

**Tele2**  
**Presenters: Lars-Johan Jarnheimer, Lars Nilsson**  
**Wednesday 24<sup>th</sup> October 2007**  
**15h00 SWE**

Operator: Good day ladies and gentlemen and welcome to the Tele2 Third Quarter 2007 Conference Call. Today's conference is being recorded. At this time I would like to turn the conference over to Mr Lars-Johan Jarnheimer, President and CEO. Please go ahead sir.

Lars-Johan Jarnheimer: Thank you operator and welcome to everyone who has called in today to participate in the conference call to discuss the results for the third quarter of 2007. With me today I have my CFO Mr Lars Nilsson and I will start to take you through the operations just briefly and I will follow the presentation which is available at our homepage, [www.tele2.com](http://www.tele2.com).

If we look into the Q3, I would say the presentation of the financials is kind of three dimensional reporting because we have the continuous operations and discontinued operations and comparables etc etc but I will let Lars take you through all this and hopefully we can make it clear to everyone so that we see the great operational results we have in the third quarter. Just a few examples, I think that if you look into the Swedish operation the net intake in the third quarter was the highest since 2004. It shows that the effort we are putting into the market and to moving into other segments is paying off and despite an increase we managed to keep the EBITDA level at 38% which I think is impressive. Also Russia, the Russian operation is continuing to grow very strongly and I think if you compare the second quarter to the third quarter we reported the same EBITDA level of 33% but then I think we need to bear in mind that we disposed of the Irkutsk operation in the third quarter and also the launch of the operations we acquired in 2006 in the Murmansk area was fully impacted in the third quarter for the first time, so that explains the same EBITDA level in the third quarter compared to the second quarter. We are not changing any

forecasts or guidance when it comes to Russian operations, all that is maintained as we announced it in the Capital Markets Day.

So if we start in the Q3 the operating revenue was stable but if you compare it on a comparable basis so to speak the increase was roughly 7% and if you focus on just the I would say core business or core products, the mobile operations and the broadband operations, that increase is close to 20%. We also see that the EBITDA level is picking up due to more customers into higher profitable areas and we are now less dependent on the fixed line operation of course. As I said initially we can report a very strong performance in the core mobile operation across the group and in the re-alignment process in July a lot of divestments came through, Hungary, Irkutsk, Belgium and 3C but also the acquisition of Telecom Eurasia in Krasnodar in Russia. We divested operations in Italy and Spain and the Austrian MVNO. We also managed to get the national roaming agreement in Russia in place which will have an increased I would say importance going forward when we then gradually move from the residential market, I think we still have a lot of customers to tap there this year and next year but as of 2009 we think that it's crucial to have this national roaming agreement so that we can move into the corporate segment. We also established a mobile network joint venture in Norway, I think it's a great opportunity for us with a customer base already close to 500,000 in the Norwegian market and the Tele2 brand is very strong.

Moving on to mobile telephony specifically, mobile revenue growth was 17% and EBITDA up 29% year on year and also an impressive net customer intake of close to 900,000. I've covered already Sweden and a net intake of 100,000. Roughly 20% out of these 100,000 is mobile broadband, 40% is post-pay, 40% is pre-pay. Russia, revenue growth year on year 62% and a maintained EBITDA level of 33%. Baltic & Croatia, within Croatia we see the light at the end of the tunnel there and hopefully we can give you some more information here shortly but we are negotiating regarding new national roaming agreements which can have an effect on our operations there. Baltics, an extreme growth and profitability development last year and also

during this year. I think the third quarter represents more a stable operation in the Baltics. Norway, revenue growth of 21%. I think that gives us a good insight in the potential growth in the Norwegian market. I think Norway is the only country still with two infrastructure players so I'm really looking forward to the launch in Norway going forward on infrastructure.

On the mobile telephony in Sweden we had 45,000 mobile broadband customers in Sweden at the end of Q3. We started to push that product actually in the beginning of Q4 so you will see a considerable intake in the fourth quarter when it comes to mobile broadband. We have built up real momentum in the area and we also see that the interest from the customer on the mobile broadband is increasing dramatically. On the mobile data I think it's important to which of course you can see on the graphs there, I think it's more interesting to see that the SMS last year has picked up quite nicely and very much of that is driven by services like paying your bus tickets etc etc. These two graphs I would say are more interesting in the light of what we know when it comes to the consumer behaviour because what we see here in Scandinavia normally happens with some delay in the Baltics and then in Russia so it gives us quite a nice view on the potential upside we see in those markets. On the broadband side we increased the sales of course and the only question market we have there is I would say definitely the German market which you probably all are aware of the turbulent market there. I think it's important to get a view on that market before we take a decision on exiting or further develop that market and we will come back to you immediately when we know that. I think it's important to say that we have a very healthy fixed line operations there which are generating some substantial cash actually and therefore it's no garage sale, so we are waiting there in Germany to see how to continue. We have also seen a great pick-up when it comes to the cable TV in Sweden where we have taken a lot of new contacts and added on the universe. On fixed telephony the EBITDA margin is stable and the churn level on the fixed telephony is also stable so hopefully we'll see a stabilisation of the fixed line customer base going forward.

In the corporate segment we have today in the group a little bit shy of 20% of order revenue is generated from the corporate market. It is a market which we have successfully moved into new segments, specifically in the Baltics but I would say also in Sweden and the Netherlands we have made some significant steps forward.

As you all are aware of Tele2 is a company in change and the realignment process which officially started approximately a year ago when we were present in 25 countries, we are now at a smaller geographical footprint and we hope that the major part of this realignment process will end by the end of this year, beginning of next year and it shows also a clear focus on operations for mobile and broadband services. Beyond the realignment process we are gearing the company very much on I would say improved margins and cash flow and a focus on a return on capital employed and I would also comment up on the capital structure of the company that we are now concentrating to get the Italian and the Spanish sale, to get them closed and I think then the board will definitely go back and give more clearance about the capital structure going forward. The management priority is of course to find operations which can further contribute to our improved profitability and then I think if we don't find anything interesting which can meet these criteria, I'm sure that the board has a lot of things to choose between, either a share buyback or an extra dividend but that's up to the board to come back and give some clearance.

That was a short update on the operation and I will now hand over to Lars Nilsson for further explanation on the figures. Please go ahead Lars.

Lars Nilsson: Thank you. Good afternoon everyone. Lars, you once said we are a company in change and I understand that it's not that easy to digest all our numbers but I will do my best to make some clarifications and I think that's the main objective for my presentation. First of all you should be aware of that we now report some activities under discontinued operations and that's Spain, Italy and France fixed, so I will not further comment on them. On the slide you see in front of you hopefully you see a financial overview of what we reported as continued operations but in

these continued operations you have also actually some...the numbers are slightly impacted by some businesses we have sold, so the revenues we report for Q3 is 10.9 but the continued like-for-like operation is 10.7 and the same is when you compare the revenues for Q3 2006, the comparison number is 10 billion but that you can read and that you will find in the report so hopefully it will be easy for you to see that. But if you look through the quarterly statement you can see a revenue of 10.9 and an EBITDA of some 17% and if you then go further down in the P&L you see depreciation of 1.2 billion but then let me remind you that out of this 1.2 billion we have a one-time write-off of some SEK 300 million – I will come back to that and I will also come back to the write-down of goodwill as well as sale of operations. In associated companies we have a loss for the quarter of SEK 56 million and for year to date SEK 174 million. They are impacted by the result of joint venture companies for the Swedish 3C operation as well as for Plusnet in Germany, but long term, or not even long term, medium term you will expect +/- zero result for these activities. This all leads us down to an EBIT for the quarter of SEK 609 million or 5.6%. Later on I will try to adjust this EBITD number with a one-time adjustment. Taxes, taxes for the quarter is reported as cost of SEK 566 million but then you should be reminded we have a one time write-off which is derived from the German operation of SEK 600 million, so actually we posted on a like-for-like operation a small positive number there. For the period up to September we had a tax cost of SEK 980 million and there you have the one-time adjustment, included in that number is the one time adjustment for Germany.

So we have an EBIT of 609 and now we should try to show you how we can make this a like-for-like number. There we see on the page a clean EBIT of 609 and then you know that for this quarter we have reported a goodwill write-down of 1.3 billion and the components in the write-down is Germany, some 600, Austria 300, Belgium close to 300 and Netherlands some SEK 200 million. You can adjust that upwards to get the clean EBIT. Then we have the impairment, the write-down of IT systems which is the write-down in connection with the sale of the broadband operators. This is the write-down in connection with the sale of operations. Then we reported a positive result of net profit from the sale of operations for the period and if you

adjust that you will then come down to a clear EBIT of 851 or 7.8% EBIT margin. We can do exactly the same exercise for the full year or for the period up to September and there you see some different numbers, we start with 1.4 billion but we end up in a clean EBIT of 2.2 billion. We have made a good impairment now and the total goodwill in the balance sheet has come down from some SEK 18.5 billion to roughly SEK 11 billion. Going from the EBIT to cash flow which I think is of great interest, there you can see exactly for the last quarter we reported a cash flow from the operating activities of 1.8 billion, quite strong, and you see a change in working capital posted for the period of 650 million where I would say some 200 million is more sustainable change. So the year to date number of 200 million is I think what you can count on. We have a CapEx for all our activities for the period, also including discontinued operations of 1.2 billion and you can see that if we take away discontinued operations and look for the like-for-like number, the CapEx is 943 million and you see that we also have a healthy impact from the sale of our business. Year to date acquisition sales have given us cash of 5.4 billion and if we go to the next page we can see a break-down of cash from the realignment process until the end of September, 5.4 billion. The main contributor is Tele2, that will go in July and you also see a big number for the sale of Irkutsk. In 'other' you have a number of different entities including also some acquisitions. If we go forward you know that we have signed some leases and they were not closed by the end of September so we were expecting close to 8 billion in cash flow for the coming period, you see Tele2 Italy/Spain, 7.1 billion and there we are waiting for approval from the authorities and the best guess is that we will see the money somewhere between November and February next year. The proceeds from Belgium as well as for Hungary we have received. So all in all we are waiting or we were waiting for SEK 7.9 billion.

Coming over to the balance sheet there you can see the net debt and the net debt for the quarter, end of the quarter was SEK 11.2 billion but if we then play around a little bit and assume that we have received the money from the sold businesses signed but not closed and if we also take them into the picture we actually come down to a net debt of some SEK 3 billion and also you see the net debt to EBITDA ratio is from 0.5. I think that is the most important thing when it comes to

the balance sheet so I think we should maybe also talk a little bit more about the tax situation and then I think we should go back to the first page. So we made some comments about the quite low tax costs. There you can see that for the first nine months we have posted a tax cost of SEK 980 million and as I said earlier on SEK 600 million of that is actually a one-off in connection with a write-down of first half assets in Germany. We expect and for the quarter we actually see a positive result on tax. Going forward we expect that we should pay taxes in Russia, in Baltics but we see a situation where we can avoid to pay taxes in the other countries including Sweden, there we can utilise some tax losses as a tax planning scheme. So we haven't given you a forecast for a tax rate, the effective tax rate going forward but I think you should be reminded we will not pay taxes as a result of the Swedish operation.

Lars-Johan Jarnheimer: Thank you Lars. That concludes our comments on the results for the third quarter and now we will be happy to take any questions that you might have. Operator, can we have the first question please?

Operator: The question and answer session will be conducted electronically. If you would like to ask a question, please press \*1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We will take questions in the order received and we will take as many as time permits. If you find that your question has been answered you may remove yourself from the queue by pressing \*2. Again please press \*1 to ask a question. We will pause for just a moment to allow everyone to signal us for questions.

We will take our first question from Ulrich Rathe from Dresdner Kleinwort. Please go ahead.

Ulrich Rathe: Good afternoon, thank you, I have three questions. One is with regards to the outlook in 2008, is it fair for us to anchor this on the current underlying growth rate? You said the underlying growth rate currently is 7%, is this about what you would expect into 2008 or do you expect an

acceleration or possibly a deceleration? That would be my first question. The second one comes back to a statement you made at this presentation this morning at quarter to seven. There was a statement about the efficient capital structure, you mentioned 40% of the capital in equity. How do you actually think about this? Is this equity at market or is that equity at book value? Maybe my last question, in the same presentation you mentioned that you expect a material improvement of the situation in France on the basis of a contract you have signed with Orange recently? Can you talk a bit more maybe around the major cornerstones of that memorandum of understanding? Thank you.

Lars-Johan Jarnheimer: Thank you very much. I will start with France, I might be looked at as being rude because I won't give you any detail when it come to the contract in France. What we can say is that the new agreement will have a great contribution to the profitability going forward. We have also managed to establish a kind of new distribution through one big chain in France, so all in all I would say that this gives a return of the French operations short term which definitely can compete with the return we have on infrastructure based operations, but France is France and we have to see what happens there and we hope that this new contract will come into full swing by the end of the first quarter next year, but it looks promising. On the capital structure I would say that it was more a kind of joke from my side when I said this morning that I was a professor in my previous life in capital structure. I said in the schoolbooks I've read it was around 40% of equity and I think I didn't state any optimal capital structure, so it was more a joke from my side. I think if you read your schoolbooks I think it's around 40% which is the optimal structure purely academically. The outlook for 2008, I don't know Lars if you want to add anything on the capital structure.

Lars Nilsson: The only thing I think we can repeat that we have promised that we or actually the board will come back more talking about the capital structures and what we should do going forward and we expect that will come in...when we are coming along in the realignment process in the beginning of next year. Right now we're focusing on the operational business.



Lars-Johan Jarnheimer: On your first question regarding the outlook for 2008 we haven't stated any forecasts for 2008 but let's come back on that I would say by the end of the year or in conjunction with the full year results because we need to do everything, we can't give you any promises but the way we see our operation today and primarily in mobile we see a strong development there so we foresee the development here to continue but I'm not able to give you any figures today. We need to make our homework a little bit more detailed before we can do that. Ok?

Ulrich Rathe: Thank you very much.

Lars-Johan Jarnheimer: Thank you.

Operator: Our next question comes from Andrew Lee from Citi. Please go ahead.

James Rivett: Hi guys, it's actually James Rivett here from Citi. I've got a couple of questions if I can, the first is just on the Swedish mobile market in general. It's very clear that you are targeting market share gains at the moment over margins. Have you set any sort of floor for EBITDA margins and should we indeed expect the EBITDA in absolute terms to keep on declining in Sweden? Just following on from that in terms of the mobile broadband, how far can the growth really go on for? What sort of price points do we need to see in the market before it really, really takes off and are we talking here about cannibalising the existing DSL base or is this a completely complimentary revenue stream? Just finally on Germany, what are the considerations for either accelerating the existing business model or buying another operator in the market versus just exiting completely? Again is that a fourth quarter decision that we need to wait for?

Lars-Johan Jarnheimer: Let me start off with the Swedish mobile. I would say the guidance that we have given or gave at the end of last year was that if we gained market share we believe that

the EBTIDA level gets closer to 35%. If we maintain on the same level we think that it will trend up to around 40%. That guidance is still valid. I think we based on the very good performance we have when it comes to market share development in the third quarter and still managed 38% I think it's good, but I would say floor but if we continue to push mobile broadband and being very active in the market I would say this guidance is still valid. On the mobile broadband we see the mobile broadband taking off I would say not dramatically, maybe dramatically. We have a very nice momentum in the market for the moment. I think honestly that the mobile broadband will have a much bigger impact and being the solid internet access more than the industry believes. We see and we follow the consumer pattern that many people who actually have these mobiles during the holiday have still not connected their fixed broadband when they get home and I think in the latest survey I saw in the beginning of the summer roughly 30% used their mobile or had their mobile as their only access to the internet.

James Rivett: Just following up on that, do you think that is a Tele2 specific issue or is that a market-wide phenomenon? Are you taking share because of this?

Lars-Johan Jarnheimer: We have a lot of this based also internally I can tell you. Based on the simplicity when it comes to the mobile broadband, one driver is that many people like to get rid of all the wiring at home and the speed now, up to 7.2 which is right now being implemented I think we will foresee more of the mobile broadband going forward than we have seen before. On Germany what has happened in Germany just in the last four or five months is that the incumbents took a totally different position, the price levels were shuffled around between the players and what I've learned is that when you have this rapid change in the market it's quite important to sit still and see the dust settle and then when you have seen that then you can take the decision if there is an opportunity to expand in the market or to exit but I hope that we can come out with some kind of decision regarding Germany before year end but at the same time we need to respect the market and we might not have seen the latest in the German market yet. So I think you all are aware of the shift in the German market. We have been through it before also

when it comes to fixed telephony when we were about to exit but then at the end of the day we were able to make some substantial money on the fixed line telephony. Ok?

James Rivett: Thank you very much.

Lars-Johan Jarnheimer: Thank you.

Operator: Our next question comes from Bengt Molleryd from Handelsbanken. Please go ahead.

Bengt Molleryd: Thank you very much. I'm just curious regarding your ambitions regarding acquisition. What kind of acquisitions or part do you see that would be necessary to pursue your strategy going forward? Would that be in broadband in order to expand on the corporate side to combine mobile and fixed broadband or what areas do you see necessary that you would compliment with acquisitions?

Lars-Johan Jarnheimer: I think the acquisitions you will see will I would say be primarily on the mobile side. There we see we have the big advantage in the market. All these investments are of course put against RoCE targets, return on capital employed and that is what actually makes the decision at the end of the day. I think our target is to continue to add on region by region in Russia and I think you should look up on Russia or each region in Russia as more or less a new country. We also have...I think that we might have opportunities in all these –stan countries, the former CIS so the answer to your question, it will be very much geared to the return on capital employed and it will primarily be focused on mobile acquisitions.

Bengt Molleryd: If I may I have a follow-up. Do you see any need for small businesses on the corporate side also asking for broadband fixed assets in order to get the contracts there on the mobile?

Lars-Johan Jarnheimer: I don't see that's necessary today. If I take the Dutch operation we have an MVNO and that covers the need for the corporate if they desperately want to have the mobile and the broadband together, but otherwise specifically in the residential market I would say the decision on mobile operators is very individual.

Bengt Molleryd: Ok, thank you.

Operator: We have a question from Jakob Bluestone from Merrill Lynch. Please go ahead.

Jakob Bluestone: Hi, Jakob Bluestone from Merrill Lynch, a couple of questions. First of all if I understood correctly at the beginning of the call you said there were some launch costs in Russia and I was just wondering if you could possibly quantify how much that impacted the margins? Secondly could you also just remind us how much stock are you currently authorised to buy back? Thanks.

Lars Nilsson: When it comes to shares it's 5% of the outstanding shares. When it comes to the launch costs in Russia we have to come back to that. We haven't given that figure, Lars Torstensson on our IR team...

Lars Torstensson: Hi Jakob. Just to clarify, it's important just to emphasise that if you just take the second quarter we had one new region being launched every month so we had one region in April, one in May and one in June so that meant that in the third quarter we had all the three new regions in the first quarter. Looking into what kind of a marketing cost that would mean I would have to get back to you on that one, but it should be a decent amount because it's three new regions with up front marketing costs. At the same time in two months of the third quarter also we had about 33% which was taken out so you can see the mix was changed in the third quarter, we managed to do the 33% plus.

Jakob Bluestone: If I may just ask one other question, you mentioned the roaming agreement. If I understood correctly you said that it wouldn't have an impact until 2009. Is that correct or did I misunderstand that and if so, why would that be so far off?

Lars-Johan Jarnheimer: Let me clarify that a little bit. I think it will be operational I would say from the end of the first quarter most of the regions will be available for the national roaming. What I said was that I don't think it is very important to have the national roaming agreement this year and next year because we are primarily targeting the residential market in many regions, maybe 1% or 2% of the population has even been outside of the region but when we have tapped the residential market we are then following the route we have done in the Baltics that we gradually move into the corporate segment and when we move into the corporate segment the need for national roaming and national coverage increases, that was what I meant.

Jakob Bluestone: Ok, that's very clear. Thank you.

Lars-Johan Jarnheimer: Thank you.

Operator: Our next question comes from James Britton from Lehman Brothers. Please go ahead.

James Britton: Good afternoon, I've got three questions please. First of all can you just talk a bit about CapEx in each of your core markets and how that's likely to trend going forward and by core markets I'm defining that as Sweden, Norway, Baltic and Russia, so all growth markets. Do you need to increase CapEx to support that growth? The second question is on Norway. Can you confirm whether margins in Norway will automatically move to the 20% margin threshold as soon as the new agreement with Telia takes hold in Q2 next year? The final quick question on mobile broadband, I've seen it advertised from Tele2 for 79 crowns a month. How are you confident that this isn't being priced too cheaply and will have a negative impact on your CapEx over the medium term?

Lars-Johan Jarnheimer:           Ok, if I start at 39 that was a great offer. I really what to know where you see that because then I would like to talk to the product management.

James Britton: 79 actually.

Lars-Johan Jarnheimer:           79, that's excluding VAT for the corporate market but the price is currently 99, but here we will also see an increase in speed going forward where we have the possibility to move up when it comes to price. So it's 99 including VAT. Norway, the new agreement with Telia will be fully implemented by the end of the first quarter next year, fully implemented means that we have then moved all the customers from the existing agreement with Telenor into the Telia network. If we stop the growth I think we could actually reach these kind of figures you are saying but our intention is to further grow our customer base in Norway. The big impact on our own infrastructure in Norway will take place first end '09/beginning of 2010. The first one regarding CapEx I will hand over to Lars.

Lars Nilsson:   First the question about the CapEx level in Sweden, you said Sweden, I assume you mean North Sweden and Norway and there we have had a CapEx level now for three quarters here of some SEK 200-225 million and actually when we are going forward I actually think that these numbers will come down a little bit due to the fact that the investment in 3G is not included in these numbers because that's in our joint venture company together with Telia. The same you have heard about Norway, there we also have a similar joint venture operation and this company will take the CapEx. So all in all I assume that the number will go down a little bit. You were also interested in Baltics/Russia?

James Britton: Very much so, yes please.

Lars Nilsson: There of course it depends on how many new regions we will enter into especially in Russia. When it comes to the Baltic area we will increase the investment a little bit now for the coming years and when it comes to Russia I think it's depending on expansion into further new regions. The numbers you see right now, it's some billions per quarter for the total company, for the remaining business. I think that is also a good guidance also for the coming year.

James Britton: Sorry, how many billions?

Lars Nilsson: You have three billion, one billion per quarter.

James Britton: One billion per quarter, ok. Thank you very much.

Operator: Our next question comes from Chris Legg from Credit Suisse. Please go ahead.

Chris Legg: Hi there. I've got a question on Russian ARPU. I just wondered if you can give us some idea of the proportion of the ARPU you see coming from data currently and when you go forward and look at ARPU growth, do you see ARPU growth coming through data or is it mainly still through voice?

Lars-Johan Jarnheimer: To answer very simply it's very Asian-like.

Lars Torstensson: To help you out there Chris, if you say that data revenues are higher than the European average on the consolidated revenues, we haven't specified the amount but you should understand that as you know people penetration is very low, handsets are used for more than just SMS so we're seeing a fairly good take-up of data services. Asian-like meaning what you see in the mobile industry in Asia.

Chris Legg: Ok, so do you see much growth then coming through data when you look at ARPU or is it mainly voice where you see the growth?

Lars Nilsson: I would say equal but...I think we will see a bigger share coming from VAS services going forward in Russia. Clear as mud.

Chris Legg: Ok, thanks for that.

Operator: We have a follow-up question from Bengt Molleryd from Handelsbanken. Please go ahead.

Bengt Molleryd: Thank you. On the back of the report do you see any reason to make any alteration to the guidance in Russia there on the EBITDA margin of 35-40%?

Lars-Johan Jarnheimer: Once again when it comes to the guidance on Russia both when it comes to ARPU, number of subs, it's no reason whatsoever to change that guidance.

Bengt Molleryd: Ok, thank you. To follow up here on the CIS countries, are you interested to ignore that market or...?

Lars-Johan Jarnheimer: I think we are and I remember when we entered into Estonia back in '98 people said "It's former Russia, you should hold back". We didn't though, we established operations there in the Baltics. Russia back in 2001 was the same story. I think very much these -stan countries is where Russia was ten years ago, I think it's time to take a look on that. We have some good knowledge how to treat these kind of countries, what is working, what's the marketing concept etc etc.

Bengt Molleryd: Thank you.



Operator: We have our next question from Peter Nielsen from Cheuvreux. Please go ahead.

Peter-Kurt Nielsen: Thank you, Peter-Kurt Nielsen from Cheuvreux. A couple of questions please, firstly I'd like to ask you where do you feel you are in the realignment process? You told us where you are timing-wise you expect to end it late this year/early next which is obviously quite soon. Quantity wise where do you think you are now? How much more is there to go on the disposal side from your point of view? Secondly returning to the acquisition side of things, you mentioned the opportunities in Russia etc, those markets. So far these acquisitions have all been relatively minor by yourselves. Do you envisage potentially making a material acquisition of a different scale than the ones you've been making in the past? Thirdly if I may just ask on the Swedish mobile the higher acquisition costs, could you give us an indication of how much higher your acquisition costs are currently for the 3G subscribers? Thank you.

Lars-Johan Jarnheimer: Ok, if I start with the last question, the acquisition cost is not higher for 3G customers than 2G customers but I don't think that was the question. The broadband subsidy, to establish a kind of impact in a market it's a little bit higher but I think we have said between 1,200 and 1,400, in that range roughly. In the realignment process it's hard to say that we are through by 80% but we are passed the middle of that whole process, that's for sure. On the acquisition side I think you should be quite happy that we are not rushing away because we have money available. We are considering each new step when it comes to acquisition as tough as we always have done and I think a lot of small acquisitions in Russia is as good as one major, but we are not classifying the potential targets if they are big or good. We consider them as a target if they can contribute to our overall profitability and return on capital employed, that's the important part. Ok?

Peter-Kurt Nielsen: Ok, thank you.

Lars Torstensson: Operator, can we have the last question please?

Operator: Yes, we have a follow-up question from Jakob Bluestone from Merrill Lynch. Please go ahead.

Jakob Bluestone: Hi there, Jakob Bluestone again. I just have one follow-up just on direct access in Benelux. Could you just let us know when did this double there, anything in particular going on? It went from 70 in Q2 to 150 in Q3.

Lars-Johan Jarnheimer: Versatel is reporting next week, I think it's Tuesday, 31<sup>st</sup> October so you are free to give me a call after that.

Jakob Bluestone: Ok, thank you.

Lars Torstensson: Ok operator, we'll have one last question.

Operator: We have Ulrich Rathe. Please go ahead with our last question.

Ulrich Rathe: Thanks, it's a very quick one. The Irkutsk ARPU, is it fair to say that that was above the average that you have elsewhere in Russia and that actually the divestment was dilutive to ARPU?

Lars-Johan Jarnheimer: I don't have that off the top of my head, I'm sorry, but Lars Torstensson will check that out. Ok, thank you operator. We will release our results for the fourth quarter '07 on February 12<sup>th</sup> and we look forward to keeping you updated on the development of the group's operations over the next three months. Once again I would like to thank you all for participating in today's conference call and for your continued interest and support of Tele2. If there are any further issues that you wish to discuss with the IR team, Lars Nilsson or myself we are available

to deal with these on a one-to-one basis. Feel free to contact us or our IR team directly. Thank you very much and goodbye.

Operator: That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.

Lars-Johan Jarnheimer: Thank you operator.