



INTERIM REPORT JANUARY–SEPTEMBER 2008

In Q3 2008, Tele2's EBITDA¹⁾ increased by 28 percent to SEK 2,248 million. Mobile EBITDA¹⁾ increased by 18 percent to SEK 1,750 million.

THIRD QUARTER HIGHLIGHTS

- › Net sales¹⁾ in Q3 2008 amounted to SEK 9,891 (9,509) million, an increase of 4 percent.
- › EBITDA¹⁾ in Q3 2008 increased by 28 percent to SEK 2,248 (1,750) million.
- › EBIT¹⁾ in Q3 2008 increased by 62 percent to SEK 1,394 (863) million excluding one-off items of SEK –950 (–1,319) million mainly related to impairment losses. Including one-off items EBIT amounted to SEK 444 (–456) million.
- › Net profit/loss²⁾ in Q3 2008 amounted to SEK 160 (–188) million.
- › Earnings per share²⁾ in Q3 2008, after dilution, amounted to SEK 0.32 (–0.37).

NINE MONTH HIGHLIGHTS

- › Net sales²⁾ for 9M 2008 amounted to SEK 29,192 (30,457) million, a decrease of 4 percent.
- › Net profit/loss²⁾ for 9M 2008 amounted to SEK 1,022 (–243) million.
- › Earnings per share²⁾ for 9M 2008 amounted to SEK 2,24 (–0.32).
- › Tele2's net debt at September 30, 2008 amounted to SEK 5,224 (11,167) million, a decrease of 53 percent.

The figures presented correspond to Q3 2008 unless otherwise stated. The figures shown in parentheses correspond to the comparable periods in 2007.

¹⁾ Less divested operations (see Note 9)

²⁾ From continuing operations (see Note 10)

FINANCIAL OVERVIEW

Tele2's financial performance is a function of a continued focus on mobile services on own infrastructure complemented in some countries by fixed broadband services. Mobile sales continued to develop strongly, compared with the same period last year. A smaller scale and scope of the total operations and a greater focus on mobile services on own infrastructure have led to a continued expansion of the EBITDA margin. The decline in fixed line services is expected to continue. However, the company will focus on maximizing the return from the product line.

FINANCIAL OVERVIEW, LESS DIVESTED OPERATIONS

Net customer intake amounted to 495,000 (539,000) in Q3 2008. Mobile services continue the positive trend with good customer intake in Russia, Sweden, Croatia and the Baltic region. Mobile Internet (also known as Mobile Broadband) continued to see solid intake of customers, adding 21,000. Fixed telephony continued to see an outflow of customers. However, the rate of change slowed significantly in the quarter and Tele2 lost –195,000 (–324,000) users. In Q3 2008, the total customer base increased to 23,967,000 (22,491,000).

Net sales in Q3 2008 amounted to SEK 9,891 (9,509) million, an increase of 4 percent. The positive revenue development was mainly driven by robust trends in core mobile services but also to some extent by fixed broadband services.

EBITDA in Q3 2008 amounted to SEK 2,248 (1,750) million, equivalent to an EBITDA margin of 23 (18) percent. The EBITDA development was influenced by an improved revenue mix, with a larger contribution from mobile services on own infrastructure. Sweden and Russia showed the greatest absolute sequential performance in Q3 2008. Tele2 also continued to succeed in maximizing profits from its mature fixed telephony operations, which contributed to the overall operational development.

EBIT in Q3 2008 increased by 62 percent to SEK 1,394 (863) million excluding one-off items of SEK –950 (–1,319) million mainly related to impairment losses predominately from the Austrian operation. Including one-off items EBIT amounted to SEK 444 (–456) million.

FINANCIAL OVERVIEW, CONTINUING OPERATIONS¹⁾

Profit/loss before tax amounted to SEK 133 (375) million.

Net profit/loss amounted to SEK 160 (–188) million.

Cash flow after CAPEX²⁾ amounted to SEK 1,664 (635) million.

CAPEX amounted to SEK 941 (915) million.

Net debt²⁾ amounted to SEK 5,224 (11,167) million at September 30, 2008, or 0.83 times full year 2007 EBITDA. Tele2's available credit facility amounts to SEK 20,866 million.

¹⁾ Less discontinued operations (see Note 10)

²⁾ Including discontinued operations

FINANCIAL OVERVIEW CONT.

FINANCIAL COMMENTS

Tele2's longer term financial leverage, defined as net debt/EBITDA ratio, should be in line with the industry and the markets in which it operates and reflect the status of its operations and future strategic opportunities. Short term the company also needs to take into consideration the uncertainties in the financial markets and act accordingly. Hence, Tele2 will not in the near future utilize the current share buy-back mandate. The company will instead maintain a strong financial position.

Toward the end of 2007, Tele2 Russia was awarded mobile telephony licenses for GSM in 17 new regions in Russia. In total, Tele2 now has licenses in 34 regions covering 60 million inhabitants. However, it should still be emphasized that the process for awarding the new licenses has been challenged in court. Due to a more aggressive roll-out, the following new assumptions should be taken into consideration when estimating the financial impact of the 17 new licenses:

- › In 2008 operational expenditures are estimated at SEK 40–60 million and capital expenditures are estimated at SEK 100–300 million.
- › In 2009 operational expenditures are estimated at SEK 300–500 million and capital expenditures are estimated at SEK 900–1,100 million.
- › Up to 12 out of 17 regions will be launched in 2009. The base plan is that an infrastructure-based operation should be able to reach an EBITDA break-even three years after commercial launch date. However, there might be regional differences, moving the break-even date either forward or backwards.
- › The longer term market share in the 17 new regions should not deviate significantly from the historic market share of Tele2 Russia.

The following additional points should also be considered when estimating 2008:

- › In 2008 Tele2 forecast a corporate tax rate of approximately 15 percent excluding one-off items. The tax payment will affect 2008 cash flow by approximately SEK 500 million.
- › In 2008 Tele2 forecast a CAPEX level in the range of SEK 4,500–4,800 million compared to earlier stated SEK 4,800–5,000 million, including SEK 549 million attributable to the payment for 20 MHz of 4G/LTE (Long Term Evolution) 2.6 GHz spectrum in Sweden.

FINANCIAL OVERVIEW CONT.

SEK million	2008 Q3	2007 Q3	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 full year
Mobile¹⁾					
Net customer intake (thousands)	682	845	1,807	2,460	3,166
Net sales	6,288	5,623	17,970	15,685	21,390
EBITDA	1,750	1,487	4,845	3,934	5,257
EBIT	1,494	1,105	3,820	2,831	3,757
CAPEX	727	592	2,393	1,919	2,630
Fixed broadband¹⁾					
Net customer intake (thousands)	8	58	73	207	271
Net sales	1,501	1,363	4,472	3,988	5,504
EBITDA	78	-92	-98	-344	-534
EBIT	-311	-465	-1,302	-1,430	-1,999
CAPEX	161	230	545	666	964
Fixed telephony¹⁾					
Net customer intake (thousands)	-195	-324	-1,018	-982	-1,148
Net sales	1,631	1,998	5,222	6,324	8,274
EBITDA	452	294	1,232	1,048	1,404
EBIT	298	214	902	811	1,055
CAPEX	23	46	96	137	190
Total¹⁾					
Net customer intake (thousands)	495	579	862	1,685	2,289
Net sales	9,891	9,509	29,220	27,356	37,149
EBITDA	2,248	1,750	6,016	4,827	6,309
EBIT	1,394	863	3,298	2,246	2,784
CAPEX	941	886	3,152	2,829	3,974
Continuing operations					
Net customer intake (thousands)	495	539	852	1,497	2,083
Net sales ²⁾	9,833	10,060	29,192	30,457	40,056
EBITDA	2,246	1,747	6,007	4,902	6,320
EBIT ³⁾	423	557	1,666	1,296	1,337
CAPEX	941	915	3,153	2,969	4,120
EBT	133	375	1,246	670	606
Net profit/loss	160	-188	1,022	-243	-382
Cash flow from operating activities ⁴⁾	2,594	1,823	5,959	3,378	4,350
Cash flow after CAPEX ⁴⁾	1,664	635	2,584	-476	-819

The figures exclude one-off items except for figures presented for continuing operations

¹⁾ Less divested operations (see Note 9) and less one-off items (see Note 1–4)

²⁾ Net sales for Q3 2008 and FY 2007 include negative one-off items of SEK -58 million and SEK -200 million, respectively

³⁾ EBIT includes result from sale of operations, impairment of goodwill and other one-off items stated under the segment reporting section of EBIT in the interim report January–September 2008

⁴⁾ Includes discontinued operations (see Note 10)

Significant events in the quarter

- ▶ Tele2's new CEO Harri Koponen started the 18 August, 2008.
- ▶ Tele2 divested Tele2 Switzerland to TDC Sunrise for approximately SEK 300 million on a debt free basis (see Note 10).
- ▶ Tele2 issued and repurchased 850,000 Class C shares under incentive program (see Note 8).
- ▶ Tele2 repurchased 1 percent of all shares in Tele2 for a cost of SEK 462 million (see Note 8).
- ▶ Tele2 completed the divestment of Tele2 Luxembourg and Tele2 Lichtenstein to Belgacom (see Note 10).
- ▶ Tele2 completed the divestment of Tele2 Poland to Netia (see Note 10)
- ▶ Tele2 reports impairment loss in Austria and Switzerland (see Note 2)

OVERVIEW BY PRODUCT

Comments below relate to selected Tele2 operations less divested companies.

MOBILE

Tele2 currently offers mobile services in nine countries. In most of these Tele2 sells mobile telephony to both consumers and companies. Tele2 has its own network in six countries. In the other countries Tele2 leases network capacity from other operators under MVNO agreements.

Mobile operations of Tele2 are the main driver for the continued strong growth development. Net intake amounted to 682,000 (845,000), driven mainly by Russia, Sweden and Croatia but also by the Baltic Region. Mobile revenue grew by 12 percent to SEK 6,288 (5,623) million and the EBITDA margin amounted to 28 (26) percent.

Sweden The customer growth in Q3 2008 was driven both by strong intake of mobile telephony customers with an emphasis on pre-paid users, as well as by mobile internet, adding in total 127,000 (100,000) customers. The total customer base amounted to 3,330,000 (3,007,000). The total mobile internet customer base was 155,000 in Q3 2008 and ARPU was SEK 108, to some extent boosted by revenue from start-up and administrative fees. Despite a negative EBITDA contribution of more than SEK –220 million from mobile internet, the Swedish mobile operation was able to deliver an EBITDA margin of 36 (37) percent in Q3 2008.

Tele2 continues to expect a strong demand for mobile internet services, both in the consumer as well business segment. The company introduced several new differentiated mobile internet offerings in the quarter, to spur further interest from the domestic market. However, the high level of competition in mobile internet services is expected to continue. The increased intake of mobile internet customers will be associated with higher acquisition costs as well as higher fees to the Svenska UMTS Nät AB joint venture (SUNAB), which will continue to impact margins.

The mobile operations in Sweden reported an ARPU of SEK 201 (212) in Q3 2008, including post-paid, pre-paid and mobile internet subscriptions. Minutes of use per customer for the Swedish operations were 202 (194) in Q3 2008.

Norway The quarter was characterized by increased focus on securing and strengthening the price position of Tele2 in the Norwegian market and also improve antichurn campaigns. As an effect the customer base stabilized and Tele2 added 4,000 customers in Q3 2008 compared to –4,000 in Q2 2008. Competition continued to be high in the quarter, a development that is expected to persist.

The EBITDA margin continued at stable levels. EBIT was negatively affected by Tele2's share of the result from the operations of Mobile Norway of SEK -20 million in Q3 2008.

Tele2 continued its dialogue with the Norwegian authorities regarding mobile termination prices as the notice from NPT could affect the plan for the build-out in Mobile Norway.

12%

**MOBILE REVENUE
GROWTH IN Q3 2008**



We offer mobile services in Croatia, Estonia, France, Latvia, Lithuania, Netherlands, Norway, Russia and Sweden.

Russia The EBITDA margin improved to 36 (33) percent during the quarter, mainly driven by further scale benefits in the 16 operational regions. During the quarter, Tele2 continued to invest in the Krasnodar region together with preparatory work to start roll-out in the 17 new regions, which were awarded in Q4 2007 (the process for awarding the new licenses has been challenged in court). As a result, the EBITDA margin was to some extent hampered by the 18 new regions to be launched.

Competition continued to be tough in Russia, but Tele2 has been able to further improve its market position due to better network quality and continued price leadership. ARPU amounted to SEK 60 (58) driven by improved quality of service together with robust economic development. Customer net intake amounted to 449,000 (631,000) in Q3 2008. Tele2 Russia will continue to look for possibilities to expand its operations in Russia and CIS-countries through new licenses as well as by complementary acquisitions.

Estonia The economic environment in the country continued to be challenging in the quarter. As an effect, the market for telecommunication services continues to be price sensitive. Tele2, as the price leader, has been exploiting the current market conditions and moved its market position forward, both in the corporate as well as the consumer segment. The trend of customers moving from pre-paid to post-paid subscriptions has continued in the quarter. The mobile internet market is showing positive signs of taking off, but was to some extent hampered by the economic development.

Churn was stable during the quarter and Tele2 continued its effort to expand its network and improve quality of service. Mobile interconnect rate was lowered an additional 18 percent from EEK 1.66 to EEK 1.37 in Q3 2008.

Lithuania Tele2 accelerated its inroad into the post-paid and corporate segment, adding 49,000 (43,000) customers in Q3 2008. Acquisition cost increased slightly during the quarter due to more market activities from competitors. A higher level of competition also led to lower tariffs as a result of promotional pricing offerings. Tele2 customer churn remained stable through effective retention activities and high customer satisfaction.

OVERVIEW BY PRODUCT cont.

MOBILE cont.

Latvia The economic situation in Latvia continued to be difficult, affecting the activity in the mobile segment. Competition continued to be high in the quarter with lower prices both in the pre-paid as well as post-paid segment. As a result, marketing costs and churn increased during the period leading to lower EBITDA margin compared to the same period last year. Tele2 Latvia continues to see a good opportunity in the corporate segment as well as among the state-owned companies. This opportunity has been enhanced due to a slower economy, making business customers more price sensitive.

Croatia The operations in Croatia continued to develop according to plan, adding 74,000 (49,000) customers in Q3 2008, partly driven by summer tourists. Price competition remained high during the quarter, however, Tele2 benefited from its price leading position. The new shop concept introduced in Q2 2008 continued to contribute to the overall customer intake and has helped to improve the market perception of the Tele2 brand.

Netherlands Tele2's mobile operation in the Netherlands continued to develop satisfactory for both revenue as well as EBITDA in the quarter, with an increased focus on moving the customer base from the pre-paid segment towards higher ARPU post-paid subscriptions. As a result Tele2 was able to retain good financial performance in the mobile segment, despite a slight decline in the customer base.

France Tele2 continued to be profitable in Q3 with a stable customer base at 462,000. The pricing environment for post-paid services in the French mobile market was stable in Q3 2008. However, acquisition cost started to increase in the quarter with back to school activities in September, affecting EBITDA contribution negatively. Going forward, Tele2 will continue to focus on profitability by strengthening its price leader position, improving its retention management and pushing lower cost products. Sales channels will be monitored closely in order to invest in the most profitable ones. Tele2 will continue to proactively work with the national regulator to get full MVNO legislation introduced in France.

OVERVIEW BY PRODUCT cont.

FIXED BROADBAND

Tele2 currently offers fixed broadband solutions to consumers and companies in six countries. Tele2 operate its own or jointly-owned network in five countries and is a reseller of network capacity in one country. Fixed broadband services are, in some countries, seen as a good complement to Tele2's core mobile services on own infrastructure.

The total fixed broadband customer base grew by 8,000 (58,000) users and amounted to 1,276,000 (1,139,000). Revenue increased by 10 percent to SEK 1,501 (1,363) million. EBITDA improved to SEK 78 (-92) million, due to a larger focus on cost control and less emphasis on market share. In 2008 it is important that profitability in fixed broadband services continue to improve and contribute to the operations as a whole.

Sweden The fixed broadband market continued to develop more slowly in the quarter, and the product segment was to some extent affected by promotional offerings in the mobile internet market. In total, Tele2 Sweden added 12,000 (20,000) customers in the quarter and net sales grew by 10 percent. Tele2 continued to focus on improved profitability in fixed broadband service. In Q3 2008 EBITDA margin was for the first time in positive territory, to some extent helped by seasonality, and amounted to 2 (-7) percent in Q3 2008.

Norway Tele2 Norway continued to focus on migrating customers onto its own infrastructure. Competition from fiber-based services and cable TV operators was still high during the quarter, driving churn rate up in the wholesale base. As an effect, the customer base decreased by -6,000 (2,000) in Q3 2008. Hence, Tele2 Norway will focus its future marketing efforts where Tele2 owns infrastructure on Local Loop Unbundling (LLUB). The ARPU development was stable in the quarter. Tele2 will continue to focus on cost control and improved customer care as main areas for its broadband operations.

Netherlands Tele2 continued to gain market share in the fixed broadband market driven by more differentiated offerings for double and triple play services in Q3 2008. New value added services helped increase ARPU. Acquisition cost and churn remained stable due to effective retention campaigns. Tele2's business division added another strong quarter, mainly due to implementation of large corporate contracts and increased sales efforts of its on-net services.

10%

**FIXED BROADBAND REVENUE
GROWTH IN Q3 2008**

We offer fixed broadband services in Austria, Germany, Lithuania, Netherlands, Norway and Sweden.

Germany The fixed broadband market continued to be highly competitive in Q3 2008. However, market saturation started to become visible in the quarter with many operators lowering their intake targets. Market consolidation has not yet had a significant impact on the competitive environment. However, the price environment during the quarter continued to be relatively stable, with most operators maintaining existing offerings together with some promotional offers. In the quarter the market was more focused on direct access products rather than resold services.

Tele2 Germany continued with a reactive customer acquisition strategy. Together with better cost control at the Plusnet JV, this led to an improvement in operational losses in fixed broadband services. Churn rate continues to develop according to plan, with higher levels of customer turnover in the wholesale compared to the direct access base.

Austria Competition from bundled offerings together with aggressive pricing on mobile internet services continued to pressure Tele2's operations in Q3 2008. As a response, Tele2 focused on improving the overall cost structure of its operations with emphasis on network and customer operations, which lead to improving EBITDA in the quarter. The process of streamlining the Austrian operations will continue in Q4 2008. In the corporate segment, Tele2 added new customers despite increased competition from the incumbent. Revenues and churn levels for direct access developed according to plan. Tele2 expects further price pressure, in the corporate segment, due to large differences against the consumer segment. Competition is also expected to increase in the consumer segment due to a new aggressive bundled fixed broadband and telephony offering from the incumbent.

Due to deteriorating market conditions in fixed broadband, Tele2 booked an impairment loss of SEK 829 million in Q3 2008 related to the acquisition of SEC and UTA.

OVERVIEW BY PRODUCT cont.

FIXED TELEPHONY

Tele2 currently offers fixed telephony services in eight countries. Use of the traditional fixed telephone line declined in pace with growth in mobile and IP telephony. During the quarter, Tele2 focused on minimizing the need for investments and use of marketing to maintain the cash flow generation of the service.

In Q3 2008, churn in the fixed line customer base improved leading to a net loss of –195,000 (–324,000) users. Revenue declined by 18 percent to SEK 1,631 (1,998) million. However, due to better customer retention EBITDA contribution was SEK 452 (294) million in Q3 2008, corresponding to a margin of 28 (15) percent.

Sweden The EBITDA margin was stable during the quarter and amounted to 20 (18) percent. Tele2 focused in the quarter on improving cost control in the fixed telephony segment, to maximize the return. The company also continued with retention measures such as providing wholesale line rental service.

Norway Tele2's Norwegian operation continued to experience a decline in the fixed line market, in line with the overall market conditions for fixed. Tele2 Norway continued to experience a volume shift from fixed to mobile services. This led to reduced operating conditions, which had a negative effect on EBITDA contribution.

Netherlands The CPS (Carrier Pre-Select) customer base in the Netherlands developed according to expectations. Continued intake of WLR (Wholesale Line Rental) and effective retention programs slowed down the decline of the customer base even further, while improving profitability. The EBITDA contribution from the fixed telephony base was delivered above plan in Q3 2008.

28%

**FIXED TELEPHONY
EBITDA MARGIN IN Q3 2008**

We offer fixed telephony in Austria, Estonia, Germany, Latvia, Lithuania, Netherlands, Norway and Sweden.

Germany The pricing environment in the fixed telephony market remained stable in Q3 2008, with few marketing initiatives from the competition. The majority of the operators were, during the quarter, more focused on unbundled broadband services, leading to relatively less competition and once again better profitability. Tele2's market share for CPS (Carrier Pre-Select) services remained stable at 40 percent in Q3 2008. As for fixed broadband services, no active marketing initiatives were used in the quarter for Tele2's fixed telephony segment. Instead the company continued to focus solely on retention and potential reactive cross selling opportunities. As a result, the EBITDA margin for fixed telephony improved to 41 (14) percent in Q3 2008.

The overall customer turnover in fixed telephony improved during the quarter to some extent helped by flat fee products with binding periods, more effective retention and customer base management as well as higher call by call usage.

Austria Fixed telephony continued to be promoted as part of bundled offerings together with fixed broadband. In the consumer market competition from mobile remained high, leading to high fixed to mobile substitution. However, in the business market fixed telephony services had stable development. Overall, both fixed telephony customers and revenues developed better than planned during Q3 2008.

OTHER ITEMS

RISKS AND UNCERTAINTY FACTORS

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks such as changes in regulatory legislation in telecommunication services, increased competition, introduction of new services, ability to attract and retain customers, legal proceedings and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report (see Directors' report and Note 40 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

COMPANY DISCLOSURE

Tele2 AB (publ) Annual General Meeting 2009

The 2009 Annual General Meeting will be held on May 11, 2009 in Stockholm.

Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@tele2.com or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE-164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting in order that the proposal may be included in the notice to the meeting.

Further details on how and when to register will be published in advance of the Annual General Meeting.

Nomination committee for the 2009 Annual General Meeting

A Nomination Committee of major shareholders in Tele2 AB (publ) has been formed in accordance with the resolution of the 2008 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik and Emesco AB, Åsa Nisell on behalf of Swedbank Robur Fonder, Peter Lindell on behalf of AMF Pension and Ramsey Brufer on behalf of Alecta, who together represent more than 50 percent of the voting rights in Tele2. Information about the work of the Nomination Committee can be found on Tele2's corporate website at www.tele2.com.

Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 AB (publ) should submit their proposal in writing to agm@tele2.com or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

Other

Tele2 will release the financial and operating results for the period ending December 31, 2008 on February 10, 2009.

Stockholm, October 22, 2008

Tele2 AB

Harri Koponen
President & CEO

REPORT REVIEW

The financial and operating results for this interim report have not been subject to review by the Company's auditors.

Result Meeting

Tele2 will present the results at a meeting at Hitechbuilding 17th floor, Sveavägen 9, Stockholm, at 10:00 am CET (09:00 am UK time/04:00 am NY time) on Wednesday, October 22, 2008. The meeting will be held in English and webcasted on Tele2's website, www.tele2.com, with the possibility to enter questions online.

Conference Call

There will also be the possibility to listen to the meeting live over the phone and attend the Q&A session via a conference call. Please note that there might be a time lag of up to 30 seconds between the Internet broadcast and the conference call if you are simultaneously watching and calling in to the press conference.

Dial-in information:

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press conference to register your attendance.

Dial-in number:

Sweden: +46 (0)8 505 598 53

UK: +44 (0)20 3043 2436

US: +1 866 458 4087

There is also a possibility to listen to the conference call afterwards:

Replay number until November 5, 2008: +46 (0)8 506 269 49

Access code: 224 742#

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APPENDICES

Income statement

Balance sheet

Cash flow statement

Change in shareholders' equity

Number of customers

Net sales

Internal sales

EBITDA

EBIT

CAPEX

Key ratios

Parent company

Notes

TELE2 IS ONE OF EUROPE'S LEADING ALTERNATIVE TELECOM OPERATORS. Tele2's mission is to provide price leading and easy to use communication services. Tele2 always strives to offer the market's best prices. We have 24 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the OMX Nordic Exchange since 1996. In 2007, we had net sales of SEK 40.1 billion and reported an operating profit (EBITDA) of SEK 6.3 billion.

INCOME STATEMENT

SEK million	Note	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 Full year	2008 Q3	2007 Q3
CONTINUING OPERATIONS						
Net sales	1	29,192	30,457	40,056	9,833	10,060
Operating expenses	2	-25,885	-28,516	-37,928	-8,522	-9,492
Impairment of goodwill and customer agreements	2	-1,013	-1,310	-1,315	-830	-1,310
Sale of operations, profit	3	87	1,522	1,562	1	1,522
Sale of operations, loss	4	-22	-695	-823	-20	-170
Result from shares in associated companies and joint ventures	5	-182	-174	-234	-39	-55
Impairment of shares in joint ventures	2	-566	-	-	-11	-
Other operating income	6	306	49	112	98	20
Other operating expenses	6	-251	-37	-93	-87	-18
Operating profit/loss, EBIT		1,666	1,296	1,337	423	557
Net interest expenses		-314	-577	-765	-132	-173
Other financial items		-106	-49	34	-158	-9
Profit/loss after financial items, EBT		1,246	670	606	133	375
Tax on profit/loss	7	-224	-913	-988	27	-563
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		1,022	-243	-382	160	-188
DISCONTINUED OPERATIONS						
Net profit/loss from discontinued operations	10	517	-1,497	-1,387	688	-1,045
NET PROFIT/LOSS		1,539	-1,740	-1,769	848	-1,233
ATTRIBUTABLE TO						
Equity holders of the parent company		1,515	-1,638	-1,669	831	-1,208
Minority interest		24	-102	-100	17	-25
NET PROFIT/LOSS		1,539	-1,740	-1,769	848	-1,233
Earnings per share (SEK)		3.41	-3.68	-3.75	1.87	-2.71
Earnings per share, after dilution (SEK)		3.40	-3.68	-3.75	1.86	-2.71
FROM CONTINUING OPERATIONS						
Earnings per share (SEK)		2.24	-0.32	-0.63	0.32	-0.37
Earnings per share, after dilution (SEK)		2.24	-0.32	-0.63	0.32	-0.37
Number of outstanding shares, basic	8	440,351,339	444,851,339	444,851,339		
Number of shares in own custody	8	9,448,000	-	4,098,000		
Number of shares, weighted average	8	444,601,339	444,685,712	444,727,119		
Number of shares after dilution	8	440,937,148	445,211,019	445,235,120		
Number of shares after dilution, weighted average	8	445,000,550	445,174,708	445,220,904		

BALANCE SHEET

SEK million	Note	Sep 30, 2008	Sep 30, 2007	Dec 31, 2007
Assets				
FIXED ASSETS				
Goodwill		10,345	11,417	12,603
Other intangible assets		2,079	2,123	2,089
Intangible assets		12,424	13,540	14,692
Tangible assets		14,586	13,890	14,388
Financial assets		477	788	1,007
Deferred tax assets		3,737	3,267	3,258
FIXED ASSETS		31,224	31,485	33,345
CURRENT ASSETS				
Materials and supplies		307	363	435
Current receivables		7,963	10,627	9,816
Short-term investments		2,772	2,597	2,593
Cash and cash equivalents		1,327	2,931	2,459
CURRENT ASSETS		12,369	16,518	15,303
ASSETS CLASSIFIED AS HELD FOR SALE	10	546	10,251	–
ASSETS		44,139	58,254	48,648
Equity and liabilities				
SHAREHOLDERS' EQUITY				
Attributable to equity holders of the parent company		25,003	26,541	26,821
Minority interests		53	527	28
SHAREHOLDERS' EQUITY		25,056	27,068	26,849
LONG-TERM LIABILITIES				
Interest-bearing liabilities		4,384	9,545	5,670
Non-interest-bearing liabilities		963	1,225	927
LONG-TERM LIABILITIES		5,347	10,770	6,597
SHORT-TERM LIABILITIES				
Interest-bearing liabilities		5,136	6,935	4,602
Non-interest-bearing liabilities		8,368	10,909	10,600
SHORT-TERM LIABILITIES		13,504	17,844	15,202
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	10	232	2,572	–
EQUITY AND LIABILITIES		44,139	58,254	48,648

CASH FLOW STATEMENT*

SEK million	Note	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 Full year	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
OPERATING ACTIVITIES										
Cash flow from operation		5,979	3,149	4,488	2,315	2,239	1,425	1,339	1,208	1,289
Change in working capital	1	-20	229	-138	279	-381	82	-367	615	-136
CASH FLOW FROM OPERATING ACTIVITIES		5,959	3,378	4,350	2,594	1,858	1,507	972	1,823	1,153
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	13	-3,375	-3,854	-5,169	-930	-1,446	-999	-1,315	-1,188	-1,493
Cash flow after CAPEX		2,584	-476	-819	1,664	412	508	-343	635	-340
Acquisition of shares and participations	9	-535	-213	-1,438	-47	-90	-398	-1,225	-27	-166
Sale of shares and participations	9	2,026	5,639	13,215	2,172	-78	-68	7,576	5,505	26
Change of long-term receivables	5	326	-167	-6	12	158	156	161	-356	122
Cash flow from investing activities		-1,558	1,405	6,602	1,207	-1,456	-1,309	5,197	3,934	-1,511
CASH FLOW AFTER INVESTING ACTIVITIES		4,401	4,783	10,952	3,801	402	198	6,169	5,757	-358
FINANCING ACTIVITIES										
Change of loans, net		-1,602	-4,069	-10,798	-4,577	2,273	702	-6,729	-5,518	1,065
Dividend	8	-3,492	-814	-814	-	-3,492	-	-	-	-814
New share issue	8	1	22	27	1	-	-	5	5	5
Repurchase of own shares	8	-462	-	-5	-462	-	-	-5	-	-
Other financing activities	7	351	351	351	-	7	-	-	1	-2
Cash flow from financing activities		-5,548	-4,510	-11,239	-5,038	-1,212	702	-6,729	-5,512	254
NET CHANGE IN CASH AND CASH EQUIVALENTS		-1,147	273	-287	-1,237	-810	900	-560	245	-104
Cash and cash equivalents at beginning of period		2,459	2,619	2,619	2,524	3,343	2,459	2,931	2,668	2,769
Exchange rate differences in cash		15	39	127	40	-9	-16	88	18	3
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,327	2,931	2,459	1,327	2,524	3,343	2,459	2,931	2,668
Taxes paid included in cash flow from operation		-257	-1,381	-1,570	-90	153	-320	-189	-489	-210

* Including discontinued operations (Note 10)

CHANGE IN SHAREHOLDERS' EQUITY

SEK million	Note	Sep 30, 2008			Sep 30, 2007			Dec 31, 2007		
		Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity	Attributable to		Total share holders' equity
		holders of the parent company	minority interests		holders of the parent company	minority interests		holders of the parent company	minority interests	
Shareholders' equity, January 1		26,821	28	26,849	28,800	323	29,123	28,800	323	29,123
ITEMS RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY										
Exchange rate differences		655	1	656	508	5	513	1,478	9	1,487
Reversed cumulative exchange rate differences from divested companies	10	-53	-	-53	-393	-	-393	-1,053	-	-1,053
Cash flow hedges		-6	-	-6	51	-	51	49	-	49
Items recognized directly in shareholders' equity		596	1	597	166	5	171	474	9	483
Net profit/loss for the period		1,515	24	1,539	-1,638	-102	-1,740	-1,669	-100	-1,769
Total for the period		2,111	25	2,136	-1,472	-97	-1,569	-1,195	-91	-1,286
OTHER CHANGES IN SHAREHOLDERS' EQUITY										
Costs for stock options		24	-	24	5	-	5	8	-	8
New share issue	8	1	-	1	22	-	22	27	-	27
Repurchase of own shares	8	-462	-	-462	-	-	-	-5	-	-5
Dividend	8	-3,492	-	-3,492	-814	-4	-818	-814	-4	-818
Purchase of minority		-	-7	-7	-	-79	-79	-	-595	-595
Shareholders contribution from minority		-	7	7	-	384	384	-	395	395
SHAREHOLDERS' EQUITY, END OF PERIOD		25,003	53	25,056	26,541	527	27,068	26,821	28	26,849

NUMBER OF CUSTOMERS

Thousands	Note	Number of customers			Net intake					
		2008 Sep 30	2007 Sep 30	Change	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Sweden										
Mobile	12	3,330	3,007	11%	127	85	19	92	100	46
Fixed telephony		850	963	-12%	-12	-21	-35	-45	-20	-41
Fixed broadband		430	365	18%	12	2	30	21	20	18
		4,610	4,335	6%	127	66	14	68	100	23
Norway										
Mobile	12	441	447	-1%	4	-4	-7	1	20	14
Fixed telephony		137	173	-21%	-8	-8	-10	-10	-9	-9
Fixed broadband		98	116	-16%	-6	-3	-5	-4	2	7
		676	736	-8%	-10	-15	-22	-13	13	12
Russia										
Mobile		9,934	7,996	24%	449	606	319	554	631	778
		9,934	7,996	24%	449	606	319	554	631	778
Estonia										
Mobile		503	489	3%	-	8	3	3	-6	-2
Fixed telephony		17	22	-23%	-1	-1	-1	-2	-1	-1
		520	511	2%	-1	7	2	1	-7	-3
Lithuania										
Mobile		1,912	1,753	9%	49	32	35	43	43	18
Fixed telephony		5	6	-17%	-	-1	-	-	-1	-1
Fixed broadband		40	35	14%	1	1	2	1	1	1
		1,957	1,794	9%	50	32	37	44	43	18
Latvia										
Mobile		1,131	1,128	0%	5	-1	5	-6	18	38
Fixed telephony		3	4	-25%	-	-	-1	-	-	-1
		1,134	1,132	0%	5	-1	4	-6	18	37
Croatia										
Mobile		627	455	38%	74	37	46	15	49	16
		627	455	38%	74	37	46	15	49	16
France										
Mobile		462	427	8%	-3	-	12	26	-9	-8
		462	427	8%	-3	-	12	26	-9	-8
Netherlands										
Mobile		477	592	-19%	-23	-26	-44	-22	-1	1
Fixed telephony		412	533	-23%	-30	-27	-25	-39	-54	-88
Fixed broadband		349	302	16%	11	7	7	22	16	11
		1,238	1,427	-13%	-42	-46	-62	-39	-39	-76
Germany										
Fixed telephony		1,991	2,761	-28%	-112	-304	-318	-36	-200	-158
Fixed broadband		191	160	19%	-7	6	19	13	7	16
		2,182	2,921	-25%	-119	-298	-299	-23	-193	-142
Austria										
Fixed telephony		459	596	-23%	-32	-37	-34	-34	-39	-48
Fixed broadband		168	161	4%	-3	-8	7	11	12	13
		627	757	-17%	-35	-45	-27	-23	-27	-35
TOTAL										
Mobile	12	18,817	16,294	15%	682	737	388	706	845	901
Fixed telephony		3,874	5,058	-23%	-195	-399	-424	-166	-324	-347
Fixed broadband		1,276	1,139	12%	8	5	60	64	58	66
		23,967	22,491	7%	495	343	24	604	579	620
Divested operations	9, 12	-	896		-	-	-10	-18	-40	-72
NET CUSTOMER INTAKE					495	343	14	586	539	548
Acquired companies					-	-	-	10	-	-
Divested companies					-	-	-106	-762	-1,376	-
Changed method of calculation	12				-	-	-	-	-	-759
TOTAL CONTINUING OPERATIONS		23,967	23,387	2%	495	343	-92	-166	-837	-211
Discontinued operations										
Net intake	10				-30	2	-1	-72	-189	-317
Divested companies	10	470	4,541		-1,001	-	-	-2,969	-2,718	-
TOTAL OPERATIONS		24,437	27,928	-13%	-536	345	-93	-3,207	-3,744	-528

NET SALES

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Sweden										
Mobile		5,835	5,400	7,290	2,016	1,999	1,820	1,890	1,898	1,839
Fixed telephony		1,616	1,907	2,435	521	543	552	528	603	637
Fixed broadband		970	894	1,219	334	323	313	325	303	294
Other operations		385	553	740	104	128	153	187	195	183
		8,806	8,754	11,684	2,975	2,993	2,838	2,930	2,999	2,953
Norway										
Mobile		1,924	1,901	2,585	639	647	638	684	681	630
Fixed telephony		426	565	733	130	143	153	168	178	188
Fixed broadband		314	324	436	99	107	108	112	113	109
		2,664	2,790	3,754	868	897	899	964	972	927
Russia										
Mobile		4,875	3,419	4,837	1,763	1,624	1,488	1,418	1,289	1,161
		4,875	3,419	4,837	1,763	1,624	1,488	1,418	1,289	1,161
Estonia										
Mobile		782	797	1,079	261	264	257	282	276	279
Fixed telephony		11	14	18	3	4	4	4	4	5
Other operations		45	35	48	18	15	12	13	13	12
		838	846	1,145	282	283	273	299	293	296
Lithuania										
Mobile		1,144	969	1,305	404	380	360	336	352	327
Fixed telephony		5	5	6	2	2	1	1	2	1
Fixed broadband		16	14	19	6	5	5	5	5	5
		1,165	988	1,330	412	387	366	342	359	333
Latvia										
Mobile		1,378	1,241	1,661	476	466	436	420	445	421
Fixed telephony		1	2	2	–	1	–	–	–	1
		1,379	1,243	1,663	476	467	436	420	445	422
Croatia										
Mobile		590	387	543	246	194	150	156	153	129
		590	387	543	246	194	150	156	153	129
France										
Mobile		906	851	1,126	313	309	284	275	273	293
		906	851	1,126	313	309	284	275	273	293
Netherlands										
Mobile		800	815	1,087	268	274	258	272	288	276
Fixed telephony		1,126	1,152	1,564	348	392	386	412	381	371
Fixed broadband		2,099	1,746	2,452	688	697	714	706	598	558
Other operations		603	485	671	194	209	200	186	168	166
		4,628	4,198	5,774	1,498	1,572	1,558	1,576	1,435	1,371
Germany										
Fixed telephony		1,613	2,100	2,768	498	524	591	668	657	674
Fixed broadband		362	261	358	122	124	116	97	91	88
Other operations		328	342	448	101	115	112	106	122	111
		2,303	2,703	3,574	721	763	819	871	870	873
Austria										
Fixed telephony	1	457	653	833	141	149	167	180	196	215
Fixed broadband	1	726	775	1,053	257	261	208	278	259	260
Other operations		489	445	603	154	167	168	158	159	135
		1,672	1,873	2,489	552	577	543	616	614	610
Other										
Other operations		854	700	985	238	291	325	285	241	211
		854	700	985	238	291	325	285	241	211
TOTAL										
Mobile		18,234	15,780	21,513	6,386	6,157	5,691	5,733	5,655	5,355
Fixed telephony		5,255	6,398	8,359	1,643	1,758	1,854	1,961	2,021	2,092
Fixed broadband		4,487	4,014	5,537	1,506	1,517	1,464	1,523	1,369	1,314
Other operations		2,704	2,560	3,495	809	925	970	935	898	818
		30,680	28,752	38,904	10,344	10,357	9,979	10,152	9,943	9,579
Internal sales, elimination		–1,460	–1,396	–1,755	–453	–531	–476	–359	–434	–444
		29,220	27,356	37,149	9,891	9,826	9,503	9,793	9,509	9,135
One-off items	1	–58	–	–200	–58	–	–	–200	–	–
Divested operations	9	30	3,101	3,107	–	6	24	6	551	1,175
TOTAL CONTINUING OPERATIONS		29,192	30,457	40,056	9,833	9,832	9,527	9,599	10,060	10,310
Discontinued operations	10	2,337	10,354	12,577	597	865	875	2,223	2,767	3,845
TOTAL OPERATIONS		31,529	40,811	52,633	10,430	10,697	10,402	11,822	12,827	14,155

INTERNAL SALES

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Sweden										
Mobile		113	72	91	42	46	25	19	21	17
Fixed telephony		1	7	4	1	–	–	–3	–	1
Fixed broadband		–	8	9	–	–	–	1	–	2
Other operations		280	428	548	86	90	104	120	152	139
		394	515	652	129	136	129	137	173	159
Norway										
Mobile		3	6	7	–1	1	3	1	3	1
Fixed telephony		28	39	50	9	10	9	11	14	12
		31	45	57	8	11	12	12	17	13
Russia										
Mobile		49	9	12	17	17	15	3	5	2
		49	9	12	17	17	15	3	5	2
Estonia										
Other operations		45	35	48	18	15	12	13	13	12
		45	35	48	18	15	12	13	13	12
Lithuania										
Mobile		7	8	10	3	2	2	2	3	3
Fixed telephony		4	3	4	2	1	1	1	2	1
		11	11	14	5	3	3	3	5	4
Latvia										
Mobile		92	–	3	37	49	6	3	–	–
		92	–	3	37	49	6	3	–	–
Netherlands										
Fixed telephony		–	25	27	–	–	–	2	7	8
Fixed broadband		15	18	24	5	5	5	6	6	6
Other operations		52	12	18	13	25	14	6	3	5
		67	55	69	18	30	19	14	16	19
Germany										
Other operations		176	262	321	49	64	63	59	97	85
		176	262	321	49	64	63	59	97	85
Austria										
Other operations		88	59	74	22	34	32	15	23	18
		88	59	74	22	34	32	15	23	18
Other										
Other operations		507	405	505	150	172	185	100	85	132
		507	405	505	150	172	185	100	85	132
TOTAL										
Mobile		264	95	123	98	115	51	28	32	23
Fixed telephony		33	74	85	12	11	10	11	23	22
Fixed broadband		15	26	33	5	5	5	7	6	8
Other operations		1,148	1,201	1,514	338	400	410	313	373	391
		1,460	1,396	1,755	453	531	476	359	434	444
Divested operations	9	2	233	234	1	–	1	1	58	79
TOTAL CONTINUING OPERATIONS		1,462	1,629	1,989	454	531	477	360	492	523
Discontinued operations	10	100	480	536	27	39	34	56	104	185
TOTAL OPERATIONS		1,562	2,109	2,525	481	570	511	416	596	708

EBITDA

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1-Sep 30	Jan 1-Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Sweden										
Mobile		2,038	1,955	2,600	714	692	632	645	700	678
Fixed telephony		284	342	402	102	97	85	60	106	99
Fixed broadband		-97	-56	-111	8	-48	-57	-55	-21	-42
Other operations		-5	40	44	-22	-5	22	4	24	6
		2,220	2,281	2,935	802	736	682	654	809	741
Norway										
Mobile		116	91	132	63	65	-12	41	10	29
Fixed telephony		71	86	113	18	26	27	27	28	28
Fixed broadband		-38	-63	-77	-7	-11	-20	-14	-14	-21
		149	114	168	74	80	-5	54	24	36
Russia										
Mobile		1,723	1,086	1,526	628	577	518	440	428	382
		1,723	1,086	1,526	628	577	518	440	428	382
Estonia										
Mobile		269	252	348	94	87	88	96	83	89
Fixed telephony		1	-1	-1	-	-	1	-	-4	2
Other operations		6	2	3	3	2	1	1	4	-2
		276	253	350	97	89	90	97	83	89
Lithuania										
Mobile		359	321	387	116	121	122	66	111	112
Fixed telephony		3	2	3	1	1	1	1	1	-
Fixed broadband		3	3	4	1	1	1	1	1	1
		365	326	394	118	123	124	68	113	113
Latvia										
Mobile		488	581	738	165	160	163	157	211	202
		488	581	738	165	160	163	157	211	202
Croatia										
Mobile		-255	-248	-331	-77	-83	-95	-83	-77	-91
		-255	-248	-331	-77	-83	-95	-83	-77	-91
France										
Mobile		-	-177	-249	6	30	-36	-72	-6	-42
		-	-177	-249	6	30	-36	-72	-6	-42
Netherlands										
Mobile		107	73	106	41	40	26	33	27	24
Fixed telephony		237	125	198	98	77	62	73	23	46
Fixed broadband		381	303	419	129	145	107	116	136	72
Other operations		109	96	120	50	43	16	24	32	33
		834	597	843	318	305	211	246	218	175
Germany										
Fixed telephony	2	538	318	487	205	185	148	169	93	114
Fixed broadband		-207	-389	-554	-45	-75	-87	-165	-147	-146
Other operations		16	26	29	3	4	9	3	11	6
		347	-45	-38	163	114	70	7	-43	-26
Austria										
Fixed telephony	1-2	98	176	202	28	37	33	26	47	59
Fixed broadband	1-2	-140	-142	-215	-8	-30	-102	-73	-47	-62
Other operations		18	43	55	4	8	6	12	6	22
		-24	77	42	24	15	-63	-35	6	19
Other										
Other operations		-107	-18	-69	-70	-44	7	-51	-16	9
		-107	-18	-69	-70	-44	7	-51	-16	9
TOTAL										
Mobile		4,845	3,934	5,257	1,750	1,689	1,406	1,323	1,487	1,383
Fixed telephony		1,232	1,048	1,404	452	423	357	356	294	348
Fixed broadband		-98	-344	-534	78	-18	-158	-190	-92	-198
Other operations		37	189	182	-32	8	61	-7	61	74
		6,016	4,827	6,309	2,248	2,102	1,666	1,482	1,750	1,607
Divested operations	9	-9	75	11	-2	-1	-6	-64	-3	45
TOTAL CONTINUING OPERATIONS		6,007	4,902	6,320	2,246	2,101	1,660	1,418	1,747	1,652
Discontinued operations	10	273	243	629	89	86	98	386	245	49
TOTAL OPERATIONS		6,280	5,145	6,949	2,335	2,187	1,758	1,804	1,992	1,701

EBIT

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Sweden										
Mobile		1,700	1,455	1,936	696	535	469	481	537	508
Fixed telephony		148	283	321	8	77	63	38	87	80
Fixed broadband		-349	-243	-371	-93	-125	-131	-128	-86	-105
Other operations		-76	-11	-28	-52	-26	2	-17	7	-11
		1,423	1,484	1,858	559	461	403	374	545	472
Norway										
Mobile		69	85	120	41	45	-17	35	9	25
Fixed telephony		65	79	103	16	23	26	24	25	26
Fixed broadband		-63	-79	-98	-16	-19	-28	-19	-21	-26
		71	85	125	41	49	-19	40	13	25
Russia										
Mobile		1,333	700	990	492	457	384	290	280	258
		1,333	700	990	492	457	384	290	280	258
Estonia										
Mobile		215	208	285	80	63	72	77	67	76
Fixed telephony		1	-1	-1	-	-	1	-	-4	2
Other operations		6	2	2	3	3	-	-	4	-2
		222	209	286	83	66	73	77	67	76
Lithuania										
Mobile		299	267	314	96	101	102	47	93	94
Fixed telephony		3	2	2	1	1	1	-	-	1
Fixed broadband		1	1	1	-	1	-	-	1	-
		303	270	317	97	103	103	47	94	95
Latvia										
Mobile		425	516	652	144	139	142	136	191	179
		425	516	652	144	139	142	136	191	179
Croatia										
Mobile		-315	-290	-388	-98	-103	-114	-98	-92	-105
		-315	-290	-388	-98	-103	-114	-98	-92	-105
France										
Mobile		-3	-178	-251	4	29	-36	-73	-6	-43
		-3	-178	-251	4	29	-36	-73	-6	-43
Netherlands										
Mobile		97	68	99	39	37	21	31	26	22
Fixed telephony		176	64	97	78	58	40	33	1	27
Fixed broadband		-334	-401	-513	-99	-98	-137	-112	-100	-161
Other operations		71	53	62	38	30	3	9	18	18
		10	-216	-255	56	27	-73	-39	-55	-94
Germany										
Fixed telephony	2	492	281	433	191	170	131	152	81	101
Fixed broadband		-288	-431	-623	-56	-112	-120	-192	-166	-158
Other operations		16	26	29	3	4	9	3	11	6
		220	-124	-161	138	62	20	-37	-74	-51
Austria										
Fixed telephony	1–2	17	103	100	4	7	6	-3	24	34
Fixed broadband	1–2	-269	-277	-395	-47	-74	-148	-118	-93	-105
Other operations		-3	15	19	-3	2	-2	4	-4	13
		-255	-159	-276	-46	-65	-144	-117	-73	-58
Other										
Other operations		-136	-51	-113	-76	-58	-2	-62	-27	-2
		-136	-51	-113	-76	-58	-2	-62	-27	-2
TOTAL										
Mobile		3,820	2,831	3,757	1,494	1,303	1,023	926	1,105	1,014
Fixed telephony		902	811	1,055	298	336	268	244	214	271
Fixed broadband		-1,302	-1,430	-1,999	-311	-427	-564	-569	-465	-555
Other operations		-122	34	-29	-87	-45	10	-63	9	22
		3,298	2,246	2,784	1,394	1,167	737	538	863	752
One-off items	1–2	-1,688	-1,319	-1,647	-950	-738	-	-328	-1,319	-
Divested operations	9	56	369	200	-21	1	76	-169	1,013	-572
TOTAL CONTINUING OPERATIONS		1,666	1,296	1,337	423	430	813	41	557	180
Discontinued operations	10	504	-1,458	-944	683	-228	49	514	-952	-206
TOTAL OPERATIONS		2,170	-162	393	1,106	202	862	555	-395	-26

EBIT, cont.

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT										
EBITDA		6,007	4,902	6,320	2,246	2,101	1,660	1,418	1,747	1,652
Impairment of goodwill	2	-967	-1,035	-1,039	-784	-183	-	-4	-1,035	-
Impairment of customer agreements	2	-46	-	-	-46	-	-	-	-	-
Impairment of shares in joint ventures	2	-566	-	-	-11	-555	-	-	-	-
Other one-off items	1-2	-109	-284	-608	-109	-	-	-324	-284	-
		-1,688	-1,319	-1,647	-950	-738	-	-328	-1,319	-
Divested operations										
Impairment of goodwill	2	-	-275	-276	-	-	-	-1	-275	-
Sale of operations	3-4	65	827	739	-19	1	83	-88	1,352	-520
Total one-off items		-1,623	-767	-1,184	-969	-737	83	-417	-242	-520
Depreciation/amortization and other impairment		-2,536	-2,665	-3,565	-815	-855	-866	-900	-893	-890
Result from shares in associated companies and joint ventures	5	-182	-174	-234	-39	-79	-64	-60	-55	-62
EBIT		1,666	1,296	1,337	423	430	813	41	557	180

CAPEX

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Sweden										
Mobile	13	807	351	483	46	649	112	132	107	134
Fixed telephony		43	83	102	5	11	27	19	31	31
Fixed broadband		190	208	335	40	48	102	127	75	73
Other operations		53	30	69	8	30	15	39	13	12
		1,093	672	989	99	738	256	317	226	250
Norway										
Mobile		4	4	6	1	-6	9	2	1	3
Fixed telephony		1	-	-	1	-	-	-	-	-
Fixed broadband		14	37	57	6	3	5	20	15	9
		19	41	63	8	-3	14	22	16	12
Russia										
Mobile		1,086	1,185	1,537	498	342	246	352	327	459
		1,086	1,185	1,537	498	342	246	352	327	459
Estonia										
Mobile		129	65	108	46	44	39	43	33	22
		129	65	108	46	44	39	43	33	22
Lithuania										
Mobile		69	62	84	21	21	27	22	15	23
Fixed broadband		3	3	4	1	1	1	1	1	1
		72	65	88	22	22	28	23	16	24
Latvia										
Mobile		149	97	130	47	55	47	33	48	23
		149	97	130	47	55	47	33	48	23
Croatia										
Mobile		144	154	278	68	36	40	124	61	49
		144	154	278	68	36	40	124	61	49
France										
Mobile		-	1	4	-1	1	-	3	-	-
		-	1	4	-1	1	-	3	-	-
Netherlands										
Mobile		5	-	-	1	2	2	-	-	-
Fixed telephony		29	37	39	10	9	10	2	10	17
Fixed broadband		279	317	427	98	93	88	110	98	94
Other operations		22	21	28	8	7	7	7	6	7
		335	375	494	117	111	107	119	114	118
Germany										
Fixed telephony		2	2	2	1	-	1	-	-	1
Fixed broadband		11	29	40	1	-1	11	11	11	4
		13	31	42	2	-1	12	11	11	5
Austria										
Fixed telephony		21	15	47	6	2	13	32	5	2
Fixed broadband		48	72	101	15	14	19	29	30	27
Other operations		13	18	36	4	4	5	18	7	7
		82	105	184	25	20	37	79	42	36
Other										
Other operations		30	38	57	10	9	11	19	-8	25
		30	38	57	10	9	11	19	-8	25
TOTAL										
Mobile	13	2,393	1,919	2,630	727	1,144	522	711	592	713
Fixed telephony		96	137	190	23	22	51	53	46	51
Fixed broadband		545	666	964	161	158	226	298	230	208
Other operations		118	107	190	30	50	38	83	18	51
		3,152	2,829	3,974	941	1,374	837	1,145	886	1,023
Divested operations	9	1	140	146	-	1	-	6	29	56
TOTAL CONTINUING OPERATIONS		3,153	2,969	4,120	941	1,375	837	1,151	915	1,079
Discontinued operations	10	132	799	1,078	35	46	51	279	280	282
TOTAL OPERATIONS		3,285	3,768	5,198	976	1,421	888	1,430	1,195	1,361

CAPEX, cont.

SEK million	Note	2008	2007	2007	2008	2008	2008	2007	2007	2007
		Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
ADDITIONAL CASH FLOW INFORMATION										
CAPEX according to cash flow statement		3,375	3,854	5,169	930	1,446	999	1,315	1,188	1,493
This year unpaid CAPEX and paid CAPEX from previous year										
Continuing operations		-88	-20	48	32	-29	-91	68	-	-60
Discontinued operations	10	-21	-82	-37	9	-2	-28	45	3	-74
Sales price in cash flow statement										
Continuing operations		19	16	17	5	6	8	1	4	2
Discontinued operations	10	-	-	1	-	-	-	1	-	-
CAPEX according to balance sheet		3,285	3,768	5,198	976	1,421	888	1,430	1,195	1,361

KEY RATIOS

SEK million	2008	2007	2007	2006	2005	2004
	Jan 1–Sep 30	Jan 1–Sep 30				
CONTINUING OPERATIONS						
Net sales	29,192	30,457	40,056	39,401	34,410	27,752
Number of customers (by thousands)	23,967	23,387	23,221	24,025	21,017	18,153
EBITDA	6,007	4,902	6,320	5,390	4,948	4,714
EBIT	1,666	1,296	1,337	181	2,419	2,693
EBT	1,246	670	606	–384	1,977	2,523
Net profit/loss	1,022	–243	–382	–697	1,435	1,900
KEY RATIOS						
EBITDA margin, %	20.5	16.1	15.7	13.7	14.4	17.0
EBIT margin, %	5.7	4.3	3.3	0.5	7.0	9.7
VALUE PER SHARE (SEK)						
Earnings	2.24	–0.32	–0.63	–1.29	3.25	4.29
Earnings after dilution	2.24	–0.32	–0.63	–1.29	3.25	4.28
TOTAL (INCLUDING DISCONTINUED OPERATIONS)						
Shareholders' equity	25,056	27,068	26,849	29,123	35,368	32,900
Shareholders' equity after dilution	25,093	27,111	26,893	29,137	35,401	32,965
Total assets	44,139	58,254	48,648	66,164	68,291	49,873
Cash flow from operating activities	5,959	3,378	4,350	3,847	5,487	5,876
Cash flow after CAPEX	2,584	–476	–819	–1,673	1,847	4,314
Available liquidity	20,866	20,124	25,901	5,963	8,627	5,113
Net debt	5,224	11,167	5,198	15,311	11,839	2,831
Investments in intangible and tangible assets, CAPEX	3,285	3,768	5,198	5,365	3,750	1,585
Investments in shares and long-term receivables	–1,817	–5,259	–11,444	1,616	7,953	1,653
KEY RATIOS						
Equity/assets ratio, %	57	47	55	44	52	66
Debt/equity ratio, multiple	0.21	0.41	0.19	0.53	0.33	0.09
Return on shareholders' equity, %	7.8	–7.9	–6.0	–11.3	6.9	10.8
Return on shareholders' equity after dilution, %	7.8	–7.9	–6.0	–11.3	6.9	10.8
Return on capital employed, %	9.7	0.1	1.6	–5.5	8.3	11.6
Average interest rate, %	6.1	4.9	5.2	4.2	3.7	4.4
VALUE PER SHARE (SEK)						
Earnings	3.41	–3.68	–3.75	–8.14	5.30	7.74
Earnings after dilution	3.40	–3.68	–3.75	–8.14	5.29	7.73
Shareholders' equity	56.24	59.68	60.31	64.85	78.96	74.32
Shareholders' equity after dilution	56.27	59.72	60.34	64.84	78.93	74.29
Cash flow from operating activities	13.40	7.60	9.78	8.66	12.39	13.27
Dividend, ordinary	–	–	3.15	1.83	1.75	1.67
Extraordinary dividend and redemption	–	–	4.70	–	–	3.33
Market price at closing day	77.75	139.25	129.50	100.00	85.25	87.00

PARENT COMPANY

INCOME STATEMENT

SEK million	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30
Net sales	24	19
Administrative expenses	-143	-131
Operating profit/loss, EBIT	-119	-112
Exchange rate difference on financial items	-209	-160
Net interest expenses and other financial items	123	178
Profit/loss after financial items, EBT	-205	-94
Tax on profit/loss	52	24
NET PROFIT/LOSS	-153	-70

BALANCE SHEET

SEK million	Note	Sep 30, 2008	Dec 31, 2007
Assets			
FIXED ASSETS			
Financial assets		22,448	27,192
FIXED ASSETS		22,448	27,192
CURRENT ASSETS			
Current receivables		13,097	13,139
Short-term investments		–	250
Cash and cash equivalents		8	15
CURRENT ASSETS		13,105	13,404
ASSETS		35,553	40,596
Equity and liabilities			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,460	17,459
Unrestricted equity	8	11,589	15,689
SHAREHOLDERS' EQUITY	8	29,049	33,148
LONG-TERM LIABILITIES			
Interest-bearing liabilities		3,932	5,152
LONG-TERM LIABILITIES		3,932	5,152
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		2,182	2,154
Non-interest-bearing liabilities		390	142
SHORT-TERM LIABILITIES		2,572	2,296
EQUITY AND LIABILITIES		35,553	40,596

NOTES

ACCOUNTING PRINCIPLES AND DEFINITIONS

For the Group, the interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act.

As a result of the changed strategic focus and divestment of a number of operations in 2007, Tele2 has in Q1 2008 chosen to change the reporting of the primary segment from market area level to country level. This change corresponds with the internal reporting to the Board and management. Segment Other mainly includes the parent company Tele2 AB, operations in the UK, Datamatrix, Radio Components and Procure IT Right.

Tele2 has in Q1 2008 chosen to change the definition of the following business areas (previous periods have been adjusted retrospectively). The Fixed telephony business area includes resold products within fixed telephony. The product portfolio within resold fixed telephony consists of prefix telephony, pre-selection (dial the number without a prefix) and subscription. The Fixed broadband business area includes direct access & LLUB, i.e. our own services based on access via copper cable, and other forms of access, such as cable TV networks, DNS networks, wireless broadband and metropolitan area networks. Fixed broadband also includes resold broadband while mobile broadband is included in business area Mobile. The product portfolio within direct access & LLUB includes telephony services (including IP telephony), internet access services (including Tele2's own ADSL) and TV services.

Divestment of the total operations in a country will be reported as discontinued operations according to IFRS 5, from January 1, 2008. This is an effect of the transition from reporting at market area level to country level. Divestments up to 2007, which have not previously been reported as discontinued operations, do not amount to a material part of the respective market area and are reported as divested companies in a separate line within continuing operations.

Tele2 has, in all other respects, presented its interim report in accordance with the accounting principles and calculation methods used in the 2007 Annual Report. Definitions are found in the 2007 Annual Report.

NOTE 1 Net sales

In Q3 2008, net sales in Tele2 Sweden were reduced by SEK 58 million due to a revaluation regarding Tele2's claim on TeliaSonera concerning a number of disputes. The amount is reported as a one-off item and concerns the interconnect disputes between the years 2000–2004. In Q4 2007, net sales in Tele2 Sweden were reduced by SEK 200 million concerning these disputes and were reported as a one-off item. In Q1 2008, the Supreme Administrative Court decided to refuse appeal in one of the disputes hence from a cash flow view Tele2 has paid SEK 533 million to TeliaSonera in Q2 2008. Decision by the district court in the case of Tele2's claims on TeliaSonera is expected in 2009.

Net sales were negatively impacted in Q1 2008 by SEK 61 million in the Austrian fixed broadband operations due to revaluation of reserves.

NOTE 2 Operating expenses

In Q3 2008 Tele2 Netherlands was positively affected by SEK 63 million concerning a settlement with Versatel AG/APAX mainly related to the valuation of stock options for tax purposes. The amount is reported as a one-off item. In Q4 2007 the costs for the Netherlands were increased by SEK 124 million following The Supreme Court in The Hague ruled negatively on Tele2 Netherlands Holding N.V.'s (formerly Versatel) appeal regarding the dispute with the tax authorities about the valuation of the stock options for tax purposes. The amount was reported as one-off items.

Tele2 Germany's EBITDA for fixed telephony was in Q1 2008 negatively affected by SEK 52 million of costs related to a lost court case against Deutsche Post.

In Q4 2007 EBITDA was effected negatively by SEK 34 million, attributable to the fixed telephony and fixed broadband operation in Austria, due to revaluation of reserves.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q3 2008 Tele2 recognized goodwill impairment losses of SEK 783 (1,310) million, related to operations stated below, impairment loss of SEK 46 million related to customer agreements in Austria and SEK 114 (284) million attributable to impairment loss of central IT-systems in Sweden.

Due to the existing severe competitive market situation for broadband in Germany, in Q2 2008 Tele2 performed an impairment test that resulted in reported impairment losses in the quarter related to goodwill SEK 183 million and in investment in joint venture Plusnet of SEK 555 million.

SEK million	Q3 2008	Q2 2008	Full year 2007	Q3 2007
Austria	783	–	291	290
Germany	1	183	572	570
Netherlands	–	–	176	175
Total impairment of goodwill	784	183	1,039	1,035
Divested operations				
Belgium	–	–	276	275
Total impairment of goodwill	784	183	1,315	1,310

The impairment loss of goodwill, SEK 783 million, and customer agreements, SEK 46 million, in Austria is related to increased and severe competition from mobile broadband providers for internet access services in Austria.

The impairment loss of IT-systems in Sweden, SEK 114 million, is related to the expectation that utilization of common billing systems will be lower than planned, included reduced expectations on customer stock in Austria, and due to the sale of the operations in Poland.

NOTE 3 Sale of operations, profit

Tele2 has reported the following capital gains from the divestment of operations.

SEK million	Q3 2008	Q1 2008	Q4 2007	Q3 2007
MVNO operations Austria	–	39	–	–
Irkutsk, Russia	–	–	11	1,168
Denmark	–	–	9	309
Hungary	–	–	17	–
Belgium	1	49	–	–
Uni2 Denmark	–	–2	6	39
Portugal	–	–	–3	6
Total	1	86	40	1,522

NOTE 4 Sale of operations, loss

Tele2 has reported the following capital losses from the divestment of operations.

SEK million	Q3 2008	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007
Alpha Telecom/Calling Card company	–12	–	–	–99	–10	–520	–
3C Communications	1	–	–	–3	–133	–	–
Belgium	–	–	–	–	–20	–	–
Datamatrix Norway	1	1	–3	–	–7	–	–5
Portugal	–10	–	–	–	–	–	–
Other	–	–	–	–26	–	–	–
Total	–20	1	–3	–128	–170	–520	–5

NOTE 5 Contingent liabilities

SEK million	2008 Sep 30	2007 Dec 31
Guarantee related to joint ventures		
– Svenska UMTS-nät, Sweden	1,928	1,838
– Plusnet, Germany	–	47
– Mobile Norway, Norway	28	28
Other commitments	1	1
Total contingent liabilities	1,957	1,914

In Q2 2008, the guarantee for the benefit of Plusnet has been replaced by a deposit in a restricted bank account of SEK 98 million. Additional contractual commitments and liabilities related to the joint venture Plusnet and Mobile Norway are stated in Note 35 in the Annual Report for 2007.

NOTE 6 Other operating income and other operating expenses

Service contracts and sales of capacity to sold operations are included in other operating income and in other operating expenses as set out below.

SEK million	Q3 2008	Q2 2008	Q1 2008	Full year 2007
In other operating income	77	82	101	50
In other operating expense	–74	–70	–80	–44
Net service contracts and sales of capacity, sold operations	3	12	21	6

NOTE 7 Taxes

In Q3 2008 net taxes has been positively affected by SEK 102 million as a result of valuation of deferred tax assets related to continued improved earnings in Russia.

In Q2 2007, a one-off adjustment of deferred tax assets was reported affecting the income statement by SEK –228 million, of which SEK –193 million was related to reduced income tax rate in Germany. In Q3 2007, in connection with the impairment of goodwill according to Note 2, an additional write-down of tax assets for Tele2 Germany was reported, affecting the income statement by SEK –599 million.

NOTE 8 Shares and convertibles

In Q3 2008 Tele2 has repurchased own shares of Series B of 4,500,000, corresponding to 1 percent of all shares in Tele2, for a cost of SEK 462 million. The Board of Directors will propose to cancel the repurchased shares at the next Annual General Meeting.

In order to ensure delivery of shares under the incentive program 2008–2011 Tele2 has, in Q3 2008, issued 850,000 Class C shares through a directed placement at a subscription price corresponding to a quota value of SEK1.25 per share, a total of SEK 1 million. The Class C shares are not entitled to dividends and represent one vote each. Tele2 has immediately after the issue repurchased all Class C shares at a price corresponding to the subscription price.

Tele2 has, in Q2 2008, paid a dividend of SEK 7.85 per share, corresponding to a total of SEK 3,492 million, of which ordinary dividend SEK 1,401 million and extraordinary dividend SEK 2,091 million.

Continuing Note 8

INCENTIVE PROGRAM 2008–2011

The Annual General Meeting on May 14, 2008, approved an incentive programme for allocation to senior executives and other key employees in the Tele2 Group.

The incentive program (“the Plan”) includes a total of approximately 80 senior executives and other key employees within the Tele2 Group. The participants in the Plan are required to own shares in Tele2. These shares can either be shares already held or shares purchased on the market in connection with notification to participate in the Plan. Thereafter the participants have been granted, free of charge, retention rights and performance rights on the terms stipulated below.

For each share held under the Plan, the participants will be granted retention rights and performance rights by the company. Subject to fulfilment of certain retention and performance based conditions during the period April 1, 2008–March 31, 2011 (the “Measure Period”), the participant maintaining the employment within the Tele2 Group at the date of the release of the interim report January – March 2011 and subject to the participant maintaining the invested shares, each retention right and performance right entitles the employee to receive one Class B share in the company. Dividends paid on the underlying share will increase the number of retention and performance shares being allotted in order to treat the shareholders and the participants equally. The participant’s maximum profit per right in the Plan is limited to SEK 540, five times the average closing share price of the Tele2 Class B shares during March 2008 (SEK 108).

The Board of Directors was authorized during the period until the next Annual General Meeting, to increase the company’s share capital by not more than SEK 1,062,500 by the issue of not more than 850,000 Class C shares, each with a ratio value of SEK 1.25. The new issue was performed during Q3 2008. With disapplication of the shareholders’ preferential rights, Nordea Bank AB (publ) have subscribed for the new Class C shares at a subscription price corresponding to the ratio value of the shares. The purpose of the authorisation and the reason for the disapplication of the shareholders’ preferential rights in connection with the issue of shares was to ensure delivery of Class B shares to participants under the Plan. Moreover, it was resolved to authorise the Board of Directors, during the period until the next Annual General Meeting, to repurchase the new Class C shares. The repurchase may only be effected through a public offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The purchase may be affected at a purchase price corresponding to not less than SEK 1.25 and not more than SEK 1.35. Payment for the Class C shares shall be made in cash. Tele2 has in Q3 2008 repurchased all Class C shares. The purpose of the repurchase is to ensure the delivery of Class B shares under the Plan. Further, it was resolved that Class C shares that the Company purchases by virtue of the authorisation to repurchase its own shares, following reclassification into Class B shares, may be transferred to participants in accordance with the terms of the Plan.

In total, the Plan is estimated to comprise up to 164,000 shares and entitling up to 752,000 rights whereof 164,000 retention rights and 588,000 performance rights. The participants are divided into different Groups and in accordance with the above, the Plan comprise, at allocation date, a total number of 80,100 shares and the following number of rights for the different Groups: a) 8,000 shares and 7 rights per invested share for the CEO, b) 20,000 shares and 6 rights per invested share for other senior executives (5 persons) and c) 52,100 shares and 4 rights per invested share for other participants (31 persons). Allocation to key employees in Russia has not yet been done. Allocation is expected to be done in Q4 2008 and will be a maximum of 367,600 rights.

	May 30, 2008– Sep 30, 2008,
Number of rights	
Allocated May 30, 2008	384,400
Forfeited	–8,000
Total outstanding rights	376,400

Total costs before tax for outstanding rights in the incentive program are expensed as they arise over a three-year period, and these costs are expected to amount to SEK 33 million, of which SEK 9 million has been expensed in 2008.

The estimated average fair value of the granted rights was SEK 109.30 on the grant date, May 30, 2008. The calculation of the fair values has been carried out by external analysts. The following variables have been used where Serie A is based on total shareholder return (TSR), Serie B is based on the company’s average normalised return on capital employed (ROCE) and Serie C is based on total shareholder return (TSR) compared to a peer Group.

	Serie A	Serie B	Serie C
Weighted average share price	128.60	128.60	128.60
Expected life	2.91 years	2.91 years	2.91 years
Annual turnover of personnel	7.0%	7.0%	7.0%
Expected value reduction parameter market condition	90%	–	65%
Expected value reduction parameter fulfilment	–	50%	–

INCENTIVE PROGRAM 2007–2012

	Jan 1, 2008– Sep 30, 2008	Aug 2007– Sep 30, 2008
Number of options		
Allocated August 2007		3,552,000
Outstanding as of January 1, 2008	3,489,000	
Forfeited	–570,000	–633,000
Total outstanding stock options	2,919,000	2,919,000

During Q3 2008 the incentive program for 2007 has been supplemented with a possibility to receive a bonus, as a compensation for the extra ordinary dividend paid during 2008. Total costs before tax for outstanding stock options in the incentive program are expensed as they arise over a three-year period, and these costs are expected to amount to SEK 51 million, of which SEK 6 million was expensed in 2007 and SEK 16 million in 2008.

Continuing Note 8

INCENTIVE PROGRAM 2006–2011

Number of options	Stock options		Warrants	
	Jan 1, 2008– Sep 30, 2008	Feb 2006– Sep 30, 2008	Jan 1, 2008– Sep 30, 2008	Feb 2006– Sep 30, 2008
Allocated February 2006		1,504,000		752,000
Outstanding as of January 1, 2008	1,164,000		717,000	
Forfeited	-230,000	-570,000	-80,000	-115,000
Total outstanding	934,000	934,000	637,000	637,000

During Q3 2008 the incentive program for 2007 has been supplemented with a possibility to receive a bonus, as a compensation for the extra ordinary dividend paid during 2008. Total costs before tax for outstanding stock options and warrants in the incentive program are expensed as they arise over a three-year period, and these costs are expected to amount to SEK 26 million, of which SEK 7 million was expensed in 2006, SEK 8 million in 2007 and SEK 8 million in 2008.

NOTE 9 Business acquisitions and divestments

Acquisitions and divestments of shares and participations affecting cash flow are the following:

SEK million	2008 Jan 1–Sep 30
Acquisitions	
Netherlands, minority interest	-392
Adigeja, Russia	-13
Other acquisitions	-2
	-407
Divestments	
Luxembourg/Liechtenstein	1,918
Poland	224
Austria, MVNO	20
Managest Media	22
	2,184
Other	
Capital contribution to joint venture companies	-128
Other cash flow changes in shares and participations	-158
	-286
TOTAL CASH FLOW EFFECT	1,491

ACQUISITIONS

Netherlands

During the first nine month of 2008 Tele2 increased its shares in Tele2 Netherlands (formerly Versatel) by an additional 0.78 percent and is now holding 99.6 percent of the shares. The purchase price amounted to SEK 60 million. An additional SEK 332 million was paid during the first quarter 2008 as settlement for shares purchased in 2007.

Adigeja, Russia

On February 22, 2008 Tele2 acquired all shares in Adigeja Cellular Communications with an 1800 MHz GSM-license in the Russian region Adigeja for SEK 13 million. Adigeja is a small enclave inside Krasnodar.

Other acquisitions

In July, 2008 Tele2 acquired the remaining 49 percent in Tele2 Retail Latvia for SEK 2 million.

DIVESTMENTS

Luxembourg/Liechtenstein

On June 26, 2008 Tele2 announced the sale of its operations in Luxembourg/Liechtenstein. The sale was completed on August 5, 2008 after receiving approval from the regulatory authorities. The divested operation has been reported as discontinued operations; please refer to Note 10 for additional information.

Poland

On June 30, 2008 Tele2 announced the sale of its operations in Poland. The sale was completed on September 15, 2008 after receiving approval from the regulatory authorities. The divested operation has been reported as discontinued operations; please refer to Note 10 for additional information.

Managest Media

On August 2008 Tele2 divested the shares in the associated company Managest Media for SEK 22 million.

MVNO operations in Austria

On October 8, 2007 Tele2 announced its divestment of the mobile operation in Tele2 Austria. The sale was completed on March 31, 2008 after receiving approval from the regulatory authorities. The sales price was SEK 20 million which affected the cash flow in Q2 2008. The operation has affected Tele2's net sales year-to-date by SEK 19 (57) million, EBITDA by SEK -6 (-44) million and net profit/loss by SEK -7 (-52) million in addition to a capital gain of SEK 39 million.

Since the divested operation above, was not a significant part of Tele2's result and financial position, separate reporting in the income statement according to IFRS 5, has not been made.

Continuing Note 9

Other

Other cash flow changes in shares and participations include settlements of sales costs and price adjustments in the amount of SEK –158 million, for divestments during 2007. For additional information on divested operations during 2007 please refer to the Q4 2007 Interim Report.

Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations at the time of divestment are stated below.

SEK million	Luxembourg/ Liechtenstein	Poland	Austria MVNO	Total
Goodwill	590	195	–	785
Other intangible assets	84	3	–	87
Tangible assets	259	45	9	313
Deferred tax receivables	6	–	21	27
Long-term receivables	–	1	–	1
Material and supplies	8	–	1	9
Current receivables	431	131	6	568
Cash and cash equivalents	62	74	–	136
Exchange rate differences	–104	47	1	–56
Deferred tax liabilities	–21	–	–	–21
Long-term liabilities	–17	–	–	–17
Short-term liabilities	–489	–135	–57	–681
Divested net assets	809	361	–19	1,151
Capital gain/loss	1,116	–63	39	1,092
Sales price, net sales costs	1,925	298	20	2,243
Sales costs etc, non-cash	55	–	–	55
Less: cash in divested operations	–62	–74	–	–136
TOTAL CASH FLOW EFFECT	1,918	224	20	2,162

Ongoing divestments

On September 29, 2008 Tele2 announced the sale of its operations in Switzerland. Completion is expected following approval from the relevant regulatory authorities. The divested operation has been reported as discontinued operations; please refer to Note 10 for additional information.

PRO FORMA

The table below shows the effect of the acquired and divested companies and operations at September 30, 2008 on Tele2's net sales and result, had they been acquired or divested at January 1, 2008.

SEK million	Jan 1–Sep 30, 2008		
	Tele2 Group ¹	Excluding acquired and divested operations	Tele2 Group, pro forma
Net sales	29,192	–28	29,164
EBITDA	6,007	8	6,015
Net profit/loss	1,022	–59	963

¹ less Tele2 Switzerland, Poland and Luxembourg/Liechtenstein since these are reported as discontinued operations.

NOTE 10 Discontinued operations and assets classified as held for sale

SWITZERLAND

On September 29, 2008 Tele2 announced the sale of its operations in Switzerland for approximately SEK 300 million on a debt and cash free basis. Completion is expected following approval from the relevant regulatory authorities.

In Q3 2008 Tele2 recognized goodwill impairment loss of SEK 434 million, related to Tele2 Switzerland. An agreement to sell the operation in Switzerland was signed in Q3 2008 and the impairment reflects the difference between sales price and assets sold.

The divestment has been reported separately as discontinued operations in the income statement, with a retrospective effect on previous periods, and in the balance sheet from September 30, 2008 according to IFRS 5-*Non-current assets held for sale and discontinued operations*.

POLAND

On June 30, 2008 Tele2 announced the sale of its operations in Poland for SEK 371 million. The sale was completed on September 15, 2008 after approval from the regulatory authorities.

An impairment of goodwill regarding the operations in Poland has been reported during Q2 2008 amounting to SEK 263 million. The impairment reflects the difference between sales price and assets sold. During Q3 2008, a capital loss of SEK 63 million has been reported as discontinued operations, whereof a loss of SEK 45 million is related to a reversal of exchange rate differences previously reported directly in equity.

The divestment has been reported separately as discontinued operations in the income statement, with a retrospective effect on previous periods, and in the balance sheet from June 30, 2008 according to IFRS 5-*Non-current assets held for sale and discontinued operations*.

Continuing Note 10

LUXEMBOURG/LIECHTENSTEIN

On June 26, 2008 Tele2 announced the sale of its operations in Luxembourg/Liechtenstein for SEK 1,962 million. The sale was completed on August 5, 2008 after approval from the regulatory authorities.

During Q3 2008, a capital gain of SEK 1,116 million has been reported as discontinued operations, whereof a gain of SEK 98 million is related to a reversal of exchange rate differences previously reported directly in equity.

The divestment has been reported separately as discontinued operations in the income statement, with a retrospective effect on previous periods, and in the balance sheet from June 30, 2008 according to IFRS 5-*Non-current assets held for sale and discontinued operations*.

FRANCE, ITALY AND SPAIN

The discontinued operations during 2007 comprised the fixed and broadband business in France as well as Tele2's operations in Italy and Spain.

INCOME STATEMENT

Income statement for discontinued operations is stated below.

SEK million	2008			2007			2007		
	Jan 1-Sep 30	Jan 1-Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	2,337	10,354	12,577	597	865	875	2,223	2,767	3,845
Operating expenses	-2,199	-10,726	-12,707	-536	-832	-831	-1,981	-2,704	-4,017
Impairment of goodwill	-703	-1,365	-1,370	-440	-263	-	-5	-1,290	-35
Sale of operations, profit	1,124	269	542	1,124	-	-	273	269	-
Sale of operations, loss	-63	-	-	-63	-	-	-	-	-
Other operating income	15	17	24	3	5	7	7	7	5
Other operating expenses	-7	-7	-10	-2	-3	-2	-3	-1	-4
EBIT	504	-1,458	-944	683	-228	49	514	-952	-206
Net interest	8	6	6	1	5	2	-	2	-2
Other financial items	-	-1	-1	-	-	-	-	-1	-
EBT	512	-1,453	-939	684	-223	51	514	-951	-208
Tax on profit/loss	5	-44	-448	4	3	-2	-404	-94	24
NET PROFIT/LOSS	517	-1,497	-1,387	688	-220	49	110	-1,045	-184
Earnings per share (SEK)	1.17	-3.36	-3.12	1.55	-0.49	0.11	0.24	-2.34	-0.41
Earnings per share, after dilution (SEK)	1.16	-3.36	-3.12	1.54	-0.49	0.11	0.24	-2.34	-0.41

BALANCE SHEET

Balance sheet for assets held for sale is stated below. At September 30, 2008 the operation in Switzerland is included as assets held for sale, and at the same date previous year it included the operations in Italy and Spain.

SEK million	2008			2007		
	Sep 30	Sep 30	Dec 31	Sep 30	Sep 30	Dec 31
Assets						
FIXED ASSETS						
Goodwill	100	4,223	-	-	68	-
Other intangible assets	23	483	-	14	85	-
Intangible assets	123	4,706	-	14	153	-
Tangible assets	216	2,634	-	-	-	-
Financial assets	-	4	-	-	164	-
Deferred tax assets	-	944	-	218	2,255	-
FIXED ASSETS	339	8,288	-	218	2,419	-
CURRENT ASSETS						
Materials and supplies	4	18	-	-	-	-
Current receivables	203	1,945	-	232	2,572	-
CURRENT ASSETS	207	1,963	-			
ASSETS CLASSIFIED AS HELD FOR SALE	546	10,251	-			
Liabilities						
LONG-TERM LIABILITIES						
Interest-bearing liabilities	-	68	-	-	-	-
Non-interest-bearing liabilities	14	85	-	14	85	-
LONG-TERM LIABILITIES	14	153	-	14	153	-
SHORT-TERM LIABILITIES						
Interest-bearing liabilities	-	4	-	-	164	-
Non-interest-bearing liabilities	218	2,255	-	218	2,255	-
SHORT-TERM LIABILITIES	218	2,419	-	218	2,419	-
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	232	2,572	-			

Continuing Note 10

CASH FLOW STATEMENT

Cash flow statement for discontinued operations is stated below.

SEK million	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 Full year	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
OPERATING ACTIVITIES									
Cash flow from operation	284	122	613	92	93	99	491	150	64
Change in working capital	-21	-84	-182	-17	15	-19	-98	8	-1
CASH FLOW FROM OPERATING ACTIVITIES	263	38	431	75	108	80	393	158	63
INVESTING ACTIVITIES									
Capital expenditure in intangible and tangible assets, CAPEX	-153	-881	-1,114	-26	-48	-79	-233	-277	-356
Cash flow after CAPEX	110	-843	-683	49	60	1	160	-119	-293
Sale of shares and participations	2,071	2,937	9,678	2,212	-141	-	6,741	2,937	-
Change of long-term receivables	-	24	10	-	-	-	-14	25	-1
Cash flow from investing activities	1,918	2,080	8,574	2,186	-189	-79	6,494	2,685	-357
CASH FLOW AFTER INVESTING ACTIVITIES	2,181	2,118	9,005	2,261	-81	1	6,887	2,843	-294
FINANCING ACTIVITIES									
Change of loans, net	-	25	29	-	-	-	4	-5	30
Cash flow from financing activities	-	25	29	-	-	-	4	-5	30
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,181	2,143	9,034	2,261	-81	1	6,891	2,838	-264
Taxes paid included in cash flow from operation	-	-102	-40	-	-	-	62	-71	-3

NUMBER OF CUSTOMERS

Thousands	Number of customers			Net intake					
	2008 Sep 30	2007 Sep 30	2007 Full year	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Mobile	103	293	301	-3	20	28	8	11	6
Fixed telephony	289	3,179	1,098	-27	-26	-35	-172	-284	-474
Fixed broadband	78	1,069	101	-	8	6	92	84	151
	470	4,541	1,500	-30	2	-1	-72	-189	-317
Divested companies	-	-	-	-1,001	-	-	-2,969	-2,718	-
Total customers/net intake	470	4,541	1,500	-1,031	2	-1	-3,041	-2,907	-317

NET SALES

SEK million	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 Full year	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Mobile	636	732	974	123	264	249	242	258	240
Fixed telephony	1,386	6,081	7,178	384	492	510	1,097	1,382	2,278
Fixed broadband	216	2,973	3,691	67	75	74	718	931	1,131
Other operations	199	1,048	1,270	50	73	76	222	300	381
	2,437	10,834	13,113	624	904	909	2,279	2,871	4,030
Internal sales, elimination	-100	-480	-536	-27	-39	-34	-56	-104	-185
Total net sales	2,337	10,354	12,577	597	865	875	2,223	2,767	3,845

EBITDA

SEK million	2008 Jan 1–Sep 30	2007 Jan 1–Sep 30	2007 Full year	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Mobile	-39	52	46	3	-28	-14	-6	11	11
Fixed telephony	324	850	1,210	91	110	123	360	238	289
Fixed broadband	-29	-753	-733	-9	-2	-18	20	-38	-281
Other operations	17	94	106	4	6	7	12	34	30
Total EBITDA	273	243	629	89	86	98	386	245	49

Continuing Note 10

EBIT									
SEK million	2008	2007	2007	2008	2008	2008	2007	2007	2007
	Jan 1-Sep 30	Jan 1-Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Mobile	-114	-35	-70	-9	-60	-45	-35	-21	-16
Fixed telephony	282	629	939	80	95	107	310	179	205
Fixed broadband	-38	-1,051	-1,093	-12	-6	-20	-42	-125	-390
Other operations	16	95	108	3	6	7	13	36	30
	146	-362	-116	62	35	49	246	69	-171
Impairment of goodwill	-703	-1,365	-1,370	-440	-263	-	-5	-1,290	-35
Sale of operations, profit	1,124	269	542	1,124	-	-	273	269	-
Sale of operations, loss	-63	-	-	-63	-	-	-	-	-
Total EBIT	504	-1,458	-944	683	-228	49	514	-952	-206
Specification of items between EBITDA and EBIT									
EBITDA	273	243	629	89	86	98	386	245	49
Impairment of goodwill	-703	-1,365	-1,370	-440	-263	-	-5	-1,290	-35
Sale of operations	1,061	269	542	1,061	-	-	273	269	-
Total one-off items	358	-1,096	-828	621	-263	-	268	-1,021	-35
Depreciation/amortization and other impairment	-127	-605	-745	-27	-51	-49	-140	-176	-220
EBIT	504	-1,458	-944	683	-228	49	514	-952	-206
CAPEX									
SEK million	2008	2007	2007	2008	2008	2008	2007	2007	2007
	Jan 1-Sep 30	Jan 1-Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Mobile	118	62	129	32	37	49	67	21	28
Fixed telephony	5	74	103	2	2	1	29	20	33
Fixed broadband	9	663	846	1	7	1	183	239	221
Total CAPEX	132	799	1,078	35	46	51	279	280	282
Additional cash flow information									
CAPEX according to cash flow statement	153	881	1,114	26	48	79	233	277	356
This year unpaid CAPEX and paid CAPEX from previous year	-21	-82	-37	9	-2	-28	45	3	-74
Sales price in cash flow statement	-	-	1	-	-	-	1	-	-
CAPEX according to balance sheet	132	799	1,078	35	46	51	279	280	282

NOTE 11 Transactions with related parties

Apart from transactions with Transcom no other significant related party transactions have been carried out during 2008. Related parties are presented in Note 42 of the 2007 Annual Report.

NOTE 12 Number of customers

As a way of standardizing reporting both internally and externally, Tele2 decided in 2007 to change its principles for calculating the number of inactive customers in its Nordic mobile prepaid base. As of Q2 2007, Tele2 considers a customer inactive if the customer has not used its mobile service in 6 months, instead of earlier 13 months. However, the customer will still be able to use their SIM card within the 13 months period, as before. In Q2 2007, the one-time effect was a decrease of 664,000 in the reported customer base in Sweden, Norway a decrease of 2,000 customers and Denmark a decrease of 93,000 customers.

NOTE 13 CAPEX

In Q2 2008 Tele2 Sweden was awarded 4G/LTE (Long Term Evolution) 2.6 GHz spectrum. The payment for the license affected CAPEX by SEK 549 million in the second quarter.