

Interim Report January–June 2009

Q2 IN Q2 2009 TELE2'S NET SALES AMOUNTED TO SEK 10,130 MILLION AND EBITDA INCREASED BY 17 PERCENT TO SEK 2,450 MILLION.

SEK million	Q2			H1		
	2009	2008	%	2009	2008	%
Net sales	10,130	9,832	3	20,250	19,359	5
EBITDA	2,450	2,101	17	4,677	3,761	24
EBIT excluding one-off items	1,506	1,167	29	2,839	1,897	50
EBIT	1,447	430	237	2,776	1,243	123
Net profit/loss	1,140	161	608	1,604	862	86
Earnings per share, after dilution (SEK)	2.56	0.37	592	3.59	1.92	87

The figures presented in this report correspond to Q2 2009 and continued operations unless otherwise stated. The figures shown in parentheses correspond to the comparable periods in 2008.

TELE2 DELIVERED INCREASED EBITDA RESULTS IN THE SECOND QUARTER

- Despite a challenging economic environment, Tele2 was able to deliver an EBITDA margin of 24 (21) percent in Q2 2009.

STRONG NET INTAKE AND EBITDA MARGIN IN TELE2 RUSSIA

- In Q2 2009, Tele2 Russia added 478,000 new customers and the EBITDA margin amounted to 35 (36) percent.

STABLE OPERATIONAL DEVELOPMENT IN THE BALTIC REGION

- Tele2's Baltic operations managed to improve the EBITDA result to SEK 384 (372) million in spite of a weakening economy.

THE RESTRUCTURING OF WESTERN EUROPE CONTINUED TO GENERATE POSITIVE RESULT

- The Western European market area, driven by Tele2 Netherlands and Tele2 Austria, once again contributed to improving cash flow for the Group.

BACK TO OUR ROOTS:

Renewed focus on mobile

“ THESE AWARDS, IN COMBINATION WITH OUR PRICE LEADERSHIP, CONFIRM THAT TELE2 OFFERS THE BEST DEAL.”

Tough times do not last; tough companies do. Tele2 faces economic challenges in most markets. Our result in the second quarter is a reward for commitment to our core business and execution of our contingency plans.

NORDIC

Our Swedish operations have been working hard to create an attractive service portfolio as a platform for future growth. At the same time, we are making sure that cash-flow is being preserved. The balancing act is challenging, and we have made good progress in Q2 2009. I strongly believe that we are on the right track.

Tele2 has developed its mobile internet offerings in Sweden. During the quarter, pre-paid mobile internet was launched through new retail channels and early indications have been positive. Our high quality 3G network has also been acknowledged with several awards; in combination with our price leadership, this confirms that Tele2 offers the best deal.

RUSSIA

The Russian market has recently seen a consolidation among federal retail chains. Nevertheless, Tele2 has adhered to its winning strategy of reaching end users through its own shops, strong relationships with local and federal dealers and alternative channels such as food retail chains and National Post offices. Net customer intake in Q2 2009 proves that our strategy is working.

We delivered solid profitability in our mature regions. The roll-out of new regions has been progressing steadily. We are confident that we can launch up to 12 new regions in 2009 cost effectively. It is of course a challenging task, but we have the skills and tools necessary to reach our set targets.

CENTRAL EUROPE

The Baltic region is still experiencing difficult times. As in earlier quarters, we strive to maintain our customer base and profitability. This is a foundation from which we can expand when the region enjoys economic recovery.

WESTERN EUROPE

Our recent focus on profitability in the region has proven successful. We will look at how we can develop the market area selectively. Our Dutch operation is a gold standard for the Tele2 Group in the corporate segment and was recently named an excellent provider of fixed broadband and telephony services to the consumer market as well. Tele2 will take advantage of this success, and leverage on the experience in other parts of the company.

Going forward - our strategy is simple - Tele2 always offers the best deal.

Harri Koponen
President and CEO, Tele2 AB



Financial overview

Tele2's financial performance is a function of a continued focus on mobile services on our own infrastructure, complemented in some countries by fixed broadband services and business to business offerings. Mobile sales, which continued to grow compared to the same period last year, and a greater focus on mobile services on own infrastructure have led to a prolonged expansion in the EBITDA margin. The decline in the fixed-line services customer base is expected to persist. The company will work on maximizing the return from the product line.

FINANCIAL OVERVIEW

Net customer intake amounted to 347,000 (343,000) in Q2 2009. The customer intake in mobile services amounted to 524,000 (737,000), of which 42,000 (27,000) were mobile internet users. The good intake in mobile services resulted from a solid performance in both Tele2 Russia and Tele2 Sweden. In June 2009, Tele2 Russia launched the new region Tomsk with good initial market interest. Fixed broadband lost -7,000 (5,000) customers in Q2 2009, due to a group emphasis on profitability in the service area, leading to less resources spent on marketing activities. Fixed telephony continued to see an outflow of customers, but the trend improved in the quarter. In Q2 2009, the total customer base increased to 25,366,000 (23,472,000) partly because of the new definition of an active pre-paid mobile customer¹⁾.

Net sales in Q2 2009 amounted to SEK 10,130 (9,832) million, an increase of 3 percent. Excluding a negative one-off item of SEK -59 (0) million related to Sweden²⁾, the net sales amounted to SEK 10,189 (9,832) million. The positive revenue development was driven by good trends in core mobile services and fixed broadband services.

EBITDA in Q2 2009 amounted to SEK 2,450 (2,101) million, equivalent to an EBITDA margin of 24 (21) percent. The EBITDA development was led by mobile services and prolonged success in maximizing the EBITDA contribution from fixed broadband and the more mature fixed telephony operations. The currency movement contributed by SEK 68 million in the quarter, compared to currency rates on December 31, 2008.

EBIT in Q2 2009 amounted to SEK 1,506 (1,167) million excluding one-off items of SEK -59 (-737) million³⁾. Including one-off items, EBIT amounted to SEK 1,447 (430) million.

Profit/loss before tax amounted to SEK 1,464 (328) million.

Net profit/loss amounted to SEK 1,140 (161) million. Reported tax for Q2 2009 amounted to SEK -324 (-167) million. Tax payment affecting cash-flow amounted to SEK -124 (153) million.

Cash-flow after CAPEX amounted to SEK 921 (412) million.

CAPEX amounted to SEK 1,085 (1,375) million, mainly driven by expansion in Russia.

Net debt amounted to SEK 5,441 (8,157) million on June 30, 2009, or 0.7 times full-year 2008 EBITDA. Including guarantees to joint ventures, the net debt to full-year 2008 EBITDA amounted to 0.9 times. Tele2's available liquidity amounted to SEK 9,114 (17,713) million.

FINANCIAL COMMENTS

The market

The economic environment continued to be tough during the quarter in some of Tele2's markets. Measures taken to offset the impact of economic weakness started to have a positive effect on the operational performance of the company. Tele2 will pursue its effort to bring costs down, make the total organization more effective, and keep the cash generation intact while awaiting a more permanent pick-up in economic activity. Hence, the existing activities will remain in place to make sure financial performance remains steady. These measures include scrutinizing both operational and capital expenditures.

Toward the end of 2007, Tele2 was awarded mobile telephony licenses for GSM in 17 new regions in Russia. In Q2 2009, the first commercial network was launched in Tomsk with good market response. The total operations comprise licenses in 35 regions covering approximately 61 million inhabitants. The process of awarding the new GSM licenses is still challenged in court. The following assumptions should be taken into account when estimating the financial impact of the 17 new licenses in 2009:

- > Operational expenditures are estimated at SEK 500-700 million. Capital expenditures are estimated at SEK 1,300-1,500 million.
- > Up to 12 out of 17 regions will be launched in 2009. The main plan is that an infrastructure-based operation should be able to reach EBITDA breakeven three years after commercial launch date. However, there might be regional differences, moving the breakeven date either forward or backward.
- > The longer-term market share in the 17 new regions should not deviate significantly from the historic market share of Tele2 Russia.

¹⁾ See Note 10

²⁾ See Note 1

³⁾ See Notes 1-4

Financial overview, cont.

The following additional points should also be considered when estimating 2009:

- > Tele2 forecasts a corporate tax rate of approximately 20 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 800 million.
- > Tele2 forecasts a CAPEX level in the range of SEK 4,700–4,900 million.

NEW DEFINITION OF AN ACTIVE PRE-PAID CUSTOMER

As a way of standardizing reporting both internally and externally, Tele2 has decided to change its principles for calculating the number of active customers in its mobile pre-paid base. As of June 30, 2009, Tele2 considers a customer inactive if the customer has not used its mobile service in 3 months, instead of as earlier 3 to 13 months. Previous periods have not been adjusted retroactively.

An active pre-paid customer is a customer that has a refillable active account and has been either refilling or doing an active

outgoing transaction during the latest 90 days (if the transaction doesn't generate revenues the customer must have refilled the account at least once before). Outgoing transactions which are free, count only if the customer refilled the card at least once. However, the customer will still, as before, be able to use their SIM card within the period that is valid for each country. In Q2 2009, the one-time effect was a net increase of 553,000 in the reported customer base (see Note 10).

SHAREHOLDER REMUNERATION

Tele2's intention over the medium term is to pay a progressively increasing ordinary dividend to its shareholders.

BALANCE SHEET

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 reflects the status of its operations and future strategic opportunities. In the short term, the company also needs to take the uncertainties in the financial markets into consideration and act accordingly.

Financial overview, cont.

SEK million	2009 Q2	2008 Q2	2009 H1	2008 H1	2008 Full-year
Mobile					
Net customer intake (thousands)	524	737	763	1,125	2,387
Net sales	6,457	6,046	12,602	11,681	24,457
EBITDA	1,731	1,704	3,207	3,098	6,425
EBIT	1,301	1,341	2,415	2,384	4,991
CAPEX	759	1,091	1,600	1,560	3,171
Fixed broadband					
Net customer intake (thousands)	-7	5	-11	65	71
Net sales	1,688	1,507	3,492	2,971	6,098
EBITDA	238	-1	488	-140	36
EBIT	-150	-405	-295	-945	-1,538
CAPEX	144	147	329	358	735
Fixed telephony					
Net customer intake (thousands)	-170	-399	-425	-823	-1,292
Net sales	1,536	1,740	3,147	3,576	6,869
EBITDA	417	436	852	810	1,730
EBIT	353	358	723	651	1,432
CAPEX	21	13	39	45	116
Total					
Net customer intake (thousands)	347	343	327	357	1,156
Net sales ¹⁾	10,130	9,832	20,250	19,359	39,505
EBITDA	2,450	2,101	4,677	3,761	8,175
EBIT ²⁾	1,447	430	2,776	1,243	2,851
CAPEX	1,085	1,375	2,253	2,212	4,481
EBT	1,464	328	2,201	1,113	1,838
Net profit/loss	1,140	161	1,604	862	1,718
Cash flow from operating activities	1,999	1,858	3,830	3,365	7,896
Cash flow after CAPEX	921	412	1,603	920	3,288

¹⁾ Total net sales for Q2 2009, 1H 2009 and FY 2008 include negative one-off items of SEK -59 million, SEK -59 million and SEK -90 million (see Note 1)

²⁾ Total EBIT includes result from sale of operations, impairment and other one-off items stated under the segment reporting section of EBIT

SIGNIFICANT EVENTS IN THE QUARTER

- Tele2 appointed Niklas Sonkin as new Executive Vice president and Market Area Director for Central Europe.
- Tele2 Sweden and Telenor Sweden announced an agreement to build a joint 4G network in Sweden.
- Tele2 divested Tele2 Norway's fixed broadband operation to NextGenTel for approximately SEK 120 million (see Note 9).
- Tele2 acquired the remaining 0.34 percent of the shares in Tele2 Netherlands for SEK 29 million (see Note 9).

SIGNIFICANT SUBSEQUENT EVENTS

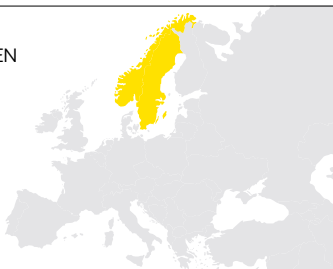
- Tele2 acquired minority stakes in its Russian mobile operation in Izhevsk (see Note 9).
- Dmitry Strashnov was appointed the new CEO of Tele2 Russia.

Overview by region

NORDIC SWEDEN AND NORWAY

THE MOBILE INTERNET
CUSTOMER BASE IN SWEDEN
INCREASED IN Q2 2009 BY

33,000



The Nordic market area is the cash cow of the Tele2 organization and also the test bed for new services.

SWEDEN¹⁾

> **Mobile** In Q2 2009, Tele2 Sweden added 56,000 (85,000) new customers, of which 33,000 (24,000) were mobile internet users. During the quarter, pre-paid mobile internet was launched through new retail channels and early signs were positive. The total mobile internet customer base amounted to 218,000 (135,000). Net sales development in the quarter was stable, amounting to SEK 1,962 (1,957) million.

In the consumer segment the interest for SIM-only offers increased in the quarter. Customer usage grew on an annual basis and both voice and VAS (Value Added Services) went on with their positive trends. During Q2 2009, Tele2 Sweden launched several new VAS products such as Mobile Backup and Mobile APN.

In the business segment, Tele2 Sweden had stable growth and successfully managed to win several major contracts in the quarter.

The mobile operations in Sweden reported an ARPU of SEK 204 (220), including post-paid, pre-paid and mobile internet subscriptions. MoU (Minutes of Use) per customer, excluding mobile internet, had flat development and amounted to 234 (234) in Q2 2009, negatively affected by a decreased usage in the business segment.

Tele2 Sweden's 3G service was acknowledged in the quarter with several awards and the mobile internet product was awarded "No1" in 4 tests.

Higher marketing spending, aimed at bettering post-paid intake, together with larger voice and data volumes carried by the Svenska UMTS Nät AB (SUNAB) impacted the EBITDA. Costs associated with SUNAB amounted to approximately SEK 99 million in Q2 2009.

In the quarter, Tele2 Sweden and Telenor Sweden presented an agreement to build a joint 4G/2G network in Sweden. The agreement included the formation of a joint venture for network construction and sharing of spectrum for mobile communication (Net4Mobility).

The roll-out of what will be Sweden's most extensive 4G network will start in late 2009. The intent is to launch commercial high-speed mobile internet services based on LTE-technology at the end of 2010, while improving voice coverage (GSM) for all customers.

Higher depreciation rate of Tele2 Sweden's existing GSM as an effect of the joint venture Net4Mobility amounted to SEK 36 million in the quarter. In total, Tele2 Sweden will increase its depreciation by SEK 470 million over 39 months starting with Q2 2009.

> **Fixed Broadband** The fixed broadband market developed more slowly in the quarter, and the product segment was to some extent affected by promotional offerings in the mobile internet market. Tele2 Sweden continued to work on improving profitability on fixed broadband services and reached an EBITDA margin of 5 (-10) percent, mainly by focusing on bundled products together with lower direct cost.

> **Fixed Telephony** The EBITDA margin was still strong in the quarter at 20 (21) percent despite a deteriorating customer base, as it was helped by improved cost control. The company reinforced its retention measures by providing add-on services, such as voice mail, etc. In Q2 2009, Tele2 Sweden saw an increased customer interest in low-tariff fixed price plans and VoIP subscriptions, but churn rate in the fixed telephony segment remained to a large extent unaffected. The company has initiated a migration of Optimal Telecom's (wholly owned subsidiary of Tele2 Sweden) customers into Tele2 Sweden customer base to streamline operations and enable the effective cross sales of Tele2 offerings.

NORWAY

> **Mobile** Despite a tough competitive environment in Q2 2009, marked by strong price competition in both mobile voice and mobile data, Tele2 Norway was able to deliver an improved revenue and EBITDA result compared to the previous quarter. This was achieved through intensified efforts to bring costs down and keep improving the quality of the overall customer stock. The net intake in Q2 2009 amounted to 2,000 (-4,000).

EBITDA contribution was SEK 51 (65) million in Q2 2009. The termination rate has been lowered by the authorities from NOK 1.15 to NOK 1.00 from February 10, 2009 onwards, negatively affecting EBITDA with SEK -28 million for Q2 2009.

The EBIT result was negatively impacted by Tele2 Norway's share of the result from the Mobile Norway joint venture of SEK -16 (-17) million in Q2 2009.

> **Fixed Broadband** As of July 1, 2009 the ADSL and VoIP customer base was sold to NextGenTel for approximately SEK 120 million.

> **Fixed Telephony** The overall performance for fixed telephony was stable in Q2 2009 with constant EBITDA contribution compared to Q1 2009.

¹⁾ In Sweden, net result from central group functions has, with retroactive effect, been separated and is instead reported in segment Other (see Note 13).

Overview by region, cont.

RUSSIA

THE MOBILE CUSTOMER BASE
INCREASED IN Q2 2009 BY

478,000



The Russian operation is Tele2's most important growth engine. The company has GSM licenses in 35 regions with approximately 61 million inhabitants.

> **Mobile** During Q2 2009, Tele2 Russia continued with its strategy of improving the operational contribution from its more mature regions to support the roll-out of commercial networks in its new regions. In the quarter, the region of Tomsk was launched with good market traction. Tele2 Russia pushed new region activities during the quarter by means of network deployment and commercial activities so the

company expects to be able to launch in total up to 12 new regions in 2009. Tele2 Russia intends to launch up to 6 of the new regions in the third quarter (the process for awarding the new licenses is still partially challenged at court).

By developing existing regional and federal retail channels and also introducing new means of distribution (food retail chains and National postal offices), Tele2 Russia had a robust customer intake and added 478,000 (606,000) new users during the period. The customer intake was also supported by lower churn in the total base. The positive trend of minutes of use continued in Q2 2009, increasing by 7 percent to 213 (199). Due to tough price competition on the market, the growth in ARPU was flat and amounted to SEK 50 (51).

EBITDA in the 16 old regions amounted to SEK 720 (599) million, equivalent to a margin of 40 (37) percent. EBITDA in the new regions amounted to SEK -76 (-22) million.

Tele2 Russia increased prices in regions where market conditions permitted, but the general pricing environment remains highly competitive.

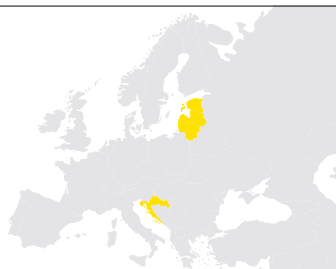
Tele2 Russia will carry on looking for possibilities to carefully expand its operations through new licenses as well as complementary acquisitions which fit with its corporate culture.

Overview by region, cont.

CENTRAL EUROPE ESTONIA, LITHUANIA, LATVIA AND CROATIA

THE EBITDA MARGIN
IN LITHUANIA AMOUNTED
IN Q2 2009 TO

39%



The current economic turmoil continues to affect the Baltic countries negatively. Tele2 will remain focused on creating a strong operational platform it can leverage on once economic stability re-emerges in the region. To offset the negative GDP impact, Tele2 has selectively increased its marketing activities to gain market share on high value ARPU customers. The tough economic climate is expected to persist throughout 2009. Tele2 sees this development as a possibility to move its market position carefully forward and present the best deal to customers becoming increasingly price-sensitive.

Tele2's Croatian operation is a strong challenger as it offers the best deal in both voice services and mobile internet.

ESTONIA

> **Mobile** The strong economic downturn trend was prolonged in Q2 2009 and price pressure in all customer segments remained high. This challenging economical situation has affected the hardware sales most, whereas MoU kept growing. Despite the difficult economic environment, Tele2 Estonia was able to show good results in terms of stable net sales and sound profitability.

As more customers are reviewing their telecom service provider, Tele2 Estonia has utilized its clear price-leader position, offering the best deal, and acquired both competitors' private and corporate customers. Tele2 Estonia has been an indisputable winner on number portability, achieving over 6,000 net new ported-in customers during 1H 2009.

Tele2 Estonia kept on building out 3G network in Estonia, which by the end of the quarter covered more than 70 percent of Estonian population. As the first operator in the market, Tele2 Estonia launched pre-paid mobile internet service in the beginning of June 2009. The new service will offer good flexibility and allow customers to better control their costs. The launch of the mobile internet pre-paid service will strengthen Tele2's competitive position on the Estonian mobile internet market.

LITHUANIA

> **Mobile** Tele2 Lithuania experienced good operational development in Q2 2009, adding market share in both the post-paid consumer and the corporate segment. A sustained price leader position together with effective marketing campaigns were key success factors. Tele2 Lithuania's customer market share at the end of Q2 2009 increased to 44 percent of the total mobile market. The economic downturn has negatively affected the ARPU level in the post-paid segment. However, Tele2 Lithuania was still able to successfully increase profitability to a new record level by better managing acquisition costs.

In 2009, Tele2 Lithuania will carry on increasing its focus on the corporate segment. As the market becomes more price sensitive, there is an opportunity for Tele2 to move its position forward among private companies, municipalities and state-owned organizations. Tele2 will also enter mobile internet market by providing 3G based services in most of Lithuania in 2009.

LATVIA

> **Mobile** Latvia still suffered from a very demanding economic climate in Q2 2009. The economy has been heavily affected by fallen trade exports and weak domestic demand driven by low consumer and business confidence, growing unemployment, wage cuts, and the credit squeeze. Together with increasing competition, the mobile market has experienced a very tough pricing environment, affecting the operational result in both the pre-paid and the post-paid segments in Q2 2009.

As the price leader, Tele2 Latvia has been taking advantage of more customers reviewing their telecom service provider. Increased competitive price pressure led to lower margins in Q2 2009 and had an impact on overall profitability.

Tele2 Latvia continued to work actively in the corporate segment, including state-owned companies, which has already resulted in important wins over competitors. This opportunity has been enhanced due to a slower economy, making business customers more price sensitive.

CROATIA

> **Mobile** Tele2 Croatia kept on doing well in the quarter and revenues grew by 63 percent to SEK 316 (194) million.

The first effects of the economic turmoil were noticed in the customers' behaviour at the end of Q1 2009 and the trend remained the same in Q2 2009. As a result, price competition increased in the market. However, Tele2 Croatia maintained its price leading position and the saving guarantee concepts introduced in the beginning of 2009 were extended to also include mobile internet services.

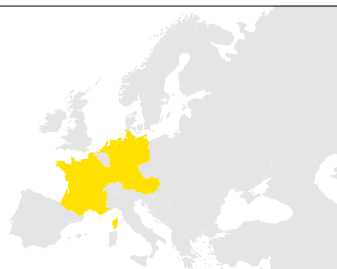
Tele2 Croatia intensified the emphasis on profitability during the quarter, which resulted in an EBITDA improvement of 31 percent, partly driven by more favorable termination rates.

Overview by region, cont.

WESTERN EUROPE FRANCE, THE NETHERLANDS, GERMANY AND AUSTRIA

THE EBITDA MARGIN IN THE NETHERLANDS AMOUNTED IN Q2 2009 TO

24%



The Western European market area has changed significantly in geographic scope over the last two years. Throughout 2008, the focus has been to manage the existing operations more effectively, by concentrating on customer base management and using more cost effective sales channels, such as web and in-bound customer service calls. Hence, the operational performance of the market area improved during the last year. In 2009, Tele2 will keep on improving the efficiency of the different geographies, by paying particular attention to customer base management and the reduction of the overall cost base.

FRANCE

> **Mobile** Tele2 France continued to increase its profitability in Q2 2009 to a 13 (10) percent EBITDA margin. The main drivers for increased profitability were a strong churn reduction through better retention measures, and an improved cost structure through new MVNO conditions and an intensified cost reduction program.

In 2009, Tele2 France will maintain its focus on profitability, leveraging on its post-paid customer base through retention management and usage development. Sales channels will be monitored closely in order to invest in the most profitable ones.

Tele2 France signed in Q2 2009 new MVNO conditions with Orange that offered new prices and improved contractual clauses.

Tele2 France will keep working proactively with the national regulator to have full MVNO legislation introduced in France.

THE NETHERLANDS

> **Mobile** The competitive landscape for mobile services remained fierce in Q2 2009. However, Tele2 continued to benefit from its perceived price leadership and innovative marketing strategy. The company focused during the quarter on moving pre-paid subscribers to post-paid with higher ARPU and margins. In order to stay competitive, Tele2 Netherlands will move its consumer customer base to a new MVNO host during the third quarter. As a result, the company will be able to improve its margins and offer new products such as mobile internet.

> **Fixed Broadband** The residential fixed broadband market developed above expectations during the quarter. Tele2 Netherlands benefited from several consumer awards that in combination with the new branding campaign "Frank" led to higher brand awareness

among consumers. Thanks to the price leading position and increased brand awareness, Tele2 Netherlands managed to increase its broadband order intake in the residential segment.

In the business segment, Tele2 Netherlands has had an increased order intake during the quarter, predominantly in the large corporate segment and mainly relating to on-net data and voice services. Furthermore, revenue developed was positively driven by last year's customer stock increase which started to materialize, especially on-net data services, internet and secured internet.

> **Fixed Telephony** The fixed telephony market went on declining, due to a shift towards bundled voice and internet offerings. Tele2 Netherlands prolonged its effort to up-and cross sale its fixed telephony base towards bundled offerings. The company has managed to retain its CPS (carrier pre-select) customer base with WLR (whole sale line rental), which slows down churn. The company has made price adjustments to improve profitability, though keeping its price leading positions against the incumbent.

GERMANY

> **Fixed Broadband** The fixed broadband markets showed signs of market saturation, acting as a catalyst for market consolidation. The cable operators as well as the incumbent continued with their high marketing levels. Promotional pricing remained an important marketing tool for the competition. The market kept laying stress on unbundled products rather than on resold services.

Tele2 Germany continued its broadband strategy of aiming at profitability rather than market share. As an effect of improved cost control measures at the Plusnet JV the profitability has improved and again led to lower operational losses in unbundled broadband services. Thanks to constant process optimization, the retention activities have proved their effectiveness and decreased the customer turnover during Q2 2009.

> **Fixed Telephony** Tele2 Germany remained the largest CPS (Carrier Pre-Select) provider in the market. Due to the strong emphasis on retention and customer base management, the churn continued to trend down in Q2 2009. As a result, the EBITDA margin for fixed telephony improved to 37 (35) percent in the quarter. The pricing environment in the fixed telephony market remained stable in Q2 2009. Most alternative operators centered their marketing activities on fixed broadband services, which led to relatively low competition.

AUSTRIA

> **Fixed Broadband** Tele2 Austria maintained its effort to improve the overall cost structure and concentrate on a more selective service portfolio in both the consumer and the business segment. Because retention was given precedence over marketing efforts, the turnover in the customer base declined in Q2 2009. The improvement of the overall cost structure of Tele2 Austria brought higher EBITDA contribution in the quarter. The process of streamlining the organization will continue throughout 2009.

> **Fixed Telephony** The decline of the fixed-line base slowed down in Q2 2009 thanks to more effective retention measures that impacted the churn positively. In the business market fixed telephony services sustained a stable development.

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 the economic recession, operations in Russia, 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 for 2008 (see Directors' report and Note 2 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

Other

Tele2 will release the financial and operating results for the period ending September 30, 2009 on October 21, 2009.

The Board of Directors and CEO declare that the undersigned six-month interim report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, July 22, 2009

Tele2 AB

Vigo Carlund
Chairman

Mike Parton
Vice Chairman

Mia Brunell Livfors

Jere Calmes

John Hepburn

John Shakeshaft

Cristina Stenbeck

Pelle Törnberg

Harri Koponen
President and CEO, Tele2 AB

REVIEW REPORT

Introduction

We have reviewed the interim report for Tele2 AB (publ.) for the period January 1, 2009, to June 30, 2009. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, July 22, 2009

Deloitte AB

Jan Berntsson

Authorized Public Accountant

INTERIM RESULT CONFERENCE CALL

Tele2 will host a conference call, with an interactive presentation, for the global financial community at 10.00 am CET (09.00 am UK time / 04.00 am NY time) on Wednesday, July 22, 2009. The conference call will be held in English and also available as audiocast on Tele2's website, www.tele2.com.

DIAL-IN INFORMATION:

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

DIAL-IN NUMBERS:

Sweden: +46 8 50 52 02 70
 UK: + 44 208 817 9301
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You will also be in a position to listen to the conference call afterwards:

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CONTACTS

Harri Koponen

President and CEO
 Telephone: +46 (0)8 5626 4000

Lars Nilsson

CFO
 Telephone: +46 (0)8 5626 4000

Lars Torstensson

Investor Relations
 Telephone: +46 (0)8 5620 0042

Tele2 AB

Company registration nr: 556410-8917
 Skeppsbron 18
 P.O. Box 2094
 SE-103 13 Stockholm
 Sweden
 Tel +46 (0)8 5620 0060
www.tele2.com

APPENDICES

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TELE2 IS ONE OF EUROPE'S LEADING ALTERNATIVE TELECOM OPERATORS. Tele2's mission is to provide affordable and easy connectivity for everyone at anytime. Tele2 always strives to offer the market's best prices. We have 25.4 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 2008, we had net sales of SEK 39.5 billion and reported an operating profit (EBITDA) of SEK 8.2 billion.

Income statement

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2008 Q2
CONTINUING OPERATIONS						
Net sales	1	20,250	19,359	39,505	10,130	9,832
Operating expenses	2	-17,508	-17,363	-35,050	-8,690	-8,605
Impairment of goodwill and customer agreements	2	-	-183	-1,033	-	-183
Sale of operations, profit	3	-	86	125	-	-
Sale of operations, loss	4	-4	-2	-13	-	1
Result from shares in associated companies and joint ventures	5	-34	-143	-212	-16	-79
Impairment of shares in joint ventures	2	-	-555	-582	-	-555
Other operating income	6	224	208	451	76	93
Other operating expenses	6	-152	-164	-340	-53	-74
Operating profit/loss, EBIT		2,776	1,243	2,851	1,447	430
Net interest expenses		-238	-182	-400	-99	-94
Exchange rate differences, external		-74	116	-216	92	14
Exchange rate differences, intragroup		-232	-9	-334	35	25
Other financial items		-31	-55	-63	-11	-47
Profit/loss after financial items, EBT		2,201	1,113	1,838	1,464	328
Tax on profit/loss	7	-597	-251	-120	-324	-167
Net profit/loss from continuing operations		1,604	862	1,718	1,140	161
DISCONTINUED OPERATIONS						
Net profit/loss from discontinued operations	9	196	-171	715	12	-220
NET PROFIT/LOSS		1,800	691	2,433	1,152	-59
ATTRIBUTABLE TO						
Equity holders of the parent company		1,781	684	2,411	1,141	-54
Minority interest		19	7	22	11	-5
NET PROFIT/LOSS		1,800	691	2,433	1,152	-59
Earnings per share (SEK)		4.04	1.54	5.44	2.59	-0.12
Earnings per share, after dilution (SEK)		4.04	1.54	5.43	2.59	-0.12
FROM CONTINUING OPERATIONS						
Earnings per share (SEK)		3.59	1.92	3.82	2.56	0.37
Earnings per share, after dilution (SEK)		3.59	1.92	3.82	2.56	0.37
Number of outstanding shares, basic	8	440,351,339	444,851,339	440,351,339		
Number of shares in own custody	8	4,948,000	4,098,000	9,448,000		
Number of shares, weighted average	8	440,351,339	444,851,339	443,538,839		
Number of shares after dilution	8	441,618,832	445,580,532	441,063,416		
Number of shares after dilution, weighted average	8	441,056,139	445,286,033	443,867,042		

Comprehensive income

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2008 Q2
Net profit/loss		1,800	691	2,433	1,152	-59
OTHER COMPREHENSIVE INCOME						
Exchange rate differences		29	-196	2,351	151	99
Exchange rate differences, tax effect		-40	-23	800	-63	82
Reversed cumulative exchange rate differences from divested companies	9	-1	-	-197	-	-
Cash flow hedges		-8	70	-141	1	114
Cash flow hedges, tax effect		1	-20	40	-	-33
Other comprehensive income for the period, net of tax		-19	-169	2,853	89	262
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,781	522	5,286	1,241	203
ATTRIBUTABLE TO						
Equity holders of the parent company		1,764	515	5,259	1,229	207
Minority interest		17	7	27	12	-4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,781	522	5,286	1,241	203

Balance sheet

SEK million	Note	Jun 30, 2009	Jun 30, 2008	Dec 31, 2008
ASSETS				
FIXED ASSETS				
Goodwill		11,589	11,308	11,473
Other intangible assets		2,015	2,327	2,121
Intangible assets		13,604	13,635	13,594
Tangible assets		15,839	14,176	15,566
Financial assets		593	511	427
Deferred tax assets		4,655	3,178	4,754
FIXED ASSETS		34,691	31,500	34,341
CURRENT ASSETS				
Materials and supplies		301	351	368
Current receivables		7,454	8,760	7,815
Short-term investments		85	2,511	3,359
Cash and cash equivalents		1,021	2,524	1,250
CURRENT ASSETS		8,861	14,146	12,792
ASSETS CLASSIFIED AS HELD FOR SALE	9	58	1,540	-
ASSETS		43,610	47,186	47,133
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Attributable to equity holders of the parent company		27,725	23,855	28,151
Minority interests		59	35	50
SHAREHOLDERS' EQUITY		27,784	23,890	28,201
LONG-TERM LIABILITIES				
Interest-bearing liabilities		4,988	6,656	2,161
Non-interest-bearing liabilities		702	984	758
LONG-TERM LIABILITIES		5,690	7,640	2,919
SHORT-TERM LIABILITIES				
Interest-bearing liabilities		1,695	6,705	7,635
Non-interest-bearing liabilities		8,441	8,562	8,378
SHORT-TERM LIABILITIES		10,136	15,267	16,013
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	9	-	389	-
EQUITY AND LIABILITIES		43,610	47,186	47,133

Cash flow statement

SEK million	Note	2009 Jan1–Jun30	2008 Jan1–Jun30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
OPERATING ACTIVITIES										
Cash flow from operations, other		3,952	3,831	8,166	2,060	1,892	1,930	2,405	2,086	1,745
Taxes paid	7	-580	-167	-377	-124	-456	-120	-90	153	-320
Changes in working capital	1	458	-299	107	63	395	127	279	-381	82
CASH FLOW FROM OPERATING ACTIVITIES		3,830	3,365	7,896	1,999	1,831	1,937	2,594	1,858	1,507
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	11	-2,227	-2,445	-4,608	-1,078	-1,149	-1,233	-930	-1,446	-999
Cash flow after CAPEX		1,603	920	3,288	921	682	704	1,664	412	508
Acquisition of shares and participations	9	-376	-488	-676	-317	-59	-141	-47	-90	-398
Sale of shares and participations	9	243	-146	2,273	281	-38	247	2,172	-78	-68
Changes of short-term investments etc		3,296	314	331	2,934	362	5	12	158	156
Cash flow from investing activities		936	-2,765	-2,680	1,820	-884	-1,122	1,207	-1,456	-1,309
CASH FLOW AFTER INVESTING ACTIVITIES		4,766	600	5,216	3,819	947	815	3,801	402	198
FINANCING ACTIVITIES										
Change of loans, net		-2,976	2,975	-2,433	-1,492	-1,484	-831	-4,577	2,273	702
Dividends	8	-2,202	-3,492	-3,492	-2,202	-	-	-	-3,492	-
New share issues	8	-	-	1	-	-	-	1	-	-
Repurchase of own shares	8	-	-	-462	-	-	-	-462	-	-
Dividend to minority		-1	-	-	-1	-	-	-	-	-
Other financing activities		-	7	7	-	-	-	-	7	-
Cash flow from financing activities		-5,179	-510	-6,379	-3,695	-1,484	-831	-5,038	-1,212	702
NET CHANGE IN CASH AND CASH EQUIVALENTS		-413	90	-1,163	124	-537	-16	-1,237	-810	900
Cash and cash equivalents at beginning of period		1,250	2,459	2,459	792	1,250	1,327	2,524	3,343	2,459
Exchange rate differences in cash		184	-25	-46	105	79	-61	40	-9	-16
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,021	2,524	1,250	1,021	792	1,250	1,327	2,524	3,343

Change in shareholders' equity

SEK million	Note	Jun 30, 2009			Jun 30, 2008			Dec 31, 2008		
		Attributable to		Total shareholders' equity	Attributable to		Total shareholders' equity	Attributable to		Total shareholders' equity
		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Shareholders' equity, January 1		28,151	50	28,201	26,821	28	26,849	26,821	28	26,849
Costs for stock options		12	-	12	11	-	11	24	-	24
New share issues	8	-	-	-	-	-	-	1	-	1
Repurchase of own shares	8	-	-	-	-	-	-	-462	-	-462
Dividends	8	-2,202	-1	-2,203	-3,492	-	-3,492	-3,492	-	-3,492
Purchase of minority	8	-	-7	-7	-	-7	-7	-	-12	-12
New share issues to minority		-	-	-	-	7	7	-	7	7
Comprehensive income for the period		1,764	17	1,781	515	7	522	5,259	27	5,286
SHAREHOLDERS' EQUITY, END OF PERIOD		27,725	59	27,784	23,855	35	23,890	28,151	50	28,201

Number of customers

Thousands	Note	Number of customers		Net intake								
		2009 Jun 30	2008 Jun 30	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden												
Mobile	10	3,236	3,203	78	104	259	56	22	28	127	85	19
Fixed broadband		436	418	3	32	47	-3	6	3	12	2	30
Fixed telephony		780	862	-37	-56	-101	-16	-21	-33	-12	-21	-35
		4,452	4,483	44	80	205	37	7	-2	127	66	14
Norway												
Mobile	10	456	437	-2	-11	12	2	-4	19	4	-4	-7
Fixed broadband		84	104	-7	-8	-21	-3	-4	-7	-6	-3	-5
Fixed telephony		124	145	-9	-18	-30	-3	-6	-4	-8	-8	-10
		664	686	-18	-37	-39	-4	-14	8	-10	-15	-22
Russia												
Mobile	10	12,381	9,485	698	925	1,858	478	220	484	449	606	319
		12,381	9,485	698	925	1,858	478	220	484	449	606	319
Estonia												
Mobile	10	456	503	-14	11	10	-1	-13	-1	-	8	3
Fixed telephony		15	18	-1	-2	-4	-1	-	-1	-1	-1	-1
		471	521	-15	9	6	-2	-13	-2	-1	7	2
Lithuania												
Mobile	10	1,716	1,863	-27	67	128	-19	-8	12	49	32	35
Fixed broadband		42	39	1	3	5	-	1	1	1	1	2
Fixed telephony		4	5	-	-1	-2	-	-	-1	-	-1	-
		1,762	1,907	-26	69	131	-19	-7	12	50	32	37
Latvia												
Mobile	10	1,072	1,126	-22	4	-16	1	-23	-25	5	-1	5
Fixed telephony		2	3	-	-1	-2	-	-	-1	-	-	-1
		1,074	1,129	-22	3	-18	1	-23	-26	5	-1	4
Croatia												
Mobile	10	546	553	70	83	233	8	62	76	74	37	46
		546	553	70	83	233	8	62	76	74	37	46
France												
Mobile	10	429	465	-25	12	15	-	-25	6	-3	-	12
		429	465	-25	12	15	-	-25	6	-3	-	12
Netherlands												
Mobile	10	425	500	7	-70	-112	-1	8	-19	-23	-26	-44
Fixed broadband		395	338	27	14	44	13	14	19	11	7	7
Fixed telephony		344	442	-45	-52	-105	-18	-27	-23	-30	-27	-25
		1,164	1,280	-11	-108	-173	-6	-5	-23	-42	-46	-62
Germany												
Fixed broadband		153	198	-24	25	4	-10	-14	-14	-7	6	19
Fixed telephony	10	1,728	2,103	-302	-622	-906	-115	-187	-172	-112	-304	-318
		1,881	2,301	-326	-597	-902	-125	-201	-186	-119	-298	-299
Austria												
Fixed broadband		153	171	-11	-1	-8	-4	-7	-4	-3	-8	7
Fixed telephony		389	491	-31	-71	-142	-17	-14	-39	-32	-37	-34
		542	662	-42	-72	-150	-21	-21	-43	-35	-45	-27
Other												
Other operations		-	-	-	-10	-10	-	-	-	-	-	-10
		-	-	-	-10	-10	-	-	-	-	-	-10
TOTAL												
Mobile	10	20,717	18,135	763	1,125	2,387	524	239	580	682	737	388
Fixed broadband		1,263	1,268	-11	65	71	-7	-4	-2	8	5	60
Fixed telephony	10	3,386	4,069	-425	-823	-1,292	-170	-255	-274	-195	-399	-424
Other operations		-	-	-	-10	-10	-	-	-	-	-	-10
TOTAL CONTINUING OPERATIONS		25,366	23,472	327	357	1,156	347	-20	304	495	343	14
Acquired companies												
Divested companies												
Changed method of calculation												
	10			553	-	211	553	-	211	-	-	-
Discontinued operations												
Net intake	9	-	1	-	1	-33	-	-	-4	-30	2	-1
Divested companies	9	-	1,500	-	-	-1,467	-	-	-466	-1,001	-	-
TOTAL OPERATIONS		25,366	24,973	880	252	-235	900	-20	49	-536	345	-93

Net sales

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden										
Mobile	13	3,812	3,789	7,698	1,969	1,843	1,908	2,001	1,983	1,806
Fixed broadband	13	699	637	1,313	349	350	348	328	318	319
Fixed telephony	13	962	1,080	2,120	476	486	522	518	536	544
Other operations	13	163	116	242	75	88	71	55	51	65
		5,636	5,622	11,373	2,869	2,767	2,849	2,902	2,888	2,734
Norway										
Mobile		1,290	1,285	2,533	654	636	609	639	647	638
Fixed broadband		189	215	409	92	97	95	99	107	108
Fixed telephony		245	296	554	120	125	128	130	143	153
		1,724	1,796	3,496	866	858	832	868	897	899
Russia										
Mobile		3,527	3,112	6,867	1,843	1,684	1,992	1,763	1,624	1,488
		3,527	3,112	6,867	1,843	1,684	1,992	1,763	1,624	1,488
Estonia										
Mobile		515	521	1,045	261	254	263	261	264	257
Fixed telephony		6	8	14	3	3	3	3	4	4
Other operations		28	27	62	14	14	17	18	15	12
		549	556	1,121	278	271	283	282	283	273
Lithuania										
Mobile		857	740	1,599	435	422	455	404	380	360
Fixed broadband		14	10	22	7	7	6	6	5	5
Fixed telephony		2	3	7	-	2	2	2	2	1
		873	753	1,628	442	431	463	412	387	366
Latvia										
Mobile	1	868	849	1,734	420	448	443	442	419	430
Fixed telephony		-	1	2	-	-	1	-	1	-
		868	850	1,736	420	448	444	442	420	430
Croatia										
Mobile		608	344	859	316	292	269	246	194	150
		608	344	859	316	292	269	246	194	150
France										
Mobile		637	593	1,233	314	323	327	313	309	284
		637	593	1,233	314	323	327	313	309	284
Netherlands										
Mobile		537	532	1,060	272	265	260	268	274	258
Fixed broadband	1	1,781	1,411	2,895	845	936	796	688	697	714
Fixed telephony		764	778	1,505	375	389	379	348	392	386
Other operations		405	409	805	198	207	202	194	209	200
		3,487	3,130	6,265	1,690	1,797	1,637	1,498	1,572	1,558
Germany										
Fixed broadband		235	240	484	113	122	122	122	124	116
Fixed telephony		914	1,115	2,117	441	473	504	498	524	591
Other operations		221	227	428	109	112	100	101	115	112
		1,370	1,582	3,029	663	707	726	721	763	819
Austria										
Fixed broadband	1	583	469	996	286	297	270	257	261	208
Fixed telephony		279	316	597	131	148	140	141	149	167
Other operations		312	335	638	150	162	149	154	167	168
		1,174	1,120	2,231	567	607	559	552	577	543
Other										
Other operations	13	578	894	1,604	276	302	380	330	421	473
		578	894	1,604	276	302	380	330	421	473
TOTAL										
Mobile		12,651	11,765	24,628	6,484	6,167	6,526	6,337	6,094	5,671
Fixed broadband		3,501	2,982	6,119	1,692	1,809	1,637	1,500	1,512	1,470
Fixed telephony		3,172	3,597	6,916	1,546	1,626	1,679	1,640	1,751	1,846
Other operations		1,707	2,008	3,779	822	885	919	852	978	1,030
Internal sales, elimination		21,031	20,352	41,442	10,544	10,487	10,761	10,329	10,335	10,017
		-722	-993	-1,847	-355	-367	-416	-438	-503	-490
		20,309	19,359	39,595	10,189	10,120	10,345	9,891	9,832	9,527
One-off items	1	-59	-	-90	-59	-	-32	-58	-	-
TOTAL CONTINUING OPERATIONS		20,250	19,359	39,505	10,130	10,120	10,313	9,833	9,832	9,527
Discontinued operations	9	-	1,740	2,481	-	-	144	597	865	875
TOTAL OPERATIONS		20,250	21,099	41,986	10,130	10,120	10,457	10,430	10,697	10,402

Internal sales

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden										
Mobile	13	14	42	93	7	7	19	32	26	16
Fixed broadband	13	-	1	1	-	-	-	-	-	1
Fixed telephony	13	6	-	-	3	3	-	-	-	-
Other operations	13	87	85	154	43	44	36	33	41	44
		107	128	248	53	54	55	65	67	61
Norway										
Mobile		-	4	3	-	-	-	-1	1	3
Fixed telephony		18	19	42	7	11	14	9	10	9
		18	23	45	7	11	14	8	11	12
Russia										
Mobile		19	32	58	12	7	9	17	17	15
		19	32	58	12	7	9	17	17	15
Estonia										
Other operations		28	27	62	14	14	17	18	15	12
		28	27	62	14	14	17	18	15	12
Lithuania										
Mobile		8	4	10	5	3	3	3	2	2
Fixed telephony		1	2	5	-	1	1	2	1	1
		9	6	15	5	4	4	5	3	3
Latvia										
Mobile	1	8	2	7	3	5	2	3	2	-
		8	2	7	3	5	2	3	2	-
Netherlands										
Fixed broadband		9	10	20	4	5	5	5	5	5
Other operations		17	39	61	9	8	9	13	25	14
		26	49	81	13	13	14	18	30	19
Germany										
Other operations		77	127	219	40	37	43	49	64	63
		77	127	219	40	37	43	49	64	63
Austria										
Other operations		22	66	103	13	9	15	22	34	32
		22	66	103	13	9	15	22	34	32
Other										
Other operations	13	408	533	1,009	195	213	243	233	260	273
		408	533	1,009	195	213	243	233	260	273
TOTAL										
Mobile		49	84	171	27	22	33	54	48	36
Fixed broadband		9	11	21	4	5	5	5	5	6
Fixed telephony		25	21	47	10	15	15	11	11	10
Other operations		639	877	1,608	314	325	363	368	439	438
TOTAL CONTINUING OPERATIONS		722	993	1,847	355	367	416	438	503	490
Discontinued operations	9	-	73	107	-	-	7	27	39	34
TOTAL OPERATIONS		722	1,066	1,954	355	367	423	465	542	524

EBITDA

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden										
Mobile	13	1,215	1,327	2,646	620	595	611	708	707	620
Fixed broadband	13	54	-69	-34	16	38	20	15	-31	-38
Fixed telephony	13	214	212	440	96	118	121	107	110	102
Other operations	13	46	-36	-34	32	14	10	-8	-18	-18
		1,529	1,434	3,018	764	765	762	822	768	666
Norway										
Mobile		76	53	143	51	25	27	63	65	-12
Fixed broadband		-1	-31	-39	2	-3	-1	-7	-11	-20
Fixed telephony		27	53	84	13	14	13	18	26	27
		102	75	188	66	36	39	74	80	-5
Russia										
Mobile		1,182	1,095	2,368	644	538	645	628	577	518
		1,182	1,095	2,368	644	538	645	628	577	518
Estonia										
Mobile		153	175	333	77	76	64	94	87	88
Fixed telephony		-	1	2	-	-	1	-	-	1
Other operations		2	3	10	-	2	4	3	2	1
		155	179	345	77	78	69	97	89	90
Lithuania										
Mobile		323	243	483	167	156	124	116	121	122
Fixed broadband		3	2	5	2	1	2	1	1	1
Fixed telephony		1	2	4	-	1	1	1	1	1
		327	247	492	169	158	127	118	123	124
Latvia										
Mobile		287	323	646	138	149	158	165	160	163
		287	323	646	138	149	158	165	160	163
Croatia										
Mobile		-148	-178	-363	-57	-91	-108	-77	-83	-95
		-148	-178	-363	-57	-91	-108	-77	-83	-95
France										
Mobile		55	-6	6	41	14	6	6	30	-36
		55	-6	6	41	14	6	6	30	-36
Netherlands										
Mobile		64	66	163	50	14	56	41	40	26
Fixed broadband	1-2	450	252	509	201	249	128	129	145	107
Fixed telephony		178	139	332	95	83	95	98	77	62
Other operations		107	59	154	56	51	45	50	43	16
		799	516	1,158	402	397	324	318	305	211
Germany										
Fixed broadband		-91	-162	-270	-38	-53	-63	-45	-75	-87
Fixed telephony	2	343	333	739	164	179	201	205	185	148
Other operations		11	13	22	5	6	6	3	4	9
		263	184	491	131	132	144	163	114	70
Austria										
Fixed broadband	1	73	-132	-135	55	18	5	-8	-30	-102
Fixed telephony		89	70	129	49	40	31	28	37	33
Other operations		22	14	23	15	7	5	4	8	6
		184	-48	17	119	65	41	24	15	-63
Other										
Other operations	13	-58	-60	-191	-44	-14	-39	-92	-77	17
		-58	-60	-191	-44	-14	-39	-92	-77	17
TOTAL										
Mobile		3,207	3,098	6,425	1,731	1,476	1,583	1,744	1,704	1,394
Fixed broadband		488	-140	36	238	250	91	85	-1	-139
Fixed telephony		852	810	1,730	417	435	463	457	436	374
Other operations		130	-7	-16	64	66	31	-40	-38	31
TOTAL CONTINUING OPERATIONS		4,677	3,761	8,175	2,450	2,227	2,168	2,246	2,101	1,660
Discontinued operations	9	-	184	292	-	-	19	89	86	98
TOTAL OPERATIONS		4,677	3,945	8,467	2,450	2,227	2,187	2,335	2,187	1,758

EBIT

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden										
Mobile	13	966	1,062	2,170	471	495	511	597	573	489
Fixed broadband	13	-132	-210	-369	-76	-56	-103	-56	-103	-107
Fixed telephony	13	188	187	390	83	105	108	95	99	88
Other operations	13	13	-59	-91	16	-3	-14	-18	-30	-29
		1,035	980	2,100	494	541	502	618	539	441
Norway										
Mobile		36	28	75	31	5	6	41	45	-17
Fixed broadband		-20	-47	-72	-8	-12	-9	-16	-19	-28
Fixed telephony		21	49	76	10	11	11	16	23	26
		37	30	79	33	4	8	41	49	-19
Russia										
Mobile		874	841	1,834	481	393	501	492	457	384
		874	841	1,834	481	393	501	492	457	384
Estonia										
Mobile		118	135	255	60	58	40	80	63	72
Fixed telephony		-	1	1	-	-	-	-	-	1
Other operations		2	3	10	-	2	4	3	3	-
		120	139	266	60	60	44	83	66	73
Lithuania										
Mobile		273	203	401	142	131	102	96	101	102
Fixed broadband		1	1	2	-	1	1	-	1	-
Fixed telephony		1	2	4	-	1	1	1	1	1
		275	206	407	142	133	104	97	103	103
Latvia										
Mobile		238	281	556	114	124	131	144	139	142
		238	281	556	114	124	131	144	139	142
Croatia										
Mobile		-201	-217	-446	-84	-117	-131	-98	-103	-114
		-201	-217	-446	-84	-117	-131	-98	-103	-114
France										
Mobile		52	-7	3	39	13	6	4	29	-36
		52	-7	3	39	13	6	4	29	-36
Netherlands										
Mobile		59	58	143	47	12	46	39	37	21
Fixed broadband	1-2	-43	-235	-435	-43	-	-101	-99	-98	-137
Fixed telephony		135	98	250	73	62	74	78	58	40
Other operations		80	33	103	43	37	32	38	30	3
		231	-46	61	120	111	51	56	27	-73
Germany										
Fixed broadband		-109	-232	-364	-45	-64	-76	-56	-112	-120
Fixed telephony	2	320	301	680	153	167	188	191	170	131
Other operations		11	13	22	5	6	6	3	4	9
		222	82	338	113	109	118	138	62	20
Austria										
Fixed broadband	1	8	-222	-300	22	-14	-31	-47	-74	-148
Fixed telephony		58	13	31	34	24	14	4	7	6
Other operations		4	-	-8	6	-2	-5	-3	2	-2
		70	-209	-277	62	8	-22	-46	-65	-144
Other										
Other operations	13	-114	-183	-428	-68	-46	-108	-137	-136	-47
		-114	-183	-428	-68	-46	-108	-137	-136	-47
TOTAL										
Mobile		2,415	2,384	4,991	1,301	1,114	1,212	1,395	1,341	1,043
Fixed broadband		-295	-945	-1,538	-150	-145	-319	-274	-405	-540
Fixed telephony		723	651	1,432	353	370	396	385	358	293
Other operations		-4	-193	-392	2	-6	-85	-114	-127	-66
		2,839	1,897	4,493	1,506	1,333	1,204	1,392	1,167	730
One-off items	1-4	-63	-654	-1,642	-59	-4	-19	-969	-737	83
TOTAL CONTINUING OPERATIONS		2,776	1,243	2,851	1,447	1,329	1,185	423	430	813
Discontinued operations	9	196	-179	705	12	184	201	683	-228	49
TOTAL OPERATIONS		2,972	1,064	3,556	1,459	1,513	1,386	1,106	202	862

EBIT, cont.

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT										
EBITDA		4,677	3,761	8,175	2,450	2,227	2,168	2,246	2,101	1,660
Impairment of goodwill	2	-	-183	-986	-	-	-19	-784	-183	-
Impairment of customer agreements	2	-	-	-47	-	-	-1	-46	-	-
Impairment of shares in joint ventures	2	-	-555	-582	-	-	-16	-11	-555	-
Sale of operations	3-4	-4	84	112	-	-4	47	-19	1	83
Other one-off items	1-2	-59	-	-139	-59	-	-30	-109	-	-
Total one-off items		-63	-654	-1,642	-59	-4	-19	-969	-737	83
Depreciation/amortization and other impairment		-1,804	-1,721	-3,470	-928	-876	-934	-815	-855	-866
Result from shares in associated companies and joint ventures	5	-34	-143	-212	-16	-18	-30	-39	-79	-64
EBIT		2,776	1,243	2,851	1,447	1,329	1,185	423	430	813

CAPEX

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Sweden										
Mobile	11, 13	126	655	704	50	76	27	22	596	59
Fixed broadband	13	87	124	210	49	38	51	35	37	87
Fixed telephony	13	3	10	24	3	-	14	-	2	8
Other operations	13	14	16	29	8	6	9	4	14	2
		230	805	967	110	120	101	61	649	156
Norway										
Mobile		1	3	6	-	1	2	1	-6	9
Fixed broadband		2	8	24	1	1	10	6	3	5
Fixed telephony		1	-	2	1	-	1	1	-	-
		4	11	32	2	2	13	8	-3	14
Russia										
Mobile		1,084	588	1,699	529	555	613	498	342	246
		1,084	588	1,699	529	555	613	498	342	246
Estonia										
Mobile		69	83	194	24	45	65	46	44	39
		69	83	194	24	45	65	46	44	39
Lithuania										
Mobile		98	48	107	57	41	38	21	21	27
Fixed broadband		1	2	5	-	1	2	1	1	1
		99	50	112	57	42	40	22	22	28
Latvia										
Mobile		107	102	214	38	69	65	47	55	47
		107	102	214	38	69	65	47	55	47
Croatia										
Mobile		112	76	235	60	52	91	68	36	40
		112	76	235	60	52	91	68	36	40
France										
Mobile		-	1	-	-	-	-	-1	1	-
		-	1	-	-	-	-	-1	1	-
Netherlands										
Mobile		3	4	12	1	2	7	1	2	2
Fixed broadband		223	181	392	84	139	113	98	93	88
Fixed telephony		23	19	40	9	14	11	10	9	10
Other operations		17	14	30	7	10	8	8	7	7
		266	218	474	101	165	139	117	111	107
Germany										
Fixed broadband		-	10	5	-	-	-6	1	-1	11
Fixed telephony		1	1	2	1	-	-	1	-	1
		1	11	7	1	-	-6	2	-1	12
Austria										
Fixed broadband		16	33	99	10	6	51	15	14	19
Fixed telephony		11	15	48	7	4	27	6	2	13
Other operations		5	9	33	3	2	20	4	4	5
		32	57	180	20	12	98	25	20	37
Other										
Other operations	13	249	210	367	143	106	109	48	99	111
		249	210	367	143	106	109	48	99	111
TOTAL										
Mobile	11	1,600	1,560	3,171	759	841	908	703	1,091	469
Fixed broadband		329	358	735	144	185	221	156	147	211
Fixed telephony		39	45	116	21	18	53	18	13	32
Other operations		285	249	459	161	124	146	64	124	125
TOTAL CONTINUING OPERATIONS		2,253	2,212	4,481	1,085	1,168	1,328	941	1,375	837
Discontinued operations	9	-	97	142	-	-	10	35	46	51
TOTAL OPERATIONS		2,253	2,309	4,623	1,085	1,168	1,338	976	1,421	888

CAPEX, cont.

SEK million	Note	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008 full year	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2	2008 Q1
ADDITIONAL CASH FLOW INFORMATION										
CAPEX according to cash flow statement		2,227	2,445	4,608	1,078	1,149	1,233	930	1,446	999
This year unpaid CAPEX and paid CAPEX from previous year										
Continuing operations		-46	-120	-1	5	-51	87	32	-29	-91
Discontinued operations	9	-	-30	-21	-	-	-	9	-2	-28
Sales price in cash flow statement										
Continuing operations		72	14	37	2	70	18	5	6	8
CAPEX according to balance sheet		2,253	2,309	4,623	1,085	1,168	1,338	976	1,421	888

Key ratios

SEK million	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30	2008	2007	2006	2005
CONTINUING OPERATIONS						
Net sales	20,250	19,359	39,505	40,056	39,401	34,410
Number of customers (by thousands)	25,366	23,472	24,486	23,221	24,025	21,017
EBITDA	4,677	3,761	8,175	6,320	5,390	4,948
EBIT	2,776	1,243	2,851	1,337	181	2,419
EBT	2,201	1,113	1,838	606	-384	1,977
Net profit/loss	1,604	862	1,718	-382	-697	1,435
KEY RATIOS						
EBITDA margin, %	23.0	19.4	20.6	15.7	13.7	14.4
EBIT margin, %	13.7	6.4	7.2	3.3	0.5	7.0
VALUE PER SHARE (SEK)						
Earnings	3.59	1.92	3.82	-0.63	-1.29	3.25
Earnings after dilution	3.59	1.92	3.82	-0.63	-1.29	3.25
TOTAL (INCLUDING DISCONTINUED OPERATIONS)						
Shareholders' equity	27,784	23,890	28,201	26,849	29,123	35,368
Shareholders' equity after dilution	27,784	23,925	28,211	26,893	29,137	35,401
Total assets	43,610	47,186	47,133	48,648	66,164	68,291
Cash flow from operating activities	3,830	3,365	7,896	4,350	3,847	5,487
Cash flow after CAPEX	1,603	920	3,288	-819	-1,673	1,847
Available liquidity	9,114	17,713	17,248	25,901	5,963	8,627
Net debt	5,441	8,157	4,952	5,198	15,311	11,839
Investments in intangible and tangible assets, CAPEX	2,253	2,309	4,623	5,198	5,365	3,750
Investments in shares and long-term receivables, net	-3,163	320	-1,928	-11,444	1,616	7,953
KEY RATIOS						
Equity/assets ratio, %	64	51	60	55	44	52
Debt/equity ratio, multiple	0.20	0.34	0.18	0.19	0.53	0.33
Return on shareholders' equity, %	12.8	5.4	8.8	-6.0	-11.3	6.9
Return on shareholders' equity after dilution, %	12.8	5.4	8.8	-6.0	-11.3	6.9
Return on capital employed, %	17.9	7.0	12.8	1.6	-5.5	8.3
Average interest rate, %	6.9	5.9	6.2	5.2	4.2	3.7
VALUE PER SHARE (SEK)						
Earnings	4.04	1.54	5.44	-3.75	-8.14	5.30
Earnings after dilution	4.04	1.54	5.43	-3.75	-8.14	5.29
Shareholders' equity	62.96	53.63	63.47	60.31	64.85	78.96
Shareholders' equity after dilution	62.86	53.65	63.44	60.34	64.84	78.93
Cash flow from operating activities	8.70	7.56	17.80	9.78	8.66	12.39
Dividend, ordinary			3.50	3.15	1.83	1.75
Extraordinary dividend			1.50	4.70	-	-
Market price at closing day	77.90	118.00	69.00	129.50	100.00	85.25

Parent company

INCOME STATEMENT

SEK million	2009 Jan 1–Jun 30	2008 Jan 1–Jun 30
Net sales	19	16
Administrative expenses	-35	-74
Operating profit/loss, EBIT	-16	-58
Exchange rate difference on financial items	-22	105
Net interest expenses and other financial items	-66	150
Profit/loss after financial items, EBT	-104	197
Tax on profit/loss	-180	-60
NET PROFIT/LOSS	-284	137

BALANCE SHEET

SEK million	Note	Jun 30, 2009	Dec 31, 2008
ASSETS			
FIXED ASSETS			
Financial assets		34,104	35,529
FIXED ASSETS		34,104	35,529
CURRENT ASSETS			
Current receivables		32	64
Cash and cash equivalents		3	2
CURRENT ASSETS		35	66
ASSETS		34,139	35,595
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,455	17,460
Unrestricted equity	8	8,692	11,185
SHAREHOLDERS' EQUITY		26,147	28,645
LONG-TERM LIABILITIES			
Interest-bearing liabilities		6,455	2,606
LONG-TERM LIABILITIES		6,455	2,606
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		1,477	4,244
Non-interest-bearing liabilities		60	100
SHORT-TERM LIABILITIES		1,537	4,344
EQUITY AND LIABILITIES		34,139	35,595

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 and the Swedish Financial Reporting Board recommendation RFR 2.2 Reporting for legal entities and its statements.

Net result from central group functions has, with retroactive effect, been separated from the segment Sweden and are instead reported in segment Other. For additional information please refer to Note 13. As a result segment Other now mainly includes the parent company Tele2 AB, central functions, Datamatrix, Radio Components, Procure IT Right, and other minor operations.

From Q1 2009 divested operations, which have not previously been classified as discontinued operations, is reported in the segment Other. Previous periods have been adjusted retroactively.

As a way of standardizing reporting both internally and externally, Tele2 has decided to change its principles for calculating the number of active customers in its mobile prepaid base. For further information please refer to Note 10.

Tele2 has, in all other respects, presented its interim report in accordance with the accounting principles and calculation methods used in the 2008 Annual Report. Definitions are found in the 2008 Annual Report. Segments apply to the same accounting principles as for the consolidated financial statements.

NOTE 1 NET SALES

In Q2 2009, net sales in Sweden were decreased by SEK 59 million related to the revaluation of reserves. The negative effect is reported as a one-off item.

During Q2 2009 two operations in Latvia has been merged. Internal sales between the two companies have been eliminated with retroactive effect on previous periods.

In Q1 2009, net sales for fixed broadband in Netherlands were increased by SEK 50 million related to settlement of disputes with another operator.

In Q4 2008, net sales in Sweden were reduced by SEK 32 million related to interconnect disputes with TeliaSonera and a number of other operators. The amount is reported as a one-off item. In Q3 2008, net sales in 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 2007, net sales in Sweden were reduced by SEK 200 million concerning these disputes. 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 2010.

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 Q1 2009 Netherlands was negatively affected by SEK 38 million concerning retroactive price adjustments related to network costs mainly related to fixed broadband.

In Q3 2008 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.

A dispute with Deutsche Post was reported with a negative effect of SEK 52 million in Q1 2008.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q4 2008 Sweden recognized impairment losses on fixed assets of SEK 70 million mainly related to the cable TV network.

In Q3 2008 Tele2 recognized goodwill impairment losses in Austria of SEK 783 million and SEK 46 million related to customer agreements. Central IT-systems in Sweden has been impaired with SEK 114 million.

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. Impairment of goodwill is stated below.

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Austria	-	-	-799	-16	-783	-	-
Germany	-	-	-187	-3	-1	-183	-
Total impairment of goodwill	-	-	-986	-19	-784	-183	-

NOTE 3 SALE OF OPERATIONS, PROFIT

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

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
MVNO operations							
Austria	-	-	49	10	-	-	39
Denmark	-	-	15	15	-	-	-
Hungary	-	-	5	5	-	-	-
Belgium	-	-	58	8	1	-	49
Uni2 Denmark	-	-	-5	-3	-	-	-2
Portugal	-	-	3	3	-	-	-
Total	-	-	125	38	1	-	86

NOTE 4 SALE OF OPERATIONS, LOSS

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

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Alpha Telecom/ Calling Card company	-	-	-13	-1	-12	-	-
3C Communications	-	-2	1	-	1	-	-
Datamatrix Norway	-	-	-1	-	1	1	-3
Portugal	-	-	-	10	-10	-	-
Other	-	-2	-	-	-	-	-
Total	-	-4	-13	9	-20	1	-3

NOTE 5 CONTINGENT LIABILITIES

SEK million	2009 June 30	2008 Dec 31
Tax dispute S.E.C. SA liquidation	4,381	4,563
Guarantee related to joint ventures		
- Svenska UMTS-nät, Sweden	1,928	2,021
- Mobile Norway, Norway	36	33
Other commitments	-	1
Total contingent liabilities	6,345	6,618

On January 27, 2009, the County Administrative Court declined Tele2's claim for a tax deduction of SEK 13.9 billion corresponding to a tax effect, excluding interest, of SEK 3.9 billion related to the S.E.C. tax dispute, of which SEK 186 million has been expensed (please refer to Note 7). In Q1 2009 the County Administrative Court's ruling has been appealed to the Administrative Court of Appeal. The interest is estimated to amount to SEK 658 million at June 30, 2009 and SEK 653 million at December 31, 2008. The tax dispute is presented in detail in Note 15 of the 2008 Annual Report.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 32 in the Annual Report for 2008.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Service contracts and sales of capacity to sold operations	59	92	334	74	77	82	101
Other	17	56	117	71	21	11	14
Total other operating income	76	148	451	145	98	93	115

OTHER OPERATING EXPENSES

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Service contracts and sales of capacity to sold operations	-36	-58	-288	-64	-74	-70	-80
Other	-17	-41	-52	-25	-13	-4	-10
Total other operating expenses	-53	-99	-340	-89	-87	-74	-90

NET

SEK million	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Service contracts and sales of capacity to sold operations	23	34	46	10	3	12	21
Other	-	15	65	46	8	7	4
Total	23	49	111	56	11	19	25

NOTE 7 TAXES

In Q1 2009 SEK 186 million as well as SEK 10 million have been expensed regarding the S.E.C. dispute and other tax disputes respectively. Total tax and interest paid in Q1 2009, related to tax disputes, amount to SEK 395 million out of which SEK 163 million have already been provisioned for in 2005. The tax dispute is presented in Note 15 of the 2008 Annual Report.

In Q4 2008, a revaluation of deferred tax assets was reported negatively affecting the income statement by a net of SEK 143 million due to reduced income tax rates in Sweden and Russia.

The tax cost has during 2008 been affected positively with SEK 676 million as a result of write-downs of shares in group companies are tax deductible in the legal entity in Luxembourg

and no temporary differences exist relating to these investments.

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.

NOTE 8 SHARES AND CONVERTIBLES

Tele2 has, in Q2 2009, paid to the shareholders an ordinary dividend of SEK 3.50 per share and an extraordinary dividend of SEK 1.50 per share, corresponding to SEK 1,541 million and SEK 661 million respectively and totalling SEK 2,202 million.

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 repurchased shares have been cancelled in Q2 2009, which has resulted in a reduction of the share capital of SEK 5 million.

In Q2 2009, 44,710 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution approved at the Annual General Meeting on May 11, 2009.

INCENTIVE PROGRAM 2009-2012

The Annual General Meeting on May 11, 2009, 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, 2009–March 31, 2012 (the "Measure Period"), the participant maintaining the employment within the Tele2 Group at the date of the release of the interim report January - March 2012 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 355, five times the average closing share price of the Tele2 Class B shares during February 2009 (SEK 71).

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. With disapplication of the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the ratio value of the shares. 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. 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 authorisa-

tion to repurchase its own shares, following reclassification into Class B shares, may be transferred to participants in accordance with the terms of the Plan.

	2009 Jan 1–Jun 30
Number of rights	708,000
Offered June 1, 2009	708,000
Total outstanding rights	708,000

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 30 million.

The estimated average fair value of the granted rights was SEK 50.70 on the grant date, June 1, 2009. 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
Annual turnover of personnel	7.0%	7.0%	7.0%
Expected value reduction parameter fulfilment	-	50%	-
Weighted average share price	76.70	76.70	76.70
Expected life	2.90 years	2.90 years	2.90 years
Expected value reduction parameter market condition	70%	-	30%

INCENTIVE PROGRAM 2008–2011

	2009 Jan 1–Jun 30	Cumulative from start
Number of rights		
Allocated May 30, 2008		384,400
Allocated October 24, 2008		56,000
Allocated December 19, 2008		186,872
		627,272
Outstanding as of January 1, 2009	611,272	
Allocated Q2 2009, compensation for dividend	25,165	25,165
Forfeited	-76,944	-92,944
Total outstanding rights	559,493	559,493

Value reduction parameter for market condition is evaluated to be 50 percent at June 30, 2009.

INCENTIVE PROGRAM 2007–2010/2012

	2009 Jan 1–Jun 30	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2009	2,823,000	
Forfeited	-21,000	-750,000
Total outstanding stock options	2,802,000	2,802,000

The exercise price has been adjusted from SEK 130.20 to SEK 125.50 due to a compensation for the extra ordinary dividend paid during 2008.

INCENTIVE PROGRAM 2006–2009/2011

	Stock options		Warrants	
	2009 Jan 1–Jun 30	Cumulative from start	2009 Jan 1–Jun 30	Cumulative from start
Allocated March 7, 2006		1,504,000		752,000
Outstanding as of January 1, 2009	934,000		637,000	
Forfeited	-	-570,000	-637,000	-752,000
Total outstanding	934,000	934,000	-	-

In Q2 2009 have all outstanding warrants forfeited without exercise.

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	2009 Jan 1–Jun 30
Acquisitions	
Croatia	-100
Netherlands	-29
Sweden	-70
Other	-30
	-229
Capital contribution to joint venture companies	-147
	-147
Total acquisitions	-376
Divestments	
Settlements of previous years' discontinued operations	278
Settlements of previous years' other divestments	-35
Total divestments	243
TOTAL CASH FLOW EFFECT	-133

ACQUISITIONS

Croatia

In June 2009, Tele2 acquired the remaining 7 percent of the shares in Tele2 Croatia for SEK 100 million, which is reported as goodwill. After this acquisition Tele2 owns 100 percent of the company's shares.

Netherlands

During the first half of 2009 Tele2 acquired the remaining 0.34 percent of the shares in Tele2 Netherlands for SEK 29 million. After this acquisition Tele2 owns 100 percent of the company's shares.

Sweden

In March 2009, Tele2 acquired all shares in a company which possesses a license in Sweden, for SEK 70 million. During 2009 the acquisition has had no material impact on Tele2's income statement.

Other acquisitions

SEK 30 million was paid during 2009 regarding the acquisition of Kaliningrad in 2008.

Net assets at the time of acquisition

Assets, liabilities and contingent liabilities included in the acquired operations are stated below.

SEK million	Sweden		Fair value
	Reported value at the time of the acquisition	Adjustment to fair value	
Licenses	3	91	94
Deferred tax liabilities	-	-24	-24
Net acquired assets	3	67	70

Goodwill	-
Purchase price shares	70
NET EFFECT ON GROUP CASH ASSETS	70

The information above and the pro forma below are to be viewed as preliminary.

Ongoing acquisitions

In July 2009, Tele2 acquired the remaining 25.5 percent of the shares in Tele2 Izhevsk in Russia for approximately SEK 300 million. After this acquisition Tele2 will own 100 percent of the company's shares. Approximately 10 percent of the amount will be paid after 12 months of the completion.

DIVESTMENTS

Discontinued operations

Discontinued operations include settlements of sales costs and price adjustments for discontinued operations during 2008, of which SEK 186 million refer to a positive outcome from a dispute in the divested operation in Switzerland.

SEK million	2009 Jan 1–Jun 30	2009 Q2	2009 Q1
Income statement			
Sale of operations, profit	199	10	189
Sale of operations, loss	-3	2	-5
NET PROFIT/LOSS	196	12	184
Earnings per share, SEK	0.45	0.03	0.42
Earnings per share after dilution, SEK	0.45	0.03	0.42
Cash flow statement			
INVESTING ACTIVITIES			
Sale of shares and participations	278	308	-30
NET CHANGE IN CASH AND CASH EQUIVALENTS	278	308	-30

For additional information on discontinued operations please refer to the Q4 2008 Interim Report.

Other divestments

Other cash flow changes include settlements of sales costs and price adjustments in the amount of SEK -35 million, for divestments during 2008 that has not been classified as discontinued operations.

Divestments after closing day

On May 29, 2009 Tele2 sold its fixed broadband operation including VoIP customers in Norway for approximately SEK 120 million and with a capital gain of approximately SEK 50 million. The operation has affected Tele2's net sales year-to-date by SEK 182 (205) million and in 2008 by SEK 391 million, and EBITDA by SEK -4 (-35) million and in 2008 by SEK -44 million. The sale was completed on July 1, 2009 after receiving approval from the regulatory authorities. The tangible assets, SEK 58 million, of the divested operation have in the balance sheet at June 30, 2009 been reported as assets held for sale. The sale has not been reported as discontinued operation since the entire operation in the country has not been sold.

PRO FORMA

The table below shows the effect of the divested companies and operations at June 30, 2009 on Tele2's net sales and result, had they been divested at January 1, 2009.

SEK million	Jan 1–Jun 30, 2009		
	Tele2 Group	Excluding divested operations	Tele2 Group, pro forma
Net sales	20,250	-182	20,068
EBITDA	4,677	4	4,681
Net profit/loss	1,604	15	1,619

NOTE 10 NUMBER OF CUSTOMERS

As a way of standardizing reporting both internally and externally, Tele2 has decided to change its principles for calculating the number of active customers in its mobile prepaid base. As of June 30, 2009, Tele2 considers a customer inactive if the customer has not used its mobile service in 3 months, instead of as earlier 3 to 13 months. Previous periods have not been adjusted retroactively.

An active prepaid customer is a customer that has a refillable active account and has been either refilling or doing an active outgoing transaction during the latest 90 days (if the transaction doesn't generate revenues the customer must have refilled the account at least once before). Outgoing transactions which are free, count only if the customer refilled the card at least once. However, the customer will still, as before, be able to use their SIM card within the period that is valid for each country.

In Q2 2009, the one-time effect was a net increase of 553,000 in the reported customer base. The large positive effect that the changed principle has had on the Russian customer base is mainly related to the fact that the 3 months period was previously calculated from the time of the payment and not as the new definition from the last outgoing call. In the chart below is presented how the customer base has been affected by the changed definition in each country.

Thousands	Number of customers at June 30, 2009		
	Before	Changed definition	After
Sweden	3,436	-200	3,236
Norway	458	-2	456
Russia	11,120	1,261	12,381
Estonia	488	-32	456
Lithuania	1,897	-181	1,716
Latvia	1,084	-12	1,072
Croatia	773	-227	546
France	443	-14	429
Netherlands	465	-40	425
Number of customers	20,164	553	20,717

In Q4 2008, Tele2 decided to change its method for calculating the number of customers in the open-call-by-call service in its German fixed telephony base. The one-time effect was an increase of 211,000 in the reported customer base in Germany.

NOTE 11 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.

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Apart from transactions with Transcom no other significant related party transactions have been carried out during 2009. Related parties are presented in Note 39 of the 2008 Annual Report.

NOTE 13 SPLIT OF CENTRAL COSTS IN SWEDEN

From Q2 2009 Tele2 Sweden has been split into core operations and central group functions. Core operations is reported in segment Sweden and central functions is included in the segment Other.

The core operations of Tele2 Sweden comprise the commercial activities within Sweden, comprising the communications services of mobile, fixed telephony, fixed broadband, and domestic carrier business. The central functions of Tele2 Sweden comprise the activities which provide services for the benefit of Tele2 AB's shareholders, other Group companies (including the core operations of Sweden), and the sold entities. These services are provided for example from group wide departments such as group finance, legal, product development, sales & marketing, billing, information technology, international network, and international carrier.

Segment Sweden has, with retroactive effect, been adjusted with the following amounts related to net result from central group functions.

NET SALES

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-33	-62	-17	-15	-16	-14
Fixed broadband	-1	-10	-5	-6	-5	6
Fixed telephony	-1	-16	2	-3	-7	-8
Other operations	-50	-304	-90	-49	-77	-88
Net sales, total	-85	-392	-110	-73	-105	-104

INTERNAL SALES

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-3	-47	-8	-10	-20	-9
Fixed broadband	2	1	-	-	-	1
Fixed telephony	4	-1	-	-1	-	-
Other operations	-51	-221	-59	-53	-49	-60
Internal sales	-48	-268	-67	-64	-69	-68

EBITDA

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	21	-	3	-6	15	-12
Fixed broadband	9	56	13	7	17	19
Fixed telephony	-13	44	9	5	13	17
Other operations	-3	-20	19	14	-13	-40
EBITDA	14	80	44	20	32	-16

EBIT

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	35	105	32	15	38	20
Fixed broadband	9	71	16	9	22	24
Fixed telephony	-10	72	14	11	22	25
Other operations	2	27	38	24	-4	-31
EBIT	36	275	100	59	78	38

CAPEX

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-67	-196	-66	-24	-53	-53
Fixed broadband	-10	-42	-11	-5	-11	-15
Fixed telephony	-16	-51	-18	-5	-9	-19
Other operations	-6	-42	-9	-4	-16	-13
CAPEX	-99	-331	-104	-38	-89	-100