	May 2, 2004 May 31, 2008
2002/2008:D	30,600	3,600	108.17	November 2, 2002 May 31, 2008
2002/2008:E	30,600	3,600	108.17	May 2, 2003 May 31, 2008
2002/2008:F	61,200	7,200	108.17	May 2, 2004 May 31, 2008
2002/2010:A	915,146	2,501	49.09	November 2, 2002 May 31, 2010
2002/2010:B	915,146	2,501	49.09	May 2, 2003 May 31, 2010
2002/2010:C	1,830,292	5,002	49.09	May 2, 2004 May 31, 2010
2002/2010:D	571,500	3,000	33.64	November 2, 2002 May 31, 2010
2002/2010:E	571,500	3,000	33.64	May 2, 2003 May 31, 2010
2002/2010:F	1,143,000	6,000	33.64	May 2, 2004 May 31, 2010
Total	**15,802,384**	**331,604**		

Each warrant entitled the warrant holder to subscribe for one and a half (1.5) new share in TeliaSonera AB. The exercise price as well as the number of new shares that each warrant entitled to subscribe for might be recalculated as a consequence of share issues, cash dividends, etc.

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

The subscription rights could be exercised with series 2002/2008:A-F and 2002/2010:A-F warrants provided that certain financial performance conditions were fulfilled. In February and March 2004, the Board of Directors of TeliaSonera AB concluded that these subscription criteria were not fulfilled and consequently decided to cancel all warrants of series 2002/2008 and 2002/2010.

The fair value, in total SEK 177.5 million, of all 15,802,384 warrants issued in the exchange offer was recognized in 2002 as part of the purchase price. The fair value, in total SEK 0.9 million, of all 331,604 warrants issued in the mandatory redemption offer, was recognized as part of the completed purchase price calculation for the merger recorded in 2003. The assumptions used in calculating the fair value of the 2002/2008 and the 2002/2010 option schemes, at the date of grant, relating to the exercise price of warrants is presented in the table above. The other weighted average assumptions used were as follows. No options were granted in 2004.

	Series 2002/2008:A-F		Series 2002/2010:A-F	
	2003	**2002**	**2003**	**2002**
Fair market value of underlying share (SEK)	29.50	34.70	29.50	34.70
Expected volatility of underlying share (%)	50.0	50.0	50.0	50.0
Expected dividend yield (SEK)	1.67	1.74	2.20	2.48
Risk-free interest rate for expected term (%)	5.5	5.5	5.5	5.5
Expected life of warrants (years)	5.31	5.49	7.31	7.49

A summary of the 2002/2008 and 2002/2010 stock option schemes as of and changes in the years ended December 31, 2004 and 2003 is presented below:

	Number of warrants	Weighted average exercise price (SEK)	Weighted average fair value (SEK)
Series 2002/2008:A-C			
Warrants outstanding on December 31, 2002	*9,733,400*	*347.38*	
Granted (exercise price higher than the share market price)	295,200	347.38	1.27
Forfeited	-584,000	347.38	
Warrants outstanding on December 31, 2003	*9,444,600*	*347.38*	
Cancelled	-9,444,600	347.38	
Warrants outstanding on December 31, 2004			
Series 2002/2008:D-F			
Warrants outstanding on December 31, 2002	*122,400*	*108.17*	
Granted (exercise price higher than the share market price)	14,400	108.17	7.04
Forfeited	-35,000	108.17	
Warrants outstanding on December 31, 2003	*101,800*	*108.17*	
Cancelled	-101,800	108.17	
Warrants outstanding on December 31, 2004			

Notes to Consolidated Financial Statements (Continued)

31. Human Resources (Continued)

	Number of warrants	Weighted average exercise price (SEK)	Weighted average fair value (SEK)
Series 2002/2010:A-C			
Warrants outstanding on December 31, 2002	*3,660,584*	*49.09*	
Granted (exercise price higher than the share market price)	10,004	49.09	18.50
Forfeited	-241,352	49.09	
Warrants outstanding on December 31, 2003	*3,429,236*	*49.09*	
Cancelled	-3,429,236	49.09	
Warrants outstanding on December 31, 2004			
Series 2002/2010:D-F			
Warrants outstanding on December 31, 2002	*2,286,000*	*33.64*	
Granted (exercise price lower than the share market price)	12,000	33.64	22.35
Forfeited	-52,000	33.64	
Warrants outstanding on December 31, 2003	*2,246,000*	*33.64*	
Cancelled	-2,246,000	33.64	
Warrants outstanding on December 31, 2004			

32. Restructuring Costs

Major restructuring activities were as follows.

Transition programs in Sweden and Finland

In Sweden and Finland, management has launched transition programs to keep the profitability by achieving competitive cost levels and focusing of the service offerings. In Sweden, the restructuring program 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 program is proceeding as planned. At year-end 2005, 802 employees had accepted an 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.

In Finland, streamlining efforts initiated in 2005 are expected to lower annual costs by SEK 1 billion as of 2006. Late in the year, additional initiatives were taken and a turn-around program was launched. 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.

Notes to Consolidated Financial Statements (Continued)

32. Restructuring Costs (Continued)

Each of the elements of the transition costs would result in future cash outflows except for impairment losses, which are non-cash in nature. The material elements of the transition costs and related cash outflows were as follows.

SEK in millions	**2005 Sweden Transition charges**	**Cash outflow**	**Change in transition provision**	**Finland Transition charges**	**Cash outflow**	**Change in transition provision**
Transition provision, opening balance						
Workforce reduction	1,837	-127	1,710	110	-107	3
Reclassification to pension provision	-1,138		-1,138			
Leasing contracts, offices	267	-6	261			
Exchange rate differences						*-1*
Transition provision, closing balance			*833*			*2*
Impairment losses on plant and equipment	405					
Total charges/total cash outflow	**1,371**	**-133**		**110**	**-107**	

Implementation of integration synergies in and refocusing of the Danish operations

TeliaSonera s Danish operations have continuously been reviewed by management. During 2002, the Danish fixed network operations were reviewed in order to value their assets and determine a new focus. Looking forward, the operations were focused on telephony sales to businesses and consumers and wholesale network capacity to operators and service providers. Unprofitable products were discontinued or frozen to serve current customers under a transition period. Most of the workforce reduction was effectuated in the last few months of 2002, when the number of employees was reduced by approximately 100 people and consultants and temporary staff were reduced by more than 100 people. In terms of product offerings and workforce the restructuring program gained full effect at the end of 2003. Settlement of leasing and other long-term contracts will take place during the next three-year period.

Following the acquisition of Orange Denmark and to realize synergy gains, management in 2004 decided to integrate the Danish mobile operations previously run separately by Telia and Orange. The integration program involved branding, customer migration, new service portfolio, premises, personnel and handling of overlapping GSM networks and UMTS licenses. Personnel overlaps existed mainly within management, administration, network operations and product and services development. At year-end 2004, the two companies employed a workforce of 1,050 and notice was given of a redundancy of 300 employees. The redundancy process began in 2005.

In 2005, management decided to further improve efficiency in the Danish operations by integrating the mobile operations Telia Mobile and the fixed network operations Telia Networks. The integration will decrease annual costs and reduce the number of full-time positions by approximately 110. Most activities are expected to be completed in 2006.

Notes to Consolidated Financial Statements (Continued)

32. Restructuring Costs (Continued)

Under this program TeliaSonera recorded integration provisions and impairment charges related to tangible assets, licenses and other intangible assets as well as a release of a license fee liability. Each of the elements of the Danish integration costs would result in future cash outflows except for impairment losses and releases, which are non-cash in nature. The material elements of the integration costs and related cash outflows were as follows.

SEK in millions	2002 Integration charges	2002-2003 Cash outflow	Change in integration provision	2004 Additional integration charges	Cash outflow	Change in integration provision	2005 Cash outflow	Change in integration provision
Integration provision, opening balance						*250*		*528*
Workforce reduction	45	-54	-9	154	-1	158	-70	-53
Leasing and service contracts, technical sites	113	-68	45	2	-9	-37	-6	-6
Leasing contracts, offices	11	-22	-11	22		20	-31	-15
Dismantling of technical sites and offices	157	-19	138	176		176	-28	-28
Legal and other expert fees, other costs	193	-105	88	10	-44	-35	-6	-6
Reversal, not utilized								-140
Exchange rate differences			-1	-1		-4		11
Integration provision, closing balance			*250*			*528*		*291*
Impairment losses on and discards of intangible and tangible assets	3,033							
Impairment losses on licenses and other intangible assets				497				
Release of license fee liability				-221				
Total charges/total cash outflow	**3,552**	**-268**		**639**	**-54**		**-141**	

Possibilities to use a larger part of the Orange network than anticipated, which reduced the need for dismantling activities, and lower than expected redundancy payments enabled a reversal of the integration provision in 2005.

Implementation of post-merger integration synergies in the international carrier operations

To realize post-merger synergy gains, management in 2003 decided to integrate the international carrier operations previously run separately by Telia and Sonera. Overlapping operations will be phased out and the traffic moved over from leased capacity to the wholly owned network. Parts of Sonera s operations in the United Kingdom, the United States, Sweden and Germany have been closed down. Under this program TeliaSonera recorded integration provisions, but to some extent costs were also expensed as incurred. The integration program also incurred impairment charges related to network

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Notes to Consolidated Financial Statements (Continued)

32. Restructuring Costs (Continued)

capacity and equipment. The program activities are completed. The remaining part of the integration provision will be used later, when phasing out long-term contracts.

Each of the elements of the international carrier integration costs would result in future cash outflows except for impairment losses, which are non-cash in nature. The material elements of the integration costs and related cash outflows were as follows.

	2003			**2004**		**2005**	
SEK in millions	**Integration charges**	**Cash outflow**	**Change in integration provision**	**Cash outflow**	**Change in integration provision**	**Cash outflow**	**Change in integration provision**
Integration provision, opening balance					*327*		*329*
Workforce reduction	27	-10	17	-21	-21		
Leasing and service contracts, technical sites	211	-3	208	-32	38	-35	-35
Leasing contracts, offices	66	-4	62	-8	-8	-1	-1
Dismantling of technical sites and offices	19		19			-19	-19
Other costs	16	-1	15	-2	-2	-1	-1
Reversal, not utilized					-12		-62
Exchange rate differences, timing effects			6		7		29
Integration provision, closing balance			*327*		*329*		*240*
Workforce reduction	8	-8					
Leasing and service contracts, technical sites	3	-3					
Leasing contracts, offices	4	-4					
Dismantling of technical sites and offices	9	-9					
Impairment losses on plant and equipment	54						
Total charges/total cash outflow	**417**	**-42**		**-63**		**-56**	

Redundancies in the Swedish, Finnish and Lithuanian operations

The organization and control models introduced in 2003 significantly increased efficiency and created potential to eliminate duplicate functions within several areas, like product and service development. Efficiency was also enhanced within administration and certain support functions.

The management of TeliaSonera Sweden under this program established a redundancy of approximately 1,200 employees, including 500 hired personnel. TeliaSonera negotiated with the trade unions to determine which of the permanent employees were affected by the redundancy. Of these employees, approximately 300 have left Telia–Sonera Sweden or been redeployed within the Group. The remaining redundancies were handled through natural attrition, tailored pension plans and within the framework of TeliaSonera Redeployment, which manages redundancies in wholly-owned Swedish operations.

Notes to Consolidated Financial Statements (Continued)

32. Restructuring Costs (Continued)

In Finland, a redundancy of 400 employees was determined after negotiations with the employee organizations. 176 permanent employees were given notice and the remainder of the reduction was handled through pension plans, non-renewal of temporary contracts and redeployment within the Group.

In the Lithuanian fixed-line operations an efficiency enhancement program was started in 2003 to further reduce personnel, operating costs and CAPEX. In the second half of 2003, the number of employees was reduced by 478 to 3,586 at year-end, and in 2004, the workforce was reduced by another 466 employees. The Lithuanian program also incurred impairment charges related to real estate, network capacity and equipment.

Each of the elements of the restructuring costs would result in future cash outflows except for impairment losses, which are non-cash in nature. The material elements of the restructuring costs and related cash outflows were as follows.

SEK in millions	2003 Restructuring charges	Cash outflow	Change in restructuring provision	2004 Cash outflow	Change in restructuring provision	2005 Cash outflow	Change in restructuring provision
Restructuring provision, opening balance					*190*		*10*
Workforce reduction	435	-44	391	-127	-127	-7	-7
Reclassification to pension provision			-173		-8		
Other costs	4	-4	0	-1	-1		
Reversal, not utilized			-28		-44		-3
Restructuring provision, closing balance			*190*		*10*		
Impairment losses on and discards of property, plant and equipment	120						
Total charges/total cash outflow	**559**	**-48**		**-128**		**-7**	

Strategic refocusing of the international carrier operations

In 2002, TeliaSonera completed a comprehensive review of its international carrier operations. Management decided to change the strategic focus of Telia International Carrier and significantly restructure its operations. As part of the restructuring program, management decided to close down Telia International Carrier s Asian operations as well as its domestic voice reseller business in the United Kingdom and Germany, discontinue offering domestic network services in the United States and terminate its co-location business. TeliaSonera has also centralized Telia International Carrier s sales, administration and customer care resources. Further, the strategic refocusing and restructuring has enabled Telia International Carrier to substantially scale down the number of offices and technical facilities, as well as led to reduced operating and maintenance costs and leased lines.

Management also estimated that, as part of the restructuring, Telia International Carrier would reduce its original workforce of approximately 800 persons by more than 50 percent, most of which was executed in 2002 and 2003. Approximately half of the restructuring provision was used in 2003 and 2004. The remaining part will be used later during the phase-out of long-term contracts.

Notes to Consolidated Financial Statements (Continued)

32. Restructuring Costs (Continued)

Each of the elements of the international carrier restructuring costs would result in future cash outflows except for impairment losses, which are non-cash in nature. The material elements of the restructuring costs and related cash outflows were as follows.

SEK in millions	2002 Restructuring charges	2002-2003 Cash outflow	Change in restructuring provision	2004 Cash outflow	Change in restructuring provision	2005 Cash outflow	Change in restructuring provision
Restructuring provision, opening balance					*2,267*		*1,817*
Workforce reduction	303	-205	103	-32	-72	-12	-12
Leasing and service contracts, technical sites and land	2,860	-893	1,967	-190	-489	-126	-177
Leasing contracts, offices	186	-33	166	-93	-81	-110	-110
Dismantling of technical sites and offices	230	-55	188	-53	-53	-58	-58
Customer compensation	233	-66	167	-1	-101		-52
Legal and other expert fees	151	-16	135	-8	-8	-3	-3
Timing effects			68		36		76
Reversal, not utilized			-427		-103		-169
Allocation of previous year s reversal					427		103
Exchange rate differences			-100		-6		76
Restructuring provision, closing balance			*2,267*		*1,817*		*1,491*
Impairment losses on intangible and tangible assets	5,307						
Write-downs of financial assets	824						
Total charges/total cash outflow	**10,094**	**-1,268**		**-377**		**-309**	

Lower than expected restructuring costs, mainly due to the foreign operations but also to redundancies in Sweden and certain customer contracts, enabled reversals of the restructuring reserve in 2005, 2004 and 2003.

33. Auditors Fees and Services

Remuneration

The following remuneration was paid to auditors and accounting firms for audits and other reviews based on applicable legislation and for advice and other assistance resulting from observations in the reviews. Remuneration was also paid for independent advice, using Group auditors or other audit firms, in the fields of Tax/Law and Corporate Finance as well as other consulting services. Audit fees to other accounting firms refer to subsidiaries not audited by the Group auditors. Auditors are elected by the Annual General Meeting.

Notes to Consolidated Financial Statements (Continued)

33. Auditors Fees and Services (Continued)

PricewaterhouseCoopers AB has served as TeliaSonera AB s independent auditor (Group auditor) since April 28, 2004. Ernst & Young AB and KPMG Bohlins AB jointly served as TeliaSonera s independent auditors for fiscal 2003 and up to April 28, 2004.

	January-December		
SEK in millions	**2005**	**2004**	**2003**
PricewaterhouseCoopers AB			
Audits	49	41	9
Audit-related services	6	0	2
Tax services	2	1	2
All other services	6	3	3
Total	**63**	**45**	**16**
Ernst & Young AB			
Audits		7	28
Audit-related services	2	3	11
Tax services	1	2	7
All other services	28	24	0
Total	**31**	**36**	**46**
KPMG Bohlins AB			
Audits		10	25
Audit-related services	1	1	11
Tax services	6	1	3
All other services	3	5	1
Total	**10**	**17**	**40**
Other accounting firms			
Audits	1	3	1
Audit-related services, tax services and all other services	6	8	0
Total	**7**	**11**	**1**
Total	**111**	**109**	**103**

In addition, fees for accounting firm services in 2005 capitalized as transaction costs in business combinations and similar transactions totaled SEK 11 million (tax services: KPMG SEK 4 million and other accounting firms SEK 1 million; other non-audit services: Ernst & Young SEK 6 million).

Audit Committee pre-approval policies and procedures

The Audit Committee of the Board of Directors of TeliaSonera AB is responsible, among other matters, for the oversight of TeliaSonera s independent auditors, subject to the requirement of Swedish law. The Board of Directors has adopted a policy regarding pre-approval of audit and permissible non-audit services provided by the independent auditors.

This policy outlines the procedures for the approval of four categories of services provided by the independent auditors, namely, audit, audit-related, tax and other services.

Notes to Consolidated Financial Statements (Continued)

33. Auditors Fees and Services (Continued)

Audit services

Audit services include, among other things, the annual financial statement audit, quarterly reviews, information system and procedural reviews, attestation engagements and other procedures required to be performed by the independent auditors to be able to form an opinion on TeliaSonera s consolidated financial statements.

The annual audit engagement is subject to the specific approval of the Audit Committee. The Audit Committee monitors the audit services engagement on a quarterly basis and has the authority to approve any changes in the terms, conditions or fees in the annual audit engagement. All audit services, not specifically included under the audit services engagement letter, which exceed SEK 250,000 on a project basis, must be approved by the Audit Committee or the chairman of the Audit Committee. Any other audit services, not specifically included under the audit services engagement letter which cost less than SEK 250,000 on a project basis, may be approved by TeliaSonera s chief executive officer or chief financial officer subject to such services being reported to the Audit Committee in the following quarterly meeting of the Committee.

Audit-related services

Audit-related services comprise assurance and related services that are reasonably related to the performance of the audit or review of TeliaSonera s financial statements, including, among other things, certain due diligence services, assistance with understanding and implementing accounting and reporting requirements, financial audits of employee benefit plans, audit procedures required to comply with regulatory reporting matters, and assistance with internal control reporting requirements.

All audit-related services to be provided by the independent auditors, which individually exceed SEK 250,000 on a project basis, must be approved by the Audit Committee or the chairman of the Audit Committee. Any audit-related services which cost less than SEK 250,000 on a project basis may be approved by the chief executive officer or chief financial officer subject to such services being reported to the Audit Committee in the following quarterly meeting of the Committee.

Tax services

Tax services consist of services such as tax compliance, tax planning assistance and general tax advice.

All tax services to be provided by the independent auditors, which individually exceed SEK 250,000 on a project basis, must be approved by the Audit Committee or the chairman of the Audit Committee. Any tax services which cost less than SEK 250,000 on a project basis may be approved by the chief executive officer or chief financial officer subject to such services being reported to the Audit Committee in the following quarterly meeting of the Committee.

Any other services

As a general rule any other services to be provided by the independent auditors are either prohibited or require the specific approval of the Audit Committee or the chairman of the Audit Committee.

Any services pre-approved by the chairman of the Audit Committee must be reported to the full Audit Committee at the next scheduled meeting of the Committee.

Notes to Consolidated Financial Statements (Continued)

34. Business Combinations

Acquisition of Chess Holding

Description of and reasons for the acquisition

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 at the same price per share for the remaining shares, TeliaSonera held all but a small fraction 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 respective fair values. The determination of fair values has been made using generally accepted procedures. The results of the operations in Chess Holding have been included in the consolidated financial statements as of November 7, 2005.

Chess Holding owns 100 percent of the mobile service provider Chess/Sense in Norway with 396,000 subscribers at the end of October 2005. The acquisition strengthens TeliaSonera s position on the Norwegian mobile market and emphasizes TeliaSonera s ability to progress successfully with its strategy to enhance growth in the home markets. The transaction is expected to be earnings and cash flow accretive to TeliaSonera, before any synergies. The synergies are mostly related to increased utilization of NetCom s network. Chess/Sense continues to operate as a service provider under its own brand on the Norwegian market.

Financial effects

In the period November 7 December 31, 2005, Chess Holding contributed net sales of SEK 208 million and net income of SEK 19 million to the Group.

The following table shows the TeliaSonera Group pro forma net sales, net income and earnings per share, including fair value adjustments, had the acquisition taken place at January 1, 2005.

	January December 2005		
SEK in millions, except per share data	**TeliaSonera Group**	**Chess Holding**	**TeliaSonera Group pro forma**
Pro forma net sales	87,661	1,036	88,697
Pro forma net income	13,694	38	13,732
Pro forma basic and diluted earnings per share (SEK)	2.56	0.01	2.57

Purchase consideration, goodwill and cash-flow effects

Details of purchase consideration and goodwill were as follows.

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 (as specified below)	-164
Goodwill	**2,089**

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Notes to Consolidated Financial Statements (Continued)

34. Business Combinations (Continued)

Transaction related direct expenses capitalized by TeliaSonera in connection with the acquisition represent bankers fees as well as transaction related legal and accounting fees, and other direct fees and expenses.

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.

The cash-flow effects were as follows.

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

Assets acquired and liabilities assumed

Book values and fair values of assets acquired and liabilities assumed were as follows.

SEK in millions	**Book value**	**Fair value adjustments**	**Fair value**
Trade names	4		4
Licenses	7		7
Subscriber contracts	248	136	384
Equipment, tools and installations	4		4
Deferred tax assets	86	-9	77
Inventories	3		3
Receivables and other current assets	247		247
Cash and cash equivalents	199		199
Total assets acquired	**798**	**127**	**925**
Deferred tax liabilities	-99	-39	-138
Long-term liabilities	-388		-388
Short-term liabilities	-235		-235
Total liabilities assumed	**-722**	**-39**	**-761**
Net assets acquired	**76**	**88**	**164**

There were no purchased in-process research and development assets acquired nor any collateral pledged and contingent liabilities arising from the acquisition.

Acquisition of Orange Denmark and Eesti Telekom

General

On October 11, 2004, TeliaSonera acquired Orange s mobile operations in Denmark (Orange Denmark). The previously associated company AS Eesti Telekom became a majority-owned subsidiary of TeliaSonera as of De-cember 28, 2004. The determination of fair values of assets acquired and liabilities assumed as presented in TeliaSonera s 2004 Annual Report was based on preliminary appraisal. After finalizing the valuations and taking into account the additional Eesti Telekom shares acquired in the first quarter of 2005 as a result of the mandatory public offer, the following amendments have been made.

Notes to Consolidated Financial Statements (Continued)

34. Business Combinations (Continued)

Purchase consideration and additional goodwill

Details of purchase consideration and additional goodwill were as follows.

SEK in millions	Orange Denmark 2004 Reported	Adjustments	Restated	Eesti Telekom 2004 Reported	Adjustments	Restated	2005 Additional acquisition	Reported
Purchase consideration								
Cash consideration	5,522		5,522	472		472	23	495
Consideration in terms of new share issue (prior to 2004)				1,843		1,843		1,843
Transaction related direct expenses	26		26				8	8
Total purchase consideration	**5,548**		**5,548**	**2,315**		**2,315**	**31**	**2,346**
Less fair value of net assets acquired (for 2004 as specified below)	-1,685	-243	-1,928	-1,655	-20	-1,675	-12	-1,687
Less amortization of fair values before the company becoming a subsidiary				-142	20	-122		-122
Less goodwill (net of amortization until 2003) before the company becoming a subsidiary				-515		-515		-515
Additional goodwill	**3,863**	**-243**	**3,620**	**3**		**3**	**19**	**22**

Assets acquired and liabilities assumed

Book values and fair values of assets acquired and liabilities assumed were as follows.

SEK in millions	Orange Denmark Book value	Preliminary fair value adjustments	Final fair value adjustments	Restated fair value	Eesti Telekom Book value	Preliminary fair value adjustments	Final fair value adjustments	Restated fair value
Trade names						101	40	141
Patents, licenses and rights of way	1,133	-629		504	52			52
Interconnect and roaming agreements						1,004	-352	652
Subscriber contracts		536		536		2,891	-404	2,487
Buildings, land and land improvements	628	-258		370	207	180	-64	323
Mobile networks	618	-326		292	449	365	-266	548
Fixed networks					465	198		663
Equipment, tools and installations	422	-241		181	42	20		62
Investments in associated companies and other equity holdings	1			1	12			12
Deferred tax asset	365		243	608				
Other financial fixed assets					11			11
Inventories	23			23	72			72
Receivables and other current assets	596			596	432			432
Cash and cash equivalents	183			183	840			840
Total assets acquired	**3,969**	**-918**	**243**	**3,294**	**2,582**	**4,759**	**-1,046**	**6,295**
Revaluation reserve						-1,641	543	-1,098
Minority interests						-3,776	523	-3,253
Other provisions					-3			-3
Long-term liabilities	-553			-553	-4			-4
Short-term liabilities	-813			-813	-262			-262
Total liabilities assumed	**-1,366**			**-1,366**	**-269**	**-5,417**	**1,066**	**-4,620**
Net assets acquired	**2,603**	**-918**	**243**	**1,928**	**2,313**	**-658**	**20**	**1,675**

Notes to Consolidated Financial Statements (Continued)

35. Specification of Shareholdings and Participations

Associated companies

Associated company, Corp. Reg. No., registered office	Participation (%)	Number of shares	Par value in local currency (in millions)	Equity participation in consolidated accounts 2005	2004	Book value in each parent company 2005	2004
				SEK in millions			
Parent company holdings							
Swedish companies							
Overseas Telecom AB, 556528-9138, Stockholm	65	1,180,575	SEK 118	318	504	198	198
isMobile AB, 556575-0014, Luleå	50	996,008	SEK 0	0	0	0	0
Lokomo Systems AB, 556580-3326, Stockholm	40	676,504	SEK 0	1	1	0	0
Telefos AB, 556523-6865, Stockholm	26	2,560,439	SEK 0	256	177	104	104
SNPAC Swedish Number Portability Administrative Centre AB, 556595-2925, Stockholm	20	400	SEK 0	3	5	1	1
Service Factory SF AB, 556575-5682, Stockholm	19	1,620,960	SEK 1	0	0	0	20
Other operating, dormant and divested companies					287		0
Companies outside Sweden							
Drutt Corp., 3186891, Wilmington, DE	30	1,000,000	USD 0	6	6	3	15
OAO Telecominvest, St. Petersburg	26	4,262,165	RUR 43	1,294	865	700	700
Other operating, dormant and divested companies					1,045		1,474
Total parent company						**1,006**	**2,512**

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Notes to Consolidated Financial Statements (Continued)

35. Specification of Shareholdings and Participations (Continued)

Associated company, Corp. Reg. No., registered office	**Participation (%)**	**Number of shares**	**Par value in local currency (in millions)**	**Equity participation in consolidated accounts 2005**	**2004**	**Book value in each parent company 2005**	**2004**
				SEK in millions			
Subsidiaries holdings							
Swedish companies							
Svenska UMTS-nät AB, 556606-7996, Stockholm	50	501,000	SEK 50	429	513	500	500
SmartTrust AB, 556179-5161, Stockholm	30	70,991,460	SEK 1	33	80	84	80
Other operating, dormant and divested companies				0	0	0	0
Companies outside Sweden							
AS Sertifitseerimiskeskus, 10747013, Tallinn	50	16	EEK 2	1	2	10	6
Päämies-kauppiaat Oy, 1090044-0, Helsinki	50	66,055	EUR 1	93		8	
Lattelekom SIA, 4000305278, Riga	49	71,581,000	LVL 72	596	526	1,058	1,020
Punwire Paging Services Ltd, S/RP/PB/000196, Chandigarh	49	14,699,780	INR 147	0	0	0	0
Turkcell Holding A.S., 430991-378573, Istanbul	47	214,871,670	TRY 215	8,762	6,767	1,833	1,763
Turkcell Iletisim Hizmetleri A.S., 304844-252426, Istanbul	13	246,603,233	TRY 247	9,384	6,243	1,258	1,210
OAO MegaFon, 7812014560, Moscow	36	2,207,234	RUR 22	4,017	2,515	402	410
AUCS Communications Services v.o.f., 34097149, Hoofddorp	33		EUR -	1	17	2	0
Johtotieto Oy, 0875145-8, Helsinki	33	170	EUR 0	1	1	0	0
Operators Clearing House A/S, 18936909, Copenhagen	33	1,333	DKK 1	3	4	5	2
UAB TietoEnator Consulting, 2594163, Vilnius	26	4,160	LTL 0	3	3	1	0
Voicecom OÜ, 10348566, Tallinn	26		EEK 0	2	2	0	1
Suomen Numerot NUMPAC Oy, 1829232-0, Helsinki	25	3,000	EUR 0	0	0	0	0
Eltel Networks Länsi Oy, 0731522-4, Paimio	21	11,430	EUR 0	5	7	6	6
Other operating, dormant and divested companies				0	43	0	39
Total				**25,208**	**19,613**		

The share of voting power in Overseas Telecom AB is 42 percent. OAO Telecominvest owns an additional 31 percent of the shares in OAO MegaFon. Turkcell Holding A.S. owns 51 percent of the shares in Turkcell Iletisim Hizmetleri A.S.

The parent company s and subsidiaries respective holdings of Other associated companies for the comparative year chiefly related to companies acquired and divested. The former associated companies IKT I Holding AB (formerly Lagrummet Juni nr 74 AB) and IKT II Holding AB (formerly Lagrummet Juni nr 75 AB) became subsidiaries in 2005. Divestitures in 2005 included Infonet Services Corp., AS Intergate, Telekolmio Oy and Helsingin GSM-Palvelut Oy. Altogether, the Group s equity participation in the named companies amounted to SEK 1,375 million and the book value in each parent company to SEK 1,513 million.

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Notes to Consolidated Financial Statements (Continued)

35. Specification of Shareholdings and Participations (Continued)

Other holdings of securities

Company, Corp. Reg. No., registered office	Participation (%)	Number of shares	Par value in local currency (in millions)	Book/fair value in consolidated accounts 2005	2004	Book value in each parent company 2005	2004
				SEK in millions			
Parent company holdings							
Swedish companies							
NGF NetGame Factory AB, 556588-3344, Stockholm	10	147,000	SEK 0	0	0	0	0
Slottsbacken Fund Two KB, 969660-9875, Stockholm	18		SEK -	6	5	6	5
Hyglo AB, 556601-6761, Stockholm	8	16,800	SEK 0	0	0	0	0
Other operating, dormant and divested companies				0	0	0	0
Companies outside Sweden							
Digital Telecommunications Philippines Inc., Manila-Quezon City	9	600,000,000	PHP 600	84	124	84	124
Vision Capital L.P., LP64, Saint Helier	6		USD 2	2	4	2	4
Atrica, Inc., 770532447, Santa Clara, CA	0	249,377	USD 0	0	0	0	0
Other operating, dormant and divested companies				0	7	0	7
Total parent company						**92**	**140**
Subsidiaries holdings							
Swedish companies							
Other operating, dormant and divested companies				0	0	0	0
Companies outside Sweden							
Digital Media & Communications II L.P., 3037042, Boston, MA	22		USD -	6	8	6	8
Eveo Inc., 3028413, San Francisco, CA	10	2,000,000	USD 0	0	0	0	0
Wideray Corp., 3269105, San Francisco, CA	7	11,147,967	USD 0	10	10	10	10
Media Technology Equity Partners, L.P., 199817710056, Los Altos, CA	7		USD -	0	0	0	0
Magnum Communications L.P., Cayman Islands	7		USD -	14	14	14	14
CellGlide Inc., 51-0411553, Netanya	6	136,081	USD 0	0	11	0	11
Oy Merinova Ab, 0778620-2, Vaasa	6	800	EUR 0	1	1	1	1
Diamondhead Ventures, L.P., 3145188, Menlo Park, CA	4		USD -	13	10	13	10
Siennax International B.V., 23074433, Amstelveen	3	1,841,211	EUR 0	0	0	0	0
Santapark Oy, 1095079-8, Rovaniemi	3	10,000	EUR 0	2	2	2	2
Codetoys Oy, 1082133-9, Espoo	2	636,851	EUR 0	0	0	0	0
Bytemobile, Inc., 3255024, Mountain View, CA	2	735,476	USD 0	5	5	5	5
Pargas Telefon Ab Paraisten Puhelin Oy, 0135996-3, Pargas	2	7,100	EUR 0	1	1	1	1
SysOpen Digia Oyj, 0831312-4, Helsinki	1	220,710	EUR 0	2	49	2	49
Helsinki Halli Oy, 1016235-3, Helsinki	1	42	EUR 0	4	4	4	4
Intellect Capital Ventures, L.L.C., 3173982, Los Angeles, CA	0		USD -	17	24	17	24
TelAdvent LP, 2705077, Wilmington, DE	0		USD -	11	11	11	11
Radioliikkeiden Oy, 0113089-4, Espoo	0	7,515	EUR 0	1	0	1	0
Asunto Oy Helsingin Oskar, 0881553-8, Helsinki	0	280	EUR 0	1	1	1	1
Kiinteistö Oy Turun Monitoimihalli, 0816425-3, Turku	0	1	EUR 0	1	1	1	1
Participations in other real estate and housing companies, Finland			EUR -	22	21	22	21
Participations in other phone companies, Finland			EUR -	6	7	6	7
Other operating, dormant and divested companies				0	6	0	6
Total				**209**	**326**		

The parent company s and subsidiaries respective holdings of Other securities for the comparative year chiefly related to companies divested. Divestitures in 2005 included Intelsat, Ltd., Dejima, Inc., PacketVideo Corp. and Technopolis Oyj. SX Holdings, LLC was liquidated. Altogether, carrying values of

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Notes to Consolidated Financial Statements (Continued)

35. Specification of Shareholdings and Participations (Continued)

the named companies were SEK 13 million in the Group and SEK 13 million in each parent company. The carrying value of SysOpen Digia Oyj for the comparative year refers to the ownership in former Digia Oy.

36. U.S. GAAP

Differences in principles

TeliaSonera s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which differ in certain respects from United States Generally Accepted Accounting Principles (U.S. GAAP). Application of U.S. GAAP would have affected shareholders equity as of December 31, 2005, 2004 and 2003 and net income for each of the years in the three-year period ended December 31, 2005. The significant differences between IFRS and U.S. GAAP as related to TeliaSonera are discussed below.

Revenue recognition

The SEC Staff Accounting Bulletin No. 104 Revenue Recognition (SAB 104) addresses revenue recognition under U.S. GAAP. Under this guidance, revenue earned from access, connection and similar fees should be recognized over the estimated life of the customer relationship. Also, SAB 104 permits, but does not require, companies to defer costs directly associated with such revenue and to also recognize these costs over the life of the customer relationship. Under IFRS, TeliaSonera recognizes this revenue and related costs when the services are provided and the related costs are incurred.

Under U.S. GAAP, TeliaSonera has adjusted revenues to reflect the deferral of access, connection and similar revenues and subsequent amortization over the estimated average customer life of 7 years. TeliaSonera has elected not to defer any associated costs and accordingly, as permitted under U.S. GAAP, such costs are expensed as incurred. In early 2005, the Swedish National Post and Telecom Agency (PTS) decided that consumers can freely choose which supplier to subscribe to for fixed telephony. During the year, 850,000 retail subscriptions were transformed into wholesale subscriptions. As a consequence, a release of deferred revenue related to the transformed subscriptions has been recognized in income. On the other hand, the connection fee paid for transformation is deferred and recognized over the estimated average customer life.

TeliaSonera may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). In some cases, the arrangements include initial installation, initiation, or activation services and involve consideration in the form of a fixed fee or a fixed fee coupled with a continuing payment stream. Telecom equipment is accounted for separately from service where a market for each deliverable exists and if title to the equipment passes to the end customer. Costs associated with the equipment are recognized at the time of revenue recognized. The revenue is allocated to equipment and services in proportion to the fair value of the individual elements and recognized when the respective equipment is delivered and services rendered.

Under U.S. GAAP, the amount allocated to delivered items is limited to the amount that is not contingent upon delivery of additional items or meeting other specified performance conditions. Costs associated with the equipment are under U.S. GAAP recognized in an amount equal to the revenue recognized and cost in excess is deferred to the extent those costs are not in excess of the expected remaining revenues for the item.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Sale and leaseback

In 1998 and in 2001, TeliaSonera sold certain real estate properties to external buyers, while TeliaSonera group companies stayed on as tenants. The profit from the divestitures was recognized as revenue in its entirety, under IFRS, because the rental contracts are considered operating leases and the real estate was sold at market value.

Under U.S. GAAP additional conditions must be met in order to immediately recognize gains on sale-leaseback transactions. As TeliaSonera retained use of more than an insignificant portion, but less than substantially all of the properties sold, gain recognition is being deferred. Under U.S. GAAP, during the periods 1998-2012 and 2001-2013, respectively, that portion of the profit in excess of the discounted present value of the related future gross rental payments at the time of sale is recognized as revenue in proportion to the gross rental payments.

Other than related operating lease commitments, which extend for 3-15 years from the respective transaction dates, TeliaSonera is not bound by any other outstanding commitments or contingent obligations related to these properties.

Stock-based compensation

Under IFRS applicable until 2004, TeliaSonera did not record an expense with respect to its employee stock option programs, implemented in 2001 and 2002. Until the third quarter of 2001, TeliaSonera under U.S. GAAP accounted for employee stock options under the recognition and measurement provisions of APB Opinion No. 25 Accounting for Stock Issued to Employees (APB 25) and related interpretations under this method. In December 2002, FASB Statement No. 148 Accounting for Stock-Based Compensation Transition and Disclosure (FAS 148) was issued. FAS 148 amends FAS 123 Accounting for Stock-Based Compensation and provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation under FAS 123. In addition, FAS 148 amends the disclosure requirements of FAS 123 to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. FAS 148 became effective for fiscal years ending after December 15, 2002. Under U.S. GAAP, TeliaSonera began expensing the cost of employee stock options in the fourth quarter of 2002 and has elected to use the retroactive restatement method of FAS 148. Accordingly, all prior periods presented have been restated to reflect compensation costs that would have been recognized had the recognition provisions of FAS 123, as amended by FAS 148, been applied to all awards granted to employees.

By decisions made by the Board of Directors of TeliaSonera AB in February and March 2004, all unvested employee stock option series were cancelled, due to non-fulfillment of certain exercise criteria.

Non-current Assets-Held-for-Sale

Under U.S. GAAP and under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, an entity should classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the asset should be measured at the lower of its carrying amount and fair value less costs to sell and cease amortization and depreciation. TeliaSonera did not adopt IFRS 5 until January 1, 2005 and consequently assets held for sale in prior periods were not separately disclosed or accounted for.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Pensions

Under IFRS, pension assets, defined benefit pension liabilities and expenses are determined in a similar manner to U.S. GAAP. However, under IFRS, prior service cost, transition adjustments and expenses resulting from plan amendments are generally recognized immediately. Under U.S. GAAP, these expenses are generally recognized over a longer period. Additionally, any related pay-roll taxes are adjusted for differences between IFRS and U.S. GAAP.

Under U.S. GAAP and unlike IFRS, when the accumulated benefit obligation (ABO) exceeds the fair value of plan assets, a liability at least equal to the unfunded ABO must be recognized in the balance sheet. To the extent that the unfunded ABO exceeds the liability already recognized, an additional minimum liability (AML) must be recognized as a reduction of shareholders equity, net of tax. If the unfunded ABO is less than the liability already recognized, no further liability is recognized. An accumulated AML was initially recognized in 2004.

In 2000, Alecta, a Swedish pension insurance company, announced a refund of pension premiums paid. Part of the refund was repaid in cash and the remaining balance could be applied against future premiums, be paid in cash over several years, or be paid in a lump sum. Under IFRS, TeliaSonera recognized the present value of the total refund as other operating revenue. Under U.S. GAAP, cash refunds were recognized up until 2003 as other operating revenue when received.

Restructuring costs

Under IFRS, a provision for restructuring costs is recognized when the general requirements for recording provisions are met. Under U.S. GAAP, a restructuring charge is recorded when a detailed plan for exit costs has been developed and those costs relating to employee termination benefits have been developed in sufficient detail so that employees who may be subject to termination would be aware of the benefit they were to receive upon involuntary termination. U.S. GAAP requires that significant changes in the plan are unlikely. Certain provisions of the restructuring accruals recorded under IFRS in 2005, 2004 and in 2002 related to workforce reduction and certain other exit costs did not meet the U.S. GAAP requirements and accordingly were reversed and instead recognized as incurred. For restructuring accruals recorded in 2003, the U.S. GAAP requirements related to workforce reduction were met.

Under IFRS, unavoidable costs of meeting obligations under a contract that exceed the economic benefits to be received under the contract are recognized as a provision, for instance a contract for office space to be left vacant, when the vacation is decided and the amount is reliably estimable. Under U.S. GAAP, a provision is not recognized until the contract is terminated in accordance with the contract terms.

Share of earnings in associated companies

TeliaSonera s share of net income of its associated companies is determined using the equity method and is based on financial statements of the investees prepared in accordance with IFRS. This reconciliation item reflects adjustments for the differences between IFRS and U.S. GAAP relating to the associates.

Financing of associated companies

TeliaSonera, under IFRS, records interest costs arising from financing of associated companies in its operations as incurred. U.S. GAAP requires that interest costs be capitalized to the extent that such costs relate to an associated company while the associated company has activities in progress necessary to

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

commence its planned principal activities as prescribed by FASB Statement No. 34 Capitalization of Interest Costs.

Associated companies in hyperinflationary economies

Under IFRS, when the functional currency for a subsidiary or an associated company is the currency of a hyper-inflationary economy, the reported non-monetary assets and liabilities, and equity are restated in terms of the measuring unit current at the balance sheet date. The restated financial statements are translated into SEK at the closing rate. The restating effects are recognized as financial revenue or expense and in income from associated companies, respectively.

Under U.S. GAAP, the temporal method should be used to translate the financial statements of subsidiaries and equity accounted investees where they are denominated in currencies of highly-inflationary economies. The remeasurement of the financial statements is done as if the reporting currency of the parent had been the functional currency.

Goodwill

Until 2003, under IFRS applicable at the time, TeliaSonera amortized goodwill and other intangible assets. In accordance with FASB Statement No. 142 Goodwill and Other Intangible Assets (FAS 142), goodwill and indefinite lived intangible assets are not amortized but will be reviewed annually for impairment. Intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The amortization provisions of FAS 142 applied to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, TeliaSonera began applying the new accounting rules starting January 1, 2002.

Effective January 1, 2004, TeliaSonera adopted IFRS 3 Business Combinations, involving among other things that goodwill is no longer amortized but will be tested for impairment at least annually. According to generally accepted principles and standard company procedures, carrying values of all cash-generating units (reporting units) have been tested for impairment. The recoverable amounts of the cash-generating units were found to be in excess of their carrying values at all tests under IFRS and therefore the related goodwill was not impaired. Tests were also performed under U.S. GAAP, in 2005 showing that the carrying value of TeliaSonera Finland was too high and consequently an impairment loss was recognized relating to TeliaSonera Finland goodwill. This was mainly due to the differences between IFRS and U.S. GAAP with respect to the determination of the purchase consideration in the merger of Telia and Sonera, leading to a substantially higher TeliaSonera Finland carrying value under U.S. GAAP (as further described below).

Business combinations

Merger with Sonera Oyj

The merger of Telia and Sonera was announced in March 2002 and finalized in 2003. Under IFRS, the TeliaSonera shares and warrants issued to Sonera shareholders and warrantholders in the exchange offer and the mandatory redemption offer were valued based on the quoted closing market price of TeliaSonera shares as of the respective dates of the Board of Directors decisions to issue new shares. Under U.S. GAAP, the average market price for a reasonable period before and after the date the terms of a transaction are agreed and announced is to be used in determining the fair value of securities issued.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Accordingly, under U.S. GAAP, all TeliaSonera shares and warrants issued to Sonera shareholders and warrantholders in consideration for the merger were valued based on a weighted average share price for the five consecutive trading days starting two days before and ending two days after the announcement day.

Furthermore, under IFRS, the total fair value of TeliaSonera warrants issued was recorded as part of the purchase consideration. Under U.S. GAAP, the fair value of fully vested warrants was recognized as part of the purchase consideration, while the fair value of the unvested warrants was amortized to expense over the future remaining vesting period as stock-based employee compensation cost. By decisions made by the Board of Directors of TeliaSonera AB in February and March 2004, all unvested warrants were cancelled, due to non-fulfillment of certain exercise criteria.

In assessing the fair value of other intangible assets under IFRS applicable at the time of the merger, roaming and interconnect agreements with other operators as well as most of the customer list (portfolio of customers) did not meet the definition of an intangible asset. Therefore, TeliaSonera under IFRS did not assign any value to Sonera s roaming and interconnect agreements and only assigned a limited value to Sonera s customer list, reflecting certain long-term contractual agreements with customers. Under U.S. GAAP, the fair values of roaming and interconnect agreements and the total customer list were recorded as intangible assets and are amortized over their remaining useful lives.

Besides different carrying values of Sonera s net assets and of Sonera s investments in associated companies, differences in the methods of calculating the fair value of TeliaSonera shares and warrants issued and the fair value of other intangible assets affected the amount of goodwill from the transaction under U.S. GAAP. Under IFRS applicable at the time of the merger, the purchase price allocated to identifiable assets and liabilities was amortized based on the estimated useful life of the identifiable assets and liabilities. The excess purchase consideration after this allocation is described as goodwill and recognized as a separate asset. Under IFRS applicable at the time of the merger, TeliaSonera amortized goodwill arising from the merger over a useful life of 20 years. Under U.S. GAAP, goodwill arising in a business combination shall not be amortized. Effective January 1, 2004, TeliaSonera adopted IFRS 3 Business Combinations, involving among other things that goodwill is no longer amortized.

Other business combinations

Effective January 1, 2004, TeliaSonera adopted IFRS 3 Business Combinations. IFRS 3 states that acquired identifiable assets, liabilities, and contingent liabilities should be measured initially at 100 percent of the fair values at the acquisition date, irrespective of the extent of any minority interest. In other words, the identifiable assets acquired, and liabilities and contingent liabilities incurred or assumed, must be initially measured at full fair value, including any minority interest s share of the acquired item.

Consequently, minority interest under IFRS 3 includes the minority s portion of the net fair values acquired. Under U.S. GAAP, fair values are only included to the share of net assets acquired and the interest s historical carrying value prior to the acquisition of the additional interest remains unchanged. In step acquisitions under IFRS, the fair values of the net assets in a previously held associate are revalued to the fair values on the date it becomes a consolidated subsidiary. An increase in the fair values is recorded directly in equity and included in a revaluation reserve, while a decrease is recorded as an impairment loss in the income statement. Under U.S. GAAP any previous interest is not restated.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Under IFRS 3, a provision for restructuring costs on acquisition may be recognized only if the acquiree already recognized a provision. Under U.S. GAAP, a provision may be recognized if a plan to exit an activity or terminate employees has been initiated before the acquisition.

Under IFRS, the UMTS license acquired in the Orange Denmark transaction in 2004 was valued at zero net of a related liability to the Danish authorities. As of the acquisition date, management had decided to hand back the license which led to an impairment loss on the value of the license and a release of part of the recorded liability. The remaining liability equaled the fee agreed to be paid on returning the license. Under U.S. GAAP, since it was TeliaSonera s intention to return the license, the net liability equivalent to the fee agreed to be paid to the Danish authorities was recorded already in the purchase price allocation. The different treatment also affected the amount of goodwill from the transaction under U.S. GAAP.

Cost of a business combination contingent on future events

Under IFRS, when a business combination agreement provides for an adjustment to the cost of the combination contingent on future events the amount of that adjustment should be included in the cost of the combination at the acquisition date if the adjustment is probable (more likely than not) and can be measured reliably. The purchase consideration recognized for one business combination in 2005 includes an estimated additional cost. Under U.S. GAAP, this cost is not recognized until the contingency is resolved or the amount is determinable.

Hedging acquisitions of shares

Unlike IFRS, to be able to use hedge accounting under U.S. GAAP, the hedged item, inter alia, cannot be related to a minority interest in a consolidated subsidiary. The acquisition price for a foreign subsidiary should be calculated by using the currency rate at the transaction date. The change in fair value of the derivative that has been used to hedge the acquisition is recognized as foreign currency gain or loss in other operating revenues or expenses.

Minority interests

Starting January 1, 2005, with retrospective application, minority interest under IFRS is a component of shareholders equity, whereas under U.S. GAAP it should be presented outside of shareholders equity, between shareholders equity and liabilities. Consequently, in the income statement under IFRS, minority interest is a component of net income, while under U.S. GAAP it is a separate line item.

Income taxes and exchange rate differences

Deferred income tax and exchange rate differences are calculated for all differences between IFRS and U.S. GAAP, when applicable, for deferred tax including related recalculations to reflect enacted tax rate changes.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Translation into U.S. GAAP

Application of U.S. GAAP had the following effects on consolidated net income and shareholders equity.

	January-December		
SEK in millions	**2005**	**2004**	**2003**
Net income under IFRS	13,694	14,264	10,049
Revenue recognition	-159	-415	-325
Sale and leaseback	119	120	120
Stock-based compensation			-18
Pensions	-91	-145	6
Restructuring costs	461	77	-335
Share of earnings in associated companies	-1	-41	8
Financing of associated companies	0	0	0
Associated companies in hyperinflationary economies	121	-174	-743
Goodwill	-6,142		4,205
Business combinations	-1,806	-1,584	-2,073
Deferred income taxes	378	1,491	703
Minority interests	-2,155	-1,300	-969
Net income under U.S. GAAP	**4,419**	**12,293**	**10,628**

The provisional purchase price allocations under IFRS for Orange Denmark and Eesti Telekom were finalized in the first quarter of 2005, which resulted in a restatement of certain preliminary figures recognized in 2004. For more information, see section Acquisition of Orange Denmark and Eesti Telekom in note Business Combinations. Under U.S. GAAP, completion of the provisional purchase price allocations also triggered restatement of certain 2004 reconciliation items, reflecting the differences in accounting treatment related to business combinations.

	December 31,		
SEK in millions	**2005**	**2004**	**2003**
Total equity under IFRS	135,694	128,067	115,834
Revenue recognition	-5,002	-4,843	-4,428
Sale and leaseback	-837	-956	-1,076
Pensions	-4,435	-2,672	
Restructuring costs	673	212	135
Share of earnings in associated companies	-0		41
Financing of associated companies	3	3	3
Associated companies in hyper inflationary economies	-5,975	-4,919	-3,292
Goodwill	-131	6,011	6,011
Business combinations	-2,894	-1,088	1,593
Deferred income taxes	5,156	4,310	2,111
Minority interests in equity	-8,803	-6,934	-3,441
Exchange rate differences	-1,296	81	-1,711
Shareholders equity under U.S. GAAP	**112,153**	**117,272**	**111,780**

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Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

The adjustments would have changed certain items in the consolidated income statements and balance sheets. The following tables show summary income statements and balance sheets after the application of U.S. GAAP.

	January-December		
SEK in millions, except per share data	**2005**	**2004**	**2003**
Income statements under U.S. GAAP			
Net sales	87,522	81,395	82,099
Income from associated companies	3,262	3,108	284
Operating income	10,052	16,632	15,555
Income after financial items	9,522	15,286	14,744
Income taxes	-2,948	-1,693	-3,147
Minority interests	-2,155	-1,300	-969
Net income	4,419	12,293	10,628
Basic and diluted earnings per share (SEK)	0.97	2.63	2.28

	December 31,		
SEK in millions	**2005**	**2004**	**2003**
Balance sheets under U.S. GAAP			
Non-current assets	155,058	154,154	163,769
Current assets	43,624	41,946	37,018
Assets-held-for-sale	186	1,052	
Total assets	*198,868*	*197,152*	*200,787*
Shareholders equity	112,153	117,272	111,780
Minority interests	6,871	5,077	3,441
Provisions	19,474	16,250	21,072
Long-term loans	20,520	12,942	25,867
Short-term loans	6,215	11,733	4,687
Long-term liabilities	3,426	4,182	4,826
Current liabilities	30,209	29,696	29,114
Total shareholders equity and liabilities	*198,868*	*197,152*	*200,787*

Expected future amortization of other intangible assets

Given the current ownership structure and the same exchange rates as in 2005, and that no events will occur that would trigger impairment charges, TeliaSonera expects the following amortization of other intangible assets during the next five-year period.

SEK in millions	**2006**	**2007**	**2008**	**2009**	**2010**
Expected amortization of other intangible assets	4,139	4,077	3,630	3,525	3,366

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

Recently issued accounting pronouncements

FAS 123(R)

In December 2004, FASB Statement No. 123 (revised 2004) Share-Based Payment (FAS 123(R)) was issued. FAS 123(R) is a revision of FASB Statement No. 123 Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25 Accounting for Stock Issued to Employees, and its related implementation guidance. FAS 123(R) requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). FAS 123(R) is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. Telia–Sonera under U.S. GAAP accounts for any stock-based awards at fair value in accordance with FAS 123 and the adoption of FAS 123(R) does not have a material effect on its earnings and financial position.

FAS 150

In May 2003, FASB Statement No. 150 Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (FAS 150) was issued. FAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. FAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of FAS 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The effective date of certain provisions of FAS 150 for certain mandatorily redeemable financial instruments has been deferred by FASB Staff Position (FSP) No. 150-3. Under the FSP, certain mandatorily redeemable shares are subject to the provisions of FAS 150 for the first fiscal period beginning after December 15, 2004. Other mandatorily redeemable shares are deferred indefinitely but may be subject to classification or disclosure provisions of FAS 150. Adoption of FAS 150 did not have a material effect on TeliaSonera s earnings and financial position under U.S. GAAP.

FAS 151

In November 2004, FASB Statement No. 151 Inventory Costs an amendment of ARB No. 43, Chapter 4 (FAS 151) was issued. FAS 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 24, 2004. FAS 151 should be applied prospectively. The provisions of FAS 151 do not have a material effect on Telia–Sonera s earnings and financial position under U.S. GAAP.

FAS 152

In December 2004, FASB Statement No. 152 Accounting for Real Estate Time-Sharing Transactions an amendment of FASB Statements No. 66 and 67 (FAS 152) was issued. FAS 152 is effective for financial statements for fiscal years beginning after June 15, 2005. Restatement of previously issued financial statements is not permitted. Currently, the provisions of FAS 152 are not relevant to TeliaSonera.

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

FAS 153

In December 2004, FASB Statement No. 153 Exchanges of Nonmonetary Assets an amendment of APB Opinion No. 29 (FAS 153) was issued. FAS 153 amends APB 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. FAS 153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges occurring in fiscal periods beginning after December 16, 2004. FAS 153 should be applied prospectively. TeliaSonera does not expect that the adoption of FAS 153 will materially affect its financial position or results of operations under U.S. GAAP.

FAS 154

In May 2005, FASB Statement No. 154 Accounting Changes and Error Corrections (FAS 154) was issued, replacing APB Opinion No. 20 Accounting Changes (APB 20) and FASB Statement No. 3 Reporting Accounting Changes in Interim Financial Statements. FAS 154 requires retrospective application to prior periods financial statements of a change in accounting principle. It applies both to voluntary changes and to changes required by an accounting pronouncement if the pronouncement does not include specific transition provisions. APB 20 previously required that most voluntary changes in accounting principles be recognized by recording the cumulative effect of a change in accounting principle. FAS 154 is effective for fiscal years beginning after December 15, 2005. TeliaSonera does not expect that the adoption of FAS 154 will materially affect its financial position or results of operations under U.S. GAAP.

FIN 47

In March 2005, FASB Interpretation No. 47 Accounting for Conditional Asset Retirement Obligations (FIN 47) was issued. FIN 47 clarifies that FASB Statement No. 143 Accounting for Asset Retirement Obligations requires that a liability for the fair value of a conditional asset retirement obligation is recognized when incurred if the liability s fair value can be reasonably estimated. FIN 47 is effective no later than at the end of fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have a material impact on TeliaSonera s financial position or results of operations under U.S. GAAP.

EITF 03-1

In March 2004, the Emerging Issues Task Force (EITF) within FASB reached a consensus on Issue No. 03-1 The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments (EITF 03-1). The issue is to determine the meaning of other-than-temporary impairment and its application to debt and equity securities within the scope of FASB Statement No. 115 Accounting for Certain Investments in Debt and Equity Securities. The impairment methodology for investments accounted for under the equity method is predicated on the notion of other-than-temporary. The taskforce reached a consensus that the application guidance in EITF 03-1 should be used in determining when an investment is considered impaired, whether that impairment is other-than-temporary and the measurement of the impairment. EITF 03-1 was effective for other-than-temporary impairment evaluation

Notes to Consolidated Financial Statements (Continued)

36. U.S. GAAP (Continued)

made in reporting periods beginning after June 15, 2004. Paragraphs 10-18 in EITF 03-1 were later nullified by FASB FAS 115-1 and 124-1, issued in November, 2005. Applying the other provisions of EITF 03-1 did not have a material effect on TeliaSonera s consolidated financial statements under U.S. GAAP.

FSP FAS 143-1

In June 2005, FASB Staff Position No. FAS 143-1 Accounting for Electronic Equipment Waste Obligations (FSP FAS 143-1) was issued. FSP FAS 143-1 addresses accounting by commercial users and producers of electrical and electronic equipment, in connection with Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE) issued by the European Union (EU) on February 13, 2003. This Directive requires EU member countries to adopt legislation to regulate the collection, treatment, recovery, and environmentally sound disposal of electrical and electronic waste equipment, and sets forth certain obligations relating to covering the cost of disposal of such equipment by commercial users. Producers will also be required to cover the cost of disposal of such equipment under the WEEE legislation if they are participating in the market as of August 13, 2005. FSP FAS 143-1 shall be applied the later of the first reporting period ending after June 8, 2005 or the date of the adoption of the law by the applicable EU member country (in Sweden adopted on August 13, 2005). Adoption of FSP FAS 143-1 did not have a material effect on TeliaSonera s consolidated financial statements under U.S. GAAP.

Report of Independent Registered Public Accounting Firm

To the Shareholders of TeliaSonera AB

We have audited the accompanying consolidated balance sheets of TeliaSonera AB and its subsidiaries as of December 31, 2004 and 2005, and the related consolidated statements of income, of cash flows and of changes in shareholders equity for each of the two years in the period ended December 31, 2005. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TeliaSonera AB and its subsidiaries at December 31, 2004 and 2005, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2005, in conformity with International Financial Reporting Standards.

As discussed in Note 4 to the consolidated financial statements, with effect from January 1, 2004, the Company prospectively adopted IFRS 3, Business Combinations.

International Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 36 to the consolidated financial statements.

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant

Stockholm, Sweden
April 6, 2006

Report of Independent Registered Public Accounting Firms

To the Board of Directors and Shareholders of TeliaSonera AB

We have audited the accompanying consolidated balance sheet of TeliaSonera AB as of December 31, 2003, and the related consolidated income statement, statement of cash flows and statement of changes in shareholders equity for the year ended December 31, 2003. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TeliaSonera AB at December 31, 2003, and the consolidated results of its operations and its cash flows for the year ended December 31, 2003, in conformity with International Financial Reporting Standards.

International Financial Reporting Standards differ in certain respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 36 to the consolidated financial statements.

Ernst & Young AB
Lars Träff
Authorized Public Accountant
Stockholm, Sweden
March 3, 2004

KPMG Bohlins AB
Thomas Thiel
Authorized Public Accountant

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Ten-Year Summary

TeliaSonera Group Financial Data (IFRS)	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
Income statements (SEK in millions)										
Net sales	87,661	81,937	82,425	59,483	57,196	54,064	52,121	49,569	45,665	42,430
Operating income	17,549	18,793	14,710	-10,895	5,460	12,006	5,946	7,220	3,218	3,264
Income after financial items	17,019	17,448	13,899	-11,616	4,808	11,717	5,980	7,143	3,128	3,353
Net income	13,694	14,264	10,049	-7,997	1,891	10,270	4,226	5,051	2,182	2,323
of which attributable to parent company shareholders	11,697	12,964	9,080	-8,067	1,869	10,278	4,222	5,011	2,222	2,337
EBITDA excluding non-recurring items	29,411	30,196	30,700	15,692	12,915	13,087	14,059	13,309	12,324	13,185
EBITDA	27,508	30,841	32,035	9,421	13,299	21,425	12,875	15,070	10,679	10,961
Amortization, depreciation and impairment losses	13,188	15,596	17,707	20,844	13,975	8,222	7,652	7,146	7,298	7,154
Balance sheets (SEK in millions)										
Goodwill and other intangible assets	74,367	69,534	61,820	68,106	26,816	25,198	2,146	1,844	1,566	1,809
Property, plant and equipment	48,201	47,212	49,161	56,172	47,314	43,807	33,318	34,801	39,239	38,366
Financial assets	40,526	35,353	42,061	48,534	20,784	22,335	18,023	12,553	8,666	7,224
Non-current assets held-for-sale and current assets	40,681	39,873	37,018	33,844	33,277	31,375	23,117	18,080	16,439	15,116
Total assets	*203,775*	*191,972*	*190,060*	*206,656*	*128,191*	*122,715*	*76,604*	*67,278*	*65,910*	*62,515*
Total equity	135,694	128,067	115,834	113,949	60,089	56,308	33,103	29,554	25,793	24,631
of which shareholders equity	127,049	121,133	112,393	108,829	59,885	55,988	32,893	29,344	25,487	24,413
Provisions	15,564	13,402	15,297	18,406	13,107	11,351	10,488	7,735	12,262	14,146
Interest-bearing liabilities	26,735	24,675	30,554	44,732	29,124	34,042	16,057	13,553	14,813	9,837
Non-interest-bearing liabilities	25,782	25,828	28,375	29,569	25,871	21,014	16,956	16,436	13,042	13,901
Total equity and liabilities	*203,775*	*191,972*	*190,060*	*206,656*	*128,191*	*122,715*	*76,604*	*67,278*	*65,910*	*62,515*
Capital employed	146,712	147,132	142,235	157,035	90,971	92,374	50,936	43,440	46,329	43,420
Operating capital	125,299	126,198	120,006	137,113	70,150	75,042	39,160	34,921	39,192	37,013
Net debt	8,373	7,062	18,207	38,075	20,004	32,512	14,280	12,870	13,254	8,710
Net interest-bearing liability	5,320	3,741	8,847	25,034	10,661	20,235	7,527	6,767	14,609	13,534
Cash flows (SEK in millions)										
Cash flow from operating activities	26,990	24,403	26,443	12,449	10,416	10,152	10,715	10,301	8,920	9,783
Cash flow from investing activities	-12,236	-7,991	-3,443	-5,553	3,632	-37,121	-10,701	-8,967	-12,426	-14,744
Cash flow before financing activities	*14,754*	*16,412*	*23,000*	*6,896*	*14,048*	*-26,969*	*14*	*1,334*	*-3,506*	*-4,961*
Cash flow from financing activities	-15,653	-11,102	-16,412	-10,344	-6,608	26,818	1,005	-2,301	3,896	4,784
Cash flow for the year	*-899*	*5,310*	*6,588*	*-3,448*	*7,440*	*-151*	*1,019*	*-967*	*390*	*-177*
Free cash flow	15,594	14,118	17,351	3,877	-6,506	-5,845	2,828	2,638	-707	1,480
Investments (SEK in millions)										
CAPEX	11,583	10,331	9,267	14,345	17,713	16,580	7,701	7,663	9,637	8,304
Acquisitions and other investments	2,732	9,099	2,851	40,093	3,022	31,162	4,444	4,075	1,227	2,704
Total investments	*14,315*	*19,430*	*12,118*	*54,438*	*20,735*	*47,742*	*12,145*	*11,738*	*10,864*	*11,008*
Business ratios										
EBITDA margin (%)	33.6	36.9	37.2	26.4	22.6	24.2	27.0	26.8	27.0	31.1
Operating margin (%)	20.0	22.9	17.8	-18.3	9.5	22.2	11.4	14.6	7.0	7.7
Return on sales (%)	15.6	17.4	12.2	-13.4	3.3	19.0	8.1	10.2	4.8	5.5
Amortization, depreciation and impairment losses as a percentage of net sales	15.0	19.0	21.5	35.0	24.4	15.2	14.7	14.4	16.0	16.9
CAPEX as a percentage of net sales	13.2	12.6	11.2	24.1	31.0	30.7	14.8	15.5	21.1	19.6
Total asset turnover (multiple)	0.44	0.43	0.42	0.36	0.46	0.54	0.72	0.74	0.71	0.70
Turnover of capital employed (multiple)	0.60	0.57	0.55	0.48	0.62	0.75	1.10	1.10	1.02	1.01
Return on assets (%)	9.4	10.5	8.7	-5.7	5.7	13.6	9.4	11.9	6.0	6.6
Return on capital employed (%)	12.6	13.9	11.6	-7.7	7.8	18.9	14.4	17.6	8.6	9.6
Return on equity (%)	10.3	11.6	8.5	-9.7	3.3	23.9	14.2	19.2	9.3	10.3
Equity/assets ratio (%)	58.9	63.8	58.5	54.2	46.4	44.7	41.3	41.8	37.3	37.6
Net debt/equity ratio (%)	7.0	5.8	16.4	34.0	33.6	59.3	45.1	45.7	53.9	37.1
Interest coverage ratio (multiple)	11.7	7.6	5.1	-4.7	3.0	7.3	8.5	10.4	5.3	6.1
Self-financing rate (multiple)	1.89	1.26	2.18	0.23	0.50	0.21	0.88	0.88	0.82	0.89
Share data										
Number of outstanding shares (millions)										
- at the end of the period	4,490.5	4,675.2	4,675.2	4,605.8	3.001.2	3.001.2	8.8	8.8	8.8	8.8
- average, basic 1)	4,574.0	4,675.2	4,667.6	3,124.3	3,001.2	2,932.8	2,851.2	2,851.2	2,851.2	2,851.2
- average, diluted 1)	4,574,0	4,675.2	4,668.4	3,125.3	3,001.2	2,932.8	2,851.2	2,851.2	2,851.2	2,851.2
Basic and diluted earnings/loss per share (SEK)	2.56	2.77	1.95	-2.58	0.62	3.50	1.48	1.76	0.78	0.82
Cash dividend per share (SEK) 2)	3.50	1.20	1.00	0.40	0.20	0.50	0.52	0.49	0.42	0.40
Cash dividend per share (USD) 2, 3)	0.45	0.17	0.13	0.05	0.02	0.05	0.06	0.06	0.05	0.05
Total cash dividend (SEK in millions) 2)	15,717	5,610	4,675	1,870	600	1,501	1,470	1,400	1,210	1,152
Payout ratio (%)	136.7	43.3	51.4	n/a	32.1	14.3	34.8	27.9	54.5	49.3
Shareholders equity per share (SEK)	28.29	25.91	24.04	23.63	19.95	18.66	11.54	10.29	8.94	8.56
Comparative figures under U.S. GAAP										
Net sales (SEK in millions)	87,522	81,395	82,099	59,336	56,957	53,849	51,931	49,389	45,542	42,363
Net income (SEK in millions)	4,419	12,293	10,628	-8,755	4,443	9,991	4,218	3,600	2,133	2,288
Shareholders equity (SEK in millions)	112,153	117,272	111,780	110,269	58,589	51,870	29,168	25,575	23,167	22,253
Balance sheet total (SEK in millions)	198,868	197,152	200,787	217,464	132,495	123,689	77,974	68,598	66,716	63,356

Basic and diluted earnings/loss per share (SEK)	0.97	2.63	2.28	-2.80	1.48	3.41	1.48	1.26	0.75	0.80

1) Adjusted for 324-to-1 share split in 2000.

2) For 2005 as proposed by the Board of Directors and including an extra dividend of SEK 2.25 (USD 0.29) per share totaling SEK 10,104 million.

3) Dividend amounts have been translated into USD at the Noon Buying Rate for the relevant dividend payment date except for the 2005 dividend, which amount has been translated into USD at the Noon Buying Rate on March 31, 2006.

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TeliaSonera Group Operational Data	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**
Sweden										
Mobile telephony, total subscriptions (thousands)	4,387	4,243	3,838	3,604	3,439	3,257	2,638	2,206	1,935	1,745
Mobile telephony, total GSM/UMTS (thousands)	4,267	4,117	3,706	3,467	3,295	3,076	2,348	1,703	1,180	824
Mobile telephony, total NMT (thousands)	120	126	132	137	144	181	290	503	755	921
Mobile telephony, outgoing traffic (millions of minutes)	4,456	3,814	3,313	3,201	3,016	2,591	2,089	1,745	1,554	1,221
Mobile telephony, incoming traffic (millions of minutes)	2,750	2,573	2,400	2,272	2,067	1,766	1,416	1,091	885	677
Mobile telephony, traffic per customer and month (minutes)	139	131	128	131	127	123	121	114	111	99
Mobile telephony, SMS messages (millions)	923	905	794	488	389	185	46	13	4	
Mobile telephony, GSM churn (%)	11	10	11	12	8	8	9	14	12	n/a
Mobile telephony, ARPU (SEK)	213	227	252	262	285	308	332	362	345	366
Broadband ADSL/LAN, subscriptions (thousands)	711	526	394	317	194	27	2			
Broadband dedicated access, subscriptions (thousands)	6	7	5	4	3	2	1	1	1	1
Internet dial-up access, subscriptions (thousands)	722	817	823	763	747	687	598	439	230	105
Fixed telephony, PSTN subscriptions (thousands)	4,369	5,390	5,493	5,579	5,663	5,783	5,889	5,965	6,010	6,032
Fixed telephony, ISDN channels (thousands)	667	725	790	836	922	838	630	424	244	129
Finland										
Mobile telephony, total subscriptions (thousands)	2,507	2,297	2,428	2,790	239	149	33	8		
of which Sonera	2,507	2,297	2,428	2,490						
Mobile telephony, outgoing traffic (millions of minutes)	5,642	4,820	4,743							
Mobile telephony, incoming traffic (millions of minutes)	2,405	2,147	2,090							
Mobile telephony, traffic per customer and month (minutes)	277	253	232							
Mobile telephony, SMS messages (millions)	1,216	993	832							
Mobile telephony, GSM churn (%)	26	29	17							
Mobile telephony, ARPU (EUR)	30	38	38							
Broadband, subscriptions (thousands)	350	243	150	82						
Internet dial-up access, subscriptions households (thousands)	76	113	149	181						
Fixed telephony, PSTN subscriptions (thousands)	456	525	570	503						
Fixed telephony, ISDN channels (thousands)	191	215	234	219						
Norway										
Mobile telephony, total subscriptions (thousands)	1,651	1,308	1,195	1,089	970	850				
Norway, NetCom										
Mobile telephony, traffic per customer and month (minutes)	194	175	164	156	133	130				
Mobile telephony, SMS messages (millions)	1,444	1,171	1,043	756	501	302				
Mobile telephony, ARPU (NOK)	338	339	342	330	310	308				
Denmark										
Mobile telephony, total subscriptions (thousands)	1,154	1,115	472	421	288	263	170	112		
Mobile telephony, SMS messages (millions)	3,579	2,542	1,041	175	61	39	23			
Internet dial-up access, subscriptions (thousands)	24	43	28	34	n/a	n/a	n/a	n/a	n/a	
Cable TV, subscriptions (thousands)	204	201	195	188	179	175	170	164	145	137
Broadband, subscriptions (thousands)	151	126	104	81	58	30	11	3		
Fixed telephony, prefix and contract customers (thousands)	195	212	172	223	n/a	n/a	n/a	n/a	n/a	n/a
Baltic countries										
Mobile telephony, subscriptions, Estonia (thousands)	677	595								
Fixed telephony, subscriptions, Estonia (thousands)	388	426								
Mobile telephony, subscriptions, Latvia (thousands)	735	649	534	447						
Mobile telephony, subscriptions, Lithuania (thousands)	1,889	1,338	1,052	851						
Fixed telephony, subscriptions, Lithuania (thousands)	798	819	828	936						
Eurasia										
Mobile telephony, subscriptions (thousands)	6,146	3,866	2,385	1,614						
Human Resources										
Number of employees as of December 31	28,175	29,082	26,694	29,173	17,149	29,868	30,643	30,593	32,549	34,192
Average number of employees during the year	27,403	25,381	26,188	17,277	24,979	30,307	29,546	31,320	33,930	34,031
of which, in Sweden	11,061	10,948	11,321	12,593	20,922	25,383	25,414	27,540	30,474	31,290
of which, in Finland	6,369	6,750	6,408	1,142	775	999	662	521	421	178
of which, in other countries	9,973	7,683	8,459	3,542	3,282	3,925	3,470	3,259	3,035	2,563
of which, women	12,634	11,427	10,936	7,546	9,196	11,521	11,268	11,486	13,703	12,416
of which, men	14,769	13,954	15,252	9,731	15,783	18,786	18,278	19,834	20,227	21,615
Salaries and remuneration (SEK in millions)	9,023	8,674	8,460	6,732	8,852	9,543	9,184	9,098	9,472	8,876
Employer s social security contributions (SEK in millions)	1,970	1,902	1,950	1,804	2,614	3,055	2,895	2,762	2,807	2,719
Salaries and employer s social security contributions as a percentage of operating costs	15.5	16.4	14.9	14.9	19.4	25.5	26.2	25.8	28.5	29.9
Net sales per employee (SEK in thousands)	3,199	3,228	3,147	3,443	2,290	1,784	1,764	1,583	1,346	1,247

Operating income per employee (SEK in thousands)	640	740	562	-631	219	396	201	230	95	96
Change in labor productivity (%)	8.3	10.8	-4.9	53.5	31.9	8.3	17.9	20.2	8.4	5.4
Net income per employee (SEK in thousands)	500	511	347	-467	75	339	143	160	65	69

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Definitions

Concepts

EBITDA

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

Non-recurring items

Non-recurring items include capital gains and losses, costs for phasing out operations, personnel redundancy costs, and non-capitalized expenses in conjunction with the merger with Sonera in 2002. Effective January 1, 2003, only capital gains/losses, write-downs, restructuring programs or similar that represent more than SEK 100 million on an individual basis, will be reported as non-recurring. Comparable periods have not been restated.

Adjusted shareholders equity

Reported equity (excluding minority interests) less the (proposed) dividend.

Capital employed

Total assets less non-interest-bearing liabilities and non-interest-bearing provisions recorded, and the (proposed) dividend.

Operating capital

Non-interest-bearing assets less non-interest-bearing liabilities, including the (proposed) dividend, and non-interest-bearing provisions.

Net interest-bearing liability

Interest-bearing liabilities and provisions less interest-bearing assets but including participations in associated companies.

Net borrowings

Interest-bearing liabilities less interest-bearing assets but including participations in associated companies.

Net debt

Interest-bearing liabilities less short-term investments and cash and bank.

Free cash flow

Cash flow from operating activities less cash CAPEX.

CAPEX

An abbreviation of Capital Expenditure. Investments in intangible and tangible non-current assets but excluding goodwill, fair-value adjustments and asset retirement obligations.

Acquisitions and other investments

Investments in goodwill and fair-value adjustments, shares and participations, and asset retirement obligations.

EBITDA margin

EBITDA excluding non-recurring items expressed as a percentage of net sales.

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Operating margin (EBIT margin)

Operating income expressed as a percentage of net sales.

Return on sales

Net income (including minority interests) expressed as a percentage of net sales.

Total asset turnover

Net sales divided by the average balance sheet total.

Turnover of capital employed

Net sales divided by the average capital employed.

Return on assets

Operating income plus financial revenues expressed as a percentage of the average balance sheet total.

Return on capital employed

Operating income plus financial revenues expressed as a percentage of average capital employed.

Return on equity

Net income (excluding minority interests) expressed as a percentage of average adjusted shareholders equity.

Equity/assets ratio

Adjusted shareholders equity and minority interests expressed as a percentage of total assets.

Net debt/equity ratio

Net debt expressed as a percentage of adjusted shareholders equity and minority interests.

Interest coverage ratio

Operating income plus financial revenues divided by financial expenses.

Self-financing rate

Cash flow from operating activities divided by gross investments.

Share data

Earnings per share are based on the weighted average number of shares before and after dilution with potential ordinary shares, while shareholders equity per share is based on the number of shares at the end of the period.

Pay-out ratio

Dividend per share divided by basic earnings per share.

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.

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Labor productivity

Year-on-year percentage change in the ratio of net sales at fixed prices to the average number of full-time employees.

Notation conventions

In conformance with Swedish and international standards, this report applies the following currency notations:

SEK	Swedish krona	GBP	Pound sterling	LVL	Latvian lat
AZM	Azerbaijan manat	HKD	Hong Kong dollar	NOK	Norwegian krone
CHF	Swiss franc	HUF	Hungarian forint	PHP	Philippine peso
CZK	Czech koruna	ILS	Israeli shekel	PLN	Polish zloty
DEM	German mark	INR	Indian rupee	RUR	Russian ruble
DKK	Danish krone	JPY	Japanese yen	SGD	Singapore dollar
EEK	Estonian kroon	KZT	Kazakhstan tenge	TRY	Turkish lira
EUR	European euro	LKR	Sri Lankan rupee	UGX	Ugandan shilling
GEL	Georgian lari	LTL	Lithuanian lita	USD	U.S. dollar

Supplemental Information

The following information is provided for purposes of complying with certain requirements of the Form 20-F which are not satisfied in full by the information in other sections of this annual report.

Item 3.A Selected Financial Data Exchange Rates

The following table provides information with respect to the exchange rate for SEK per USD 1.00, based on the noon buying rate for cable transfers in SEK as certified for customs purposes by the Federal Reserve Bank of New York. On March 31, 2006, the noon buying rate for SEK was USD 1.00 = SEK 7.7653. The annual average is computed using the noon buying rate on the last business day of each month.

USD/SEK exchange rate	Average	High	Low	Period end
Year				
2001	10.3425	11.0270	9.3250	10.4571
2002	9.7233	10.7290	8.6950	8.6950
2003	8.0828	8.7920	7.1950	7.1950
2004	7.3320	7.7725	6.5939	6.6687
2005	7.5170	8.2434	6.6855	7.9370
Month				
October 2005	7.8433	7.9695	7.6870	7.9489
November 2005	8.1157	8.2434	7.9749	8.0733
December 2005	7.9518	8.1162	7.8323	7.9370
January 2006	7.6697	7.8097	7.5385	7.6029
February 2006	7.8226	7.9656	7.6487	7.9154
March 2006	7.8109	7.9604	7.6491	7.7653

The effects of exchange rate fluctuations are described in section Financial Risk Management in Note 22 to our consolidated financial statements.

Item 4.C Organizational Structure

TeliaSonera AB is the ultimate parent company of the TeliaSonera Group and is also responsible for carrying out the Swedish fixed network operations. We carry out the remainder of our operations through subsidiaries, the most significant of which are listed below:

Name of company	Domicile	Ownership (%)		External net sales January-December 2005 (SEK in millions)	
Parent company					
TeliaSonera AB	Stockholm, Sweden			4,750	
Significant subsidiaries					
TeliaSonera Sverige AB	Stockholm, Sweden	100.0		30,002	
TeliaSonera Finland Oyj	Helsinki, Finland	100.0		11,497	
NetCom AS	Oslo, Norway	100.0		7,040	
TeliaSonera Mobile Networks AB	Nacka, Sweden	100.0		6,498	(1)
Fintur Holdings B.V.	Rotterdam, the Netherlands	74.0	(2)	6,365	(3)
AS Eesti Telekom	Tallinn, Estonia	50.3	(4)	2,948	(3)
Latvijas Mobilais Telefons SIA	Riga, Latvia	60.3	(2)	2,188	
UAB Omnitel	Vilnius, Lithuania	100.0		2,157	
Sonera Mobile Networks Oy	Helsinki, Finland	100.0		2,096	
AB Lietuvos Telekomas	Vilnius, Lithuania	60.0		1,849	(3)
TeliaSonera International Carrier AB	Stockholm, Sweden	100.0		1,445	
Auria Oy	Loimaa, Finland	100.0		1,373	(3)
TeliaSonera Chess Holding AS	Bergen, Norway	100.0		208	(3)(5)
Telia Nättjänster Norden AB	Stockholm, Sweden	100.0		1,210	(1)

(1) Including Danish branch

(2) Including direct and indirect holdings

(3) Including subsidiaries

(4) In 2006, we have increased our ownership in AS Eesti Telekom to 53.7 percent.

(5) Consolidated subsidiary as of November 7, 2005. Full year net sales in 2005 were SEK 1,244 million.

Item 7.A Major Shareholders

TeliaSonera terminated its ADS program in the first quarter of 2005 and, consequently, TeliaSonera only has one class of shares.

Based on information received from the Finnish and Swedish book entry depository systems, Finnish Central Securities Depository Ltd and VPC AB, we estimate that as of December 31, 2005, there were approximately 750 registered holders of TeliaSonera shares in the United States.

Item 7.B Related Party Transactions

We provide services to and obtain services and products from the Swedish and Finnish States, who are also our largest shareholders, on commercial terms. We have also purchased from and provided telecommunications and related services to certain of our associated companies on commercial terms. We have also provided guarantees on behalf of, and pledged our shares in, Svenska UMTS-nät, in which we have a 50 percent interest, and we have interest-bearing claims on MegaFon, a company in which we hold a participating interest. For additional information on these and other related party transactions, see Notes 10 and 28 to our consolidated financial statements.

Item 8.B Significant Changes

No significant change has occurred since the date of our consolidated financial statements included in this annual report.

Item 9.A Offer and Listing Details

Period	Stockholm Stock Exchange(1) (SEK) High	Low	Helsinki Stock Exchange(2) (EUR) High	Low
Year				
2001	71.00	36.00		
2002	48.60	21.10	4.15	3.30
2003	38.70	23.70	4.24	2.57
2004	42.20	29.50	4.73	3.22
2005				
2004				
First Quarter	40.20	32.00	4.42	3.46
Second Quarter	35.40	29.50	3.87	3.22
Third Quarter	36.90	31.10	4.05	3.38
Fourth Quarter	42.20	35.30	4.73	3.89
2005				
First Quarter	43.20	38.60	4.75	4.24
Second Quarter	43.40	35.50	4.73	3.79
Third Quarter	39.70	35.60	4.21	3.78
Fourth Quarter	43.40	36.30	4.61	3.83
2006				
First Quarter	47.60	40.90	5.06	4.37
Month				
October 2005	40.20	36.30	4.20	3.83
November 2005	41.80	38.20	4.38	3.98
December 2005	43.40	40.90	4.61	4.33
January 2006	44.60	41.10	4.79	4.44
February 2006	44.40	40.90	4.79	4.37
March 2006	47.60	41.80	5.06	4.42

(1) Beginning June 13, 2000

(2) Beginning December 9, 2002

Item 10.B Memorandum and Articles of Association

Organization and Register

TeliaSonera is a public limited company organized under the laws of Sweden. TeliaSonera is registered in the Swedish Companies Registration Office under the company registration number 556103-4249.

Line of Business

Pursuant to Section 3 of TeliaSonera s articles of association, TeliaSonera s corporate purpose is to offer, directly and indirectly, in a broad sense, telecommunications services and thereto related information services, as well as to conduct other activities which are compatible with such services.

Corporate Governance

TeliaSonera s articles of association do not stipulate anything regarding: (1) a director s power to vote on a proposal, arrangement or contract in which the director is materially interested; (2) borrowing powers exercisable by the directors; (3) retirement or non-retirement of directors; and (d) shareholding requirements for a director s qualifications.

Pursuant to TeliaSonera s articles of association, the general meeting of shareholders decides on the amount of compensation for the members of the board of directors and, as a result, the directors do not have the power to vote regarding their own compensation.

Matters pertaining to corporate governance are mainly regulated under the Swedish Companies Act. Pursuant to the Companies Act, members of our board of directors are prohibited from participating in the preparation or making of decisions in which they have a personal interest. This prohibition includes the participation in the negotiation or performance of contracts between TeliaSonera and a third party if such member of the board of directors would receive a material benefit in conflict with our interests. In addition, pursuant to the Companies Act the company is prevented from lending money to shareholders, board members or the president. Consequently there are no borrowing powers exercisable by the directors.

Rights, Preferences and Restrictions

Dividends are declared and paid annually on the basis of income and retained earnings as of the end of the preceding year. For a description of TeliaSonera s dividend policy and the dividend rights attached to the shares, see Item 8.A Consolidated Statement and Other Financial Information.

Each share confers the right of one vote at the general meetings of the shareholders. Each of the shares also confers an equal right to share in TeliaSonera s profits. Treasury shares have no voting rights or rights to receive dividends while held in treasury.

In connection with future offerings of TeliaSonera shares for cash, the existing shareholders have a pre-emptive right to subscribe for shares offered in proportion to the amount of shares in their possession. However, a general meeting of the shareholders may vote, by a majority of two-thirds of the votes cast and two-thirds of the shares represented at the meeting, to waive this pre-emptive right.

Pursuant to the Companies Act, preferential rights attached to certain shares or pre-emptive rights to the existing shareholders, which are not conferred upon the shareholders by law, must be stated in the company s articles of association. Our current articles of association do not confer any such rights nor do they restrict the pre-emptive right described in the preceding paragraph.

Amendments to the articles of association generally require a decision by the general meeting of the shareholders, supported by two-thirds of the votes cast and two-thirds of the shares represented at such meeting. For certain changes to the articles of association, for example changes creating pre-emptive or preferential rights, the decision has to be supported by all the shares represented at the general meeting of the shareholders, provided that such represented shares constitute nine-tenths of all the shares of the company. Similarly, decisions limiting voting rights must be supported by two-thirds of the votes cast and nine-tenths of the shares represented at the general meeting of the shareholders.

Possible Unavailability of Pre-Emptive Rights For U.S. Holders

U.S. holders of TeliaSonera shares may not be able to exercise any preemptive rights and preferential rights in respect of their shares unless a registration statement under the Securities Act of 1933, as amended, is effective with respect to these rights or an exemption from the registration requirements thereunder is available.

General Meeting of Shareholders

Under the Companies Act, shareholders exercise their power to decide on corporate matters at the general meeting of the shareholders. At the annual general meeting, financial statements, including the income statement, the balance sheet, the annual report and the consolidated income statement, and the auditor s report are presented to the shareholders for adoption. Also, at the annual general meeting the shareholders decide any measure warranted by the profit or loss shown in the adopted balance sheet or consolidated balance sheet, discharge members of the board of directors and the chief executive officer from liability, decide on the number of members of the board of directors and their remuneration and elect members of the board of directors. When required, the number of auditors and deputy auditors is decided and they are elected.

Under our articles of association, a shareholder must give notice to TeliaSonera of his or her intention to attend a general meeting no later than 4:00 p.m. on the day stated in the notice of the general meeting. This day must not be a Saturday, Sunday, Midsummer Eve, Christmas Eve, New Year s Eve or other public holiday and must not be earlier than the fifth working day before the general meeting. Under our articles of association, a notice of an annual general meeting and a notice of any extraordinary general meeting at which resolutions to amend TeliaSonera s articles of association will be considered, shall be issued no earlier than 6 weeks and no later than 4 weeks prior to the meeting in question. Notice of any other extraordinary general meeting shall be issued no earlier than 6 weeks and no later than 2 weeks prior to the meeting. Notice of a general meeting shall be made in the form of an advertisement placed in the Swedish Official Gazette and in the Swedish newspapers Dagens Nyheter and Svenska Dagbladet.

In order to have the right to attend a general meeting, a shareholder must according to the Companies Act be registered on the fifth working day prior to the relevant general meeting in the register of shareholders kept by VPC and must also notify TeliaSonera of his or her intention to attend the meeting in the manner stated in the previous paragraph. At the general meeting, a shareholder may be accompanied at the meeting by at most 2 persons assisting him or her, but only if the shareholder notifies TeliaSonera of the number of accompanying persons in the manner stated in the previous paragraph.

Voting

Each shareholder is, at the general meeting, entitled to vote for the total number of shares he or she owns or represents. Each share is entitled to one vote. A shareholder may attend and vote at the general meeting in person or by proxy. Proxies are not valid for a longer period than one year from the date of issuance.

Voting rights may not be exercised by a shareholder if such shareholder s shares are registered in the name of a nominee. Beneficial owners whose shares are registered in the name of a nominee may vote such shares provided that such holder or owner arranges to have his or her name temporarily entered in the register of shareholders as of the record date of meeting, which must according to law be on the fifth working day prior to a general meeting.

Pursuant to the Companies Act, most resolutions at a general meeting are passed by a simple majority of the votes cast with the chairman of the meeting having the decisive vote (except in the situation of an election where a tie is decided by coin-toss or similar methods). Certain resolutions require a higher rate of approval amongst the shareholders in order to be passed.

Normally, resolutions to amend the articles of association will require two-thirds of the votes cast as well as two-thirds of the shares present or represented at the meeting. However, under certain circumstances where such resolution limits shareholders right to dividends or other asset distribution, restricts the transferability of shares or alters the legal relationship between shares, unanimous support by the shareholders attending the meeting, which has to constitute nine-tenths of all shares in the company, is required. In addition, under certain circumstances where such resolution restricts the voting rights or requires the company to retain a larger amount of the net profit than otherwise required under the Companies Act or amends shareholders rights in a liquidation or dissolution, approval by shareholders representing two-thirds of the votes cast and nine-tenths of the shares present or represented at the meeting is required. Slightly different supermajority requirements are applied in situations where the resolution described above will only adversely affect certain groups of shareholders.

In addition, the following resolutions will normally require a two-thirds majority of votes cast at the general meeting as well as two-thirds of the shares present or represented at the meeting: (1) a resolution to issue, approve or authorize the issuance for cash of new shares or convertible debt or debt instruments with the right to subscribe for new shares, if such issuance deviates from the preferential right for existing shareholders under the Companies Act; (2) a resolution to redeem any or all of the outstanding share capital of the company; and (3) a resolution approving the merger of the company with another entity. A resolution described in (2) above, may under certain circumstances require the unanimous approval of the shareholders present at the meeting, with nine-tenths of all outstanding shares present or represented at the meeting.

Disclosure of Shareholder Ownership

Pursuant to prevailing market practice in Sweden, which takes the form of rules issued by the Swedish Industry and Commerce Stock Exchange Committee (NBK), any seller or purchaser of securities of a Swedish limited company listed on the Stockholm Exchange is required to disclose any transaction in which such purchaser or seller acquires or disposes of five percent or any subsequent percentage that is a multiple of five, up to and including 90 percent, of either the voting rights of all shares or the total number of shares in the company. Disclosure shall be made no later than 9:00 a.m. on the day following the trading on the Stockholm Exchange and in the form of reports to the Stockholm Exchange and the company and press releases to an established news agency and to a nationally published newspaper in Sweden.

In addition, pursuant to the Swedish Financial Instruments Trading Act, a person acquiring or disposing of certain numbers of shares in a Swedish limited company with shares listed on a stock exchange within the European Economic Area or otherwise quoted on an exchange or an authorized market place in Sweden, shall within seven days thereafter report in writing such acquisition or transfer to the company and the Swedish exchange or market place in question (and to the Swedish Financial Supervisory Authority, if the shares are not quoted on a Swedish exchange or market place). The relevant thresholds for the reporting requirement are acquisitions where the acquirer reaches or exceeds ten, 20, 33 1⁄3, 50 and 66 2⁄3 percent of the number of votes for all shares in the company or where the transferor s shareholding falls below any such number.

Pursuant to the Swedish Act on Reporting Obligations Regarding Certain Holdings of Financial Instruments, certain individuals who own shares representing ten percent or more of the share capital or the voting rights in a publicly traded Swedish limited company shall report such shareholding and any changes thereto to the Swedish Financial Supervisory Authority.

Liquidation

If TeliaSonera were to be liquidated, any liquidation proceeds remaining after all of our liabilities were paid would be distributed to our shareholders in proportion to their shareholdings.

Purchase Obligations

Pursuant to prevailing market practice in Sweden, which takes the form of rules issued by NBK, a person who obtains 30 percent or more of the votes for all shares in a publicly traded Swedish limited company as a result of purchase, subscription, conversion or some other form of acquisition of shares in

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the company, either alone or together with a related party, must make a public offer both for the acquisition of all remaining shares in the company, not held by the company or its subsidiaries, and for other financial instruments issued by the company whose price might be materially affected if the listing of shares covered by the offer were to cease. The terms of such mandatory offer shall be the same as the terms of the acquisition triggering the mandatory offer.

Pursuant to the Companies Act, a holder owning more than 90 percent of the shares in another Swedish limited company may initiate a compulsory acquisition process for the remaining minority shareholdings. Similarly, the holders of such minority interest may require the Swedish parent company to acquire their holdings in the company.

Restrictions of Foreign Ownership

There are no restrictions of foreign ownership of TeliaSonera shares under Swedish law.

Item 10.C Material Contracts

In March 2001, we entered into a cooperation agreement with Tele2, the holder of a UMTS license in Sweden, to jointly build and operate a UMTS network in Sweden. Under the agreement, the parties have organized a Swedish limited liability company, Svenska UMTS-nät, to carry out the building and operations relating to the UMTS network in Sweden. The company is owned on an equal basis by the parties. The UMTS license is held by a wholly owned subsidiary of Svenska UMTS-nät. The cooperation between TeliaSonera and Tele2 has been reviewed by the Swedish Competition Authority and, in March 2002, the cooperation was given a five year exemption from the anti-competitive agreements prohibition under the Swedish Competition Act. TeliaSonera and Tele2 will, on a pro rata basis, finance the construction of the UMTS network through capital contributions and the issuance of guarantees that are necessary in order for Svenska UMTS-nät to obtain third party financing to build a UMTS network in accordance with the license conditions. TeliaSonera has made an aggregate capital contribution of SEK 500 million to Svenska UMTS-nät.

In September 2002, Svenska UMTS-nät signed a SEK 11 billion term loan and revolving credit facility, which amount was decreased to SEK 7 and further to SEK 5.3 billion in September 2003 and February 2005, respectively, for the construction of its UMTS network infrastructure in Sweden. TeliaSonera and Tele2 have each severally but not jointly guaranteed up to a maximum of SEK 2.65 billion of the principal amount borrowed by Svenska UMTS-nät under the credit facility and have pledged their shares in Svenska UMTS-nät as security for such amount. The indebtedness under the credit facility may become due on an accelerated basis, under certain circumstances, including if either TeliaSonera or Tele2 ceases to hold, directly or indirectly, 50 percent of Svenska UMTS-nät, unless the lenders provide their advance consent. TeliaSonera is not contractually required to provide any further capital contributions to or guarantees in favor of Svenska UMTS-nät.

Item 10.D Exchange Controls

There are currently no Swedish laws, which may affect the import or export of capital, or the remittance of interest or other payments.

Item 10.E Taxation

The following summary is based on the tax laws of Sweden and the United States and the U.S. Sweden Tax Treaty as of the date of this report, and is subject to changes in Swedish or U.S. law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any countries other than Sweden or the United States. Prospective investors and current holders of TeliaSonera shares or TeliaSonera warrants are advised to consult their own tax advisors as to Swedish, U.S. or other tax consequences of the purchase, ownership and disposition of TeliaSonera shares, including, in particular, the effect of tax laws in any other jurisdiction.

Swedish Taxation

The following is a description of the material Swedish income and net wealth tax consequences with respect to holders of TeliaSonera shares that are not Swedish residents (Non-residents). This section applies only to holders of portfolio investments representing less than 10 percent of the capital and votes of TeliaSonera and is not applicable if the TeliaSonera shares pertain to a permanent establishment or fixed base of business in Sweden. Holders of TeliaSonera shares should consult their own tax advisors regarding the Swedish and other tax consequences of acquiring, owning and disposing of shares.

The description below is based on the Income Tax Act (1999:1229), the Net Wealth Tax Act (1997:323), the Withholding Tax Act (1970:624) and relevant tax treaties as currently in effect.

Taxation of Capital Gains

Non-residents are generally not liable for Swedish capital gains taxation with respect to the sale of TeliaSonera shares. However, under Swedish tax law, capital gains from the sale of certain Swedish securities, such as the TeliaSonera shares, by private individuals may be taxed in Sweden if such individuals have been residents of Sweden or have lived permanently in Sweden at any time during the year of the sale or the ten calendar years preceding the year of the sale. This provision may, however, be limited by tax treaties which Sweden has concluded with other countries. The Nordic tax treaty currently in force reduces this period to the five years following the year when the individual became a Non-resident. The tax treaty currently in force between Sweden and the United States gives Sweden the right to tax gains at any time during the ten years following the date on which the individual has ceased to be a resident of Sweden. Capital losses are deductible if the Non-resident would have been taxable for a corresponding capital gain.

Taxation of Dividends

According to Swedish internal law, a dividend withholding tax at a rate of 30 percent is imposed on dividends paid by a Swedish company, such as TeliaSonera, on Non-residents. Exemption from the withholding tax or a lower tax rate may apply by virtue of a tax treaty. Under both the current Nordic tax treaty and the tax treaty currently in force between Sweden and the United States, the withholding tax on dividends paid on portfolio investments, to eligible U.S. holders or Nordic holders, as the case may be, is limited to 15 percent.

Under all Swedish tax treaties, with the exception of the tax treaty currently in force between Sweden and Switzerland, the withholding tax at the applicable treaty rate should be withheld by the payer of the dividends. With regard to dividends paid for shares in companies registered with the VPC (such as the TeliaSonera shares), a reduced rate of dividend withholding tax under a tax treaty is generally applied at the source by VPC or, if the shares are registered with a nominee, by the nominee, so long as the person entitled to the dividend is registered as a Non-resident and sufficient information regarding the tax residency of the beneficial owner is available to VPC or the nominee.

In those cases where Swedish tax is withheld at the rate of 30 percent and the person that received the dividends is entitled to a reduced rate of withholding tax under an applicable tax treaty, a refund may be claimed from the Swedish tax authorities not later than at the end of the fifth calendar year after the distribution.

It should be noted that, due to technical issues, a Swedish withholding tax of 30 percent may also be withheld for dividends and similar payments to Swedish tax residents on TeliaSonera shares that are registered at the Finnish Central Securities Depositary.

Net Wealth Taxation

Swedish net wealth tax is based on the conditions at the end of each calendar year. The TeliaSonera shares are not subject to Swedish net wealth taxation in the hands of a holder that is not a resident in Sweden at the end of a calendar year.

United States Federal Income Taxation

The following is a description of the material U.S. federal income tax consequences of the ownership of our shares. The description addresses only the U.S. federal income tax consequences to U.S. holders (as defined below) who hold our shares as capital assets. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of our voting stock,
- a person that holds shares as part of a straddle or a hedging or conversion transaction, or
- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar.

Moreover, this summary does not address the U.S. federal estate and gift or alternative minimum tax consequences of the ownership of shares. This summary is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history existing or proposed U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect on the date hereof. All of the foregoing is subject to change, possibly with retroactive effect.

For purposes of this summary, a U.S. Holder is a beneficial owner of our shares that, for U.S. federal income tax purposes, is:

- a citizen or resident of the United States,
- a domestic corporation
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

You should consult your own tax advisor regarding the United States federal, state and local and the Swedish and other tax consequences of owning and disposing of shares in your particular circumstances.

Taxation of Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company, or PFIC, rules discussed below, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. If you are a noncorporate U.S. holder, dividends paid to you in taxable years beginning before January 1, 2009 that constitute qualified dividend income will be taxable to

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you at a maximum tax rate of 15% provided that you hold the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to the shares generally will be qualified dividend income.

You must include any Swedish tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. The dividend is taxable to you when you receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Swedish krona payments made, determined at the spot Swedish krona/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares and thereafter as capital gain.

Subject to certain limitations, the Swedish tax withheld in accordance with the Treaty and paid over to Sweden will be creditable against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the maximum 15% tax rate. To the extent a refund of the tax withheld is available to you under Swedish law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability

Dividends will be income from sources outside the United States. Dividends paid in taxable years beginning before January 1, 2007 generally will be passive or financial services income, and dividends paid in taxable years beginning after December 31, 2006 will, depending on your circumstances, be passive or general income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you.

Distributions of additional shares to you with respect to shares that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Sale or Exchange of Shares

Subject to the PFIC rules discussed below, a U.S. holder who sells or otherwise disposes of shares will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares. Capital gain of a noncorporate U.S. holder that is recognized in taxable years beginning before January 1, 2009 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Passive Foreign Investment Company Rules

We believe that our shares should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, gain realized on the sale or other disposition of your shares would in general not be treated as capital gain. Instead, if you are a U.S. Holder, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the shares and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your shares will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your shares. Dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

Backup Withholding and Information Reporting.

If you are a noncorporate U.S. holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- dividend payments or other taxable distributions made to you within the United States, and
- the payment of proceeds to you from the sale of shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you are a noncorporate U.S. holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

If you are a non-U.S. holder, you are generally exempt from backup withholding and information reporting requirements with respect to:

- dividend payments made to you outside the United States by us or another non-United States payor and
- other dividend payments and the payment of the proceeds from the sale of shares effected at a United States office of a broker, as long as the income associated with such payments is otherwise exempt from United States federal income tax, and:
- the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished the payor or broker:
- an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, or
- other documentation upon which it may rely to treat the payments as made to a non-United States person in accordance with U.S. Treasury regulations, or
- you otherwise establish an exemption.

Payment of the proceeds from the sale of shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of shares that is effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or

- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of shares effected at a foreign office of a broker will be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
- one or more of its partners are U.S. persons , as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
- such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the United States Internal Revenue Service.

Item 10.H Documents on Display

The documents referred to in this report can be read at the Securities and Exchange Commission s public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 or obtained by mail upon payment of prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information. Copies may also be obtained from the SEC website at *http: //www.sec.gov*.

Item 15. Controls and Procedures

(a) *Disclosure Controls and Procedures.* Our Chief Executive Officer and our Chief Financial officer, after evaluating the effectiveness of the Group s disclosure controls and procedures (as defined in US Exchange Act Rules 13a-15(e)) as of the end of the period covered by this Form 20-F, have concluded that, as of such date, the Group s disclosure controls and procedures were effective.

(b) *Internal Control over Financial Reporting*. There were no changes in the Group s internal control over financial reporting that occurred during the year ended December 31, 2005 that have materially affected, or are reasonably likely to materially affect, the Group s internal control over financial reporting.

Item 16.C Principal Accountant Fees and Services

PricewaterhouseCoopers AB has served as our independent auditor (Group auditor) since April 28, 2004. Ernst & Young AB and KPMG Bohlins AB jointly served as our independent auditors for the fiscal year 2003 and up to April 28, 2004. See Note 33 to our consolidated financial statements for information on audit firm fees and services, including pre-approval policies and procedures.

No professional services and other services have been approved by using the *de minimis* exception to the pre-approval requirement provided by paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

In 2004, one of our former auditors, Ernst & Young, disclosed to us that an affiliated firm had provided services for one of our subsidiaries that may have been prohibited by the SEC s auditor independence rules. The aggregate fees for the service were less than USD 7,000 each year during 2001-2004. The audit committee reviewed the information provided by Ernst & Young and determined that it was reasonable to conclude that Ernst & Young s independence was not affected by this matter.

Item 16.E Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Period	(a) Total number of shares purchased (1)	(b) Average price paid per share	(c) Total number of shares purchased as part of the publicly announced program (2)	(d) Maximum number of shares that may yet be purchased under the program
July 4 to 5, 2005	184,774,856	SEK 55.00 each	184,774,856	

(1) No shares were repurchased other than through the publicly announced program.

(2) The share repurchase program of maximum 187,009,282 shares was announced on April 26, 2005. Each shareholder was offered to sell every twenty-fifth share to TeliaSonera for a cash payment of SEK 55 per share. The acceptance period for shareholders to sell their shares under the program began on May 11, 2005 and expired on June 14, 2005. Sales rights were detachable from the shares and were separately traded on the Stockholm and Helsinki stock exchanges during the period from May 11 to June 9, 2005. Cash payments were made by TeliaSonera, against the title of ownership, on July 4 and 5, 2005. The total amount of share repurchases under the program was SEK 10,163 million.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

	TELIASONERA AB	
April 6, 2006	By:	/s/ ANDERS IGEL Name: Anders Igel Title: *President and Chief Executive Officer*
	By:	/s/ KIM IGNATIUS Name: Kim Ignatius Title: *Chief Financial Officer*

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SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

TELIASONERA AB
Exhibits to Form 20-F

1	Articles of Association of TeliaSonera AB (incorporated herein by reference to Exhibit 1 to the Annual Report on Form 20-F for the period ended December 31, 2004, filed by TeliaSonera AB with the Securities and Exchange Commission on April 7, 2005).
4.1	Combination Agreement, dated as of March 26, 2002, by and between Telia AB and Sonera Corporation (incorporated herein by reference to Exhibit 2.1 to the Registration Statement on Form F-4 filed by Telia AB with the Securities and Exchange Commission on October 1, 2002 (the Form F-4)).
4.2	Amendment to the Combination Agreement, dated as of September 27, 2002, by and between Telia and Sonera (incorporated herein by reference to Exhibit 2.2 to the Form F-4).
4.3	Framework Agreement, dated as of March 15, 2001, between Telia AB and Telia Mobile AB, NetCom AB and Tele2 AB (incorporated herein by reference to Exhibit 10.1 to the Form F-4).
4.4	Shareholder Agreement, dated as of March 15, 2001, between Telia AB, Telia Mobile AB, NetCom AB and Tele2 AB (incorporated herein by reference to Exhibit 10.2 to the Form F-4).
4.5	Registration Rights Agreement, dated as of September 27, 2002 between Telia AB and the Kingdom of Sweden (incorporated herein by reference to Exhibit 10.3 to the Form F-4).
4.6	Registration Rights Agreement, dated as of September 27, 2002, between Telia AB and the Republic of Finland (incorporated herein by reference to Exhibit 10.4 to the Form F-4).
6	See Note 21 to Consolidated Financial Statements, section Earnings per share.
7	For definitions of certain ratios used in this report, see Ten-Year Summary.
8	For significant subsidiaries as of the end of the year covered by this annual report, see Supplemental Information, Item 4.C Organizational Structure.
12.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
12.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
13.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.
13.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.