

FOR IMMEDIATE RELEASE, Thursday, February 15, 2007

Stockholm – Thursday, February 15, 2007 – Tele2 AB (“Tele2”) (OMX Nordic Exchange: TEL2 A and TEL2 B), Europe’s leading alternative telecom operator, today announced its consolidated results for the fourth quarter 2006.

TELE2

FULL YEAR REPORT 2006

In Q4 2006, Tele2’s EBITDA was SEK 1.5 billion with mobile revenues up 28% to SEK 5.2 billion

- › Operating revenue for Q4 2006 amounted to SEK 12,952 (12,635) million. Operating revenue for 2006 increased by more than 13% to SEK 50,306 (44,457) million
- › EBITDA in Q4 2006 was SEK 1,466* (1,415) million. EBITDA for 2006 was SEK 5,652 (5,772) million
- › Net profit/loss for 2006 amounted to SEK –2,405 (1,836) million, including a goodwill write down related to the SEC acquisition in 2000 (a total onetime effect of SEK 3,3 billion).
Net profit/loss for 2006 including discontinued operations in France amounted to SEK –3,740 (2,341) million, including write-down of goodwill of SEK 4,8 billion**
- › Earnings per share, after dilution, for 2006 amounted to SEK –5.13 (4.15)
- › The Board of Directors proposes a dividend to SEK 1.83 (1.75) per share, which is an increase of 5%



- › Mobile revenues in Q4 increased by 28% to SEK 5.2 billion



- › Excellent performance in Russian mobile: customer intake, revenues and EBITDA in Q4 2006 all growing strongly. The market area Baltic & Russia now has a customer base in excess of 10 million



- › Fixed telephony EBITDA margin was 13% (11%) in Q4 2006



- › Strong push in broadband during the fourth quarter adding a total 253,000 new broadband customers

* Including net positive non-recurring items of SEK 3 (137) million (see Note 2-3).

** Q3 2006 includes a write-down of goodwill in divested operations of SEK 1,500 million (see Note 6). The previous reported positive exchange rate effect of SEK 500 million has been reversed and the expected positive exchange rate effect will instead be reported in Q1 2007 when the sale of Tele2’s French fixed line and broadband operations is finalized.

All figures relate to Tele2’s continuing operations.

The figures shown in parentheses correspond to the comparable periods in 2005.


FOCUS ON MOBILE NETWORKS AND BROADBAND


“The past two years have been years of transition moving towards an infrastructure based business model from a reseller based business model. We focus on our mobile telephony success and use our fixed telephony customer base to cross sell broadband services. The future Tele2 is leaner and meaner, with a more narrow geographical footprint than today. Our objective remains the same, to create shareholder value.


In order to reach an adequate scale we depend on factors such as a favourable regulatory environment. Tele2 will continue the previously announced strategy review, which will lead to action. Running a company like Tele2, with multiple services and products, is like driving a car. How fast we drive and what direction we drive in depends on changing road conditions (e.g. customer needs, regulations and competition).

During 2006, Tele2 announced a push in broadband sales and marketing, with the aim of increasing customer intake and strengthening the Tele2 brand. This push has been successful, and during 2007 the results will become apparent.

Tele2 produced – once again – solid operational results in the fourth quarter.

 **OUR MOBILE BUSINESS** has continued its success and achieved a strong customer intake in Q4. Russia in particular performed very well, with revenue growth of 161% year on year, together with a strong customer intake and EBITDA. Going forward, we have decided to evaluate our MVNO business to make sure that shareholder value is maximized.

 **IN FIXED LINE RESALE**, churn has continued to level off, although there is no certainty that this marks any significant trend. However, the fixed line business will continue to deliver significant cash flows in the future

 **OUR BROADBAND BUSINESS** has produced an impressive increase in customer intake with 253,000 new customers in Q4, which gives us a total broadband customer base of 1.8 million. I am especially pleased with our performance in Italy, which has tripled its intake of direct access customers in the quarter. Scale is important to become successful in this area.

Looking into 2007, we reiterate our previous outlook of significantly higher EBITDA and increased organic growth, compared with 2006.”

*Lars-Johan Jarnheimer
President and CEO, Tele2 AB*



The future Tele2 is leaner and meaner, with a more narrow geographical footprint than today. Our objective remains the same, to create shareholder value.

Tele2 in brief

TELE2 IS EUROPE'S LEADING ALTERNATIVE TELECOM OPERATOR. Our mission is to offer cheap and simple telecoms. Tele2 always strives to offer the market's best prices. We have 29 million customers in 22 countries. Tele2 offers products and services in fixed and mobile telephony, broadband, data network services and cable TV. Ever since Jan Stenbeck founded Tele2 in 1993, the company has been a tough challenger to the former government monopolies. Tele2 has been listed on the OMX Nordic Exchange since 1996. In 2006, we reported operating revenue of SEK 50.3 billion and EBITDA of SEK 5.7 billion.

GROUP FINANCIAL OVERVIEW FOR THE QUARTER ENDED DECEMBER 31, 2006

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2006 – TOTAL OPERATIONS

SEK million	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4
Total Operations							
Operating revenue	54,631	49,943	13,947	13,749	13,482	13,453	13,940
of which mobile telephony	19,052	14,672	5,245	5,125	4,644	4,038	4,094
of which fixed telephony resale	25,518	30,176	5,895	6,037	6,498	7,088	7,824
of which broadband resale	2,731	1,759	732	692	664	643	585
of which direct access & LLUB	5,153	2,335	1,550	1,333	1,172	1,098	1,045
Net customer intake (thousands)	2,080	3,413	752	435	416	477	1,156
of which mobile telephony	4,017	3,261	1,146	976	986	909	1,281
of which fixed telephony resale	-2,656	-102	-672	-698	-701	-585	-220
of which broadband resale	293	201	67	44	74	108	81
of which direct access & LLUB	426	508	211	113	57	45	14
EBITDA	6,021	6,578	1,465	1,784	1,397	1,375	1,602
of which mobile telephony	3,856	3,630	1,009	1,148	953	746	639
of which fixed telephony resale	3,199	3,222	831	857	643	868	960
of which broadband resale	-1,352	-848	-405	-347	-303	-297	-320
of which direct access & LLUB	-175	156	-74	-4	-33	-64	73
EBIT ²⁾	-1,392	3,510	368	-2,555	420	375	330
EBT ²⁾	-1,916	3,127	217	-2,697	314	250	188
Write-down of goodwill related to discontinued operations ³⁾	-1,500	-	-	-1,500	-	-	-
Net profit/loss ^{2),3)}	-3,740	2,341	-60	-4,156	246	230	254
Cash flow from operating activities	3,847	5,487	596	1,578	991	682	953

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED DECEMBER 31, 2006 – CONTINUING OPERATIONS¹⁾

SEK million	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4
Continuing operations¹⁾							
Operating revenue	50,306	44,457	12,952	12,725	12,386	12,243	12,635
of which mobile telephony	19,052	14,672	5,245	5,125	4,644	4,038	4,094
of which fixed telephony resale	21,787	25,207	5,080	5,149	5,541	6,017	6,657
of which broadband resale	2,137	1,242	552	556	525	504	447
of which direct access & LLUB	5,153	2,335	1,550	1,333	1,172	1,098	1,045
Net customer intake (thousands)	2,778	3,621	953	574	634	617	1,205
of which mobile telephony	4,017	3,261	1,146	976	986	909	1,281
of which fixed telephony resale	-1,917	99	-446	-554	-481	-436	-174
of which broadband resale	252	208	42	39	72	99	84
of which direct access & LLUB	426	508	211	113	57	45	14
EBITDA	5,652	5,772	1,466	1,679	1,286	1,221	1,415
of which mobile telephony	3,856	3,630	1,009	1,148	953	746	639
of which fixed telephony resale	2,401	2,111	636	629	474	662	703
of which broadband resale	-911	-546	-210	-218	-241	-242	-246
of which direct access & LLUB	-175	156	-74	-4	-33	-64	73
EBIT ²⁾	-1,623	2,814	411	-2,628	340	254	178
EBT ²⁾	-2,180	2,386	253	-2,778	224	121	26
Net profit/loss ²⁾	-2,405	1,836	-27	-2,709	188	143	140
Cash flow from operating activities	3,384	5,008	488	1,422	792	682	864

¹⁾ Less Tele2 France fixed telephony and broadband operations (see Note 6)

²⁾ Q3 2006 includes a write-down of goodwill of SEK 3,300 million (see Note 2)

³⁾ Q3 2006 includes a write-down of goodwill in divested operations of SEK 1,500 million (see Note 6). The previous reported positive exchange rate effect of SEK 500 million has been reversed and the expected positive exchange rate effect will instead be reported in Q1 2007 when the sale of Tele2's French fixed line and broadband operations is finalized


Significant events in the quarter


- › The divestment of Tele2's French fixed and broadband business has not yet been approved by the EU competition authorities. It is estimated that the sale will close in Q1, 2007.
- › Tele2 acquired 49% of Spring Mobil. Spring Mobil has the fourth Swedish GSM license. Spring is the first operator in the world to focus exclusively on the growing "OnePhone" corporate market.


The fixed and broadband operations in France are reported as discontinued operations and the comments below relate to Tele2's continuing operations, except for changes in working capital.


FINANCIAL OVERVIEW

As in previous quarters the Group's financial performance reflects an increased focus on broadband and mobile services. Mobile telephony and broadband sales continue to grow compared with the previous year, while fixed telephony sales are declining. The trend of a higher intake of direct access customers has continued during the quarter and the intake has increased by 87% on a sequential basis. Consequently, the intake has nearly doubled for the second consecutive quarter.

 **Mobile operations** continue to show strong development, with operating revenue increasing by 28% compared to Q4 2005. Mobile net customer intake was 1,146,000 (1,281,000). EBITDA increased by 58% to SEK 1,009 million compared to SEK 639 million in Q4 2005. Swedish mobile telephony reported an EBITDA margin of 39%, in combination with a positive customer intake. The EBITDA margin was affected by increased cost per subscriber. Once again Russia had the largest customer growth and Russia's EBITDA increased by SEK 311 million compared with Q4 2005. Russia also reported an impressive increase of 161% in operating revenue, of which 151% was organic. The number of customers in Russia has now reached 6.5 million, an increase of 97% on the previous year, and together with the Baltic countries and Croatia the market area has a user base of over 10 million. Mobile ARPU for the group in Q4 2006 was SEK 114 (124). The ARPU dilution is largely due to the very strong growth in Russia. The Croatian business is seeing a delay in the rollout of its own network, which has resulted in higher roaming charges than expected.

 **Fixed line resale** revenues decreased by 1% compared with the previous quarter. This represents a lower sequential rate of decrease, compared with the previous quarter's rate of 7%. EBITDA increased by SEK 7 million to SEK 636 million, compared with the previous quarter, which is equivalent to an EBITDA margin of 12.5% (14.1%, including France). Wholesale line rental has, to some extent, a stabilizing effect on revenue. However, its effect on EBITDA margins is dilutive. The number of customers fell by 446,000 showing the rate of deterioration in the customer base is slowing.

 **Broadband resale** revenues decreased by 1% compared with the previous quarter and the number of customers rose by 42,000 to 808,000. EBITDA increased by SEK 8 million, compared to the previous quarter, to SEK -210 million.

 **Direct access & LLUB** revenues increased by 16% compared with the previous quarter and the number of customers rose by 211,000, once again almost doubling the intake compared with the previous quarter, to 990,000 customers, with Italy being especially successful in adding new customers. EBITDA fell by SEK 70 million to SEK -74 million, compared with the previous quarter due to an increased marketing push.

OPERATING REVENUE

Operating revenue amounted to SEK 12,952 (12,635) million, an increase of 2.5% including, and 6.0% excluding, exchange differences.

Nordic showed stable operating revenue trends, compared with the previous year. Mobile telephony in Norway and Denmark continued to show strong growth, with a year on year increase of 31%. Operating revenue in Sweden was stable.

Revenue growth in **Baltic & Russia** was 58% in Q4 2006, with Russia again the prime driver. The increase excluding Russia was 15%.

Central Europe revenues fell 13% impacted by the disposal of the Czech Republic while **Southern Europe** increased revenues by 6%. Southern Europe's fixed telephony revenues were stable compared with the previous quarter, while broadband and mobile telephony revenues rose by SEK 154 million.

UK & Benelux revenues decreased by 10%, impacted by the disposal of the Tele2 UK and Ireland operation at the end of Q4 2005. Fixed telephony revenues were stable compared with the previous quarter, while broadband and mobile telephony rose by SEK 37 million.

CUSTOMER INTAKE

Net customer intake (not including disposals) was 953,000, compared with 574,000 in the previous quarter and 1,205,000 in Q4 2005. Mobile intake was 1,146,000, compared with 1,281,000 in Q4 2005, mainly driven by Russia.

The number of fixed telephony customers fell by 446,000 compared with a drop of 174,000 in Q4 2005. However, the decline was less than in Q3 2006 and it indicates some level of stabilization in the rate of customer loss.

Broadband resale customers increased by 42,000 compared to the Q4 2005 figure of 84,000, and direct access & LLUB customers increased by 211,000, compared with 14,000. Italy in particular showed good progress by tripling its intake of Direct Access customers in the fourth quarter compared to the third quarter.

Improved processes in relation to taking on new broadband customers continues to generate results and the intake of direct access & LLUB customers increased by 87% compared to the previous quarter and consequently the intake has nearly doubled for the second consecutive quarter.

ARPU

ARPU amounted to SEK 142, compared with SEK 153 in Q4 2005. ARPU has remained stable compared to Q3 but has fallen year on year. Mobile ARPU was SEK 114 (124), fixed telephony resale ARPU SEK 139 (151), broadband resale ARPU SEK 225 (264) and direct access & LLUB ARPU was SEK 591 (662) in the quarter.

EARNINGS

EBITDA excluding non-recurring items amounted to SEK 1,463 million, compared with SEK 1,638 million the previous quarter and SEK 1,278 million in Q4 2005. Price negotiations with another operator resulted in a positive SEK 50 million non-recurring item in market area Nordic and settlement of disputes resulted in a negative effect of SEK 47 million in market area Southern Europe.

Nordic reported EBITDA, excluding non-recurring items, of SEK 760 million, compared with SEK 926 million in Q4 2005. Swedish mobile telephony achieved an EBITDA margin of 39% (44%) and EBITDA of SEK 672 million, compared with SEK 755 million in Q4 2005. The capacity payment to Svenska UMTS-nät was SEK 26 million. Swedish fixed telephony reported an EBITDA of SEK 60 million compared with SEK 122 million in Q4 2005.

Baltic & Russia reported EBITDA of SEK 485 million compared with SEK 145 million in Q4 2005. Russia's contribution to the improvement was SEK 312 million, with an EBITDA margin of 27%, compared with -12% in Q4 2005. Marketing investments in Croatia continued, with a negative earnings effect of SEK 114 million during the quarter. Difficulties in rolling out the mobile network in the region have increased the roaming charges in the quarter.

Central Europe reported EBITDA of SEK 177 million, compared with SEK 166 million in Q4 2005.

Southern Europe reported a loss, excluding non-recurring items, of SEK -251 million, compared with SEK -104 million in Q4 2005. The continuing mobile investments in France had a negative impact of SEK 202 million on EBITDA, compared with a negative SEK 189 million in Q4 2005.

UK & Benelux reported EBITDA, excluding non-recurring items, of SEK 282 million, compared with SEK 134 million in Q4 2005. SEK 22 million of this SEK 148 million improvement is attributable to the impact of the previous year's negative earnings in the divested UK and Ireland operations.

EBIT, excluding non-recurring items, was SEK 408 million, compared with SEK 304 million in Q4 2005.

Profit before tax, excluding non-recurring items, amounted to SEK 250 (152) million.

Profit for the period amounted to SEK -27 (140) million.

CASH FLOW AND CAPEX

Cash flow stated as **EBITDA less CAPEX** amounted to SEK -38 (143) million. Current investments (CAPEX) amounted to SEK 1,504 (1,272) million.

Changes in working capital, for the total operations including discontinued operations in France, amounted to SEK -452 (-362) million.

FINANCIAL COMMENTS ON THE COMING QUARTERS

The following points should be taken into consideration when estimating financial results for the coming quarters.

Tele2 reiterates its financial guidance for 2007. We expect significantly higher EBITDA and increased organic growth, compared with 2006.

OPERATIONAL REVIEW BY MARKET AREA


Comments below relate to Tele2's continuing operations

NORDIC


(Sweden, Norway and Denmark)


	Q4 2006	Q4 2005	Change
Operating revenue, SEK million	3,881	3,873	+0%
EBITDA*, SEK million	760	926	-18%
EBIT*, SEK million	481	683	-30%
ARPU, SEK	205	205	

*excluding non-recurring items

 In Q4 2006 there was continued good progress in the sale of postpaid subscriptions in Sweden. The net intake of postpaid customers was more than 40,000. In total, Swedish mobile had a customer base of 3,508,000 (3,554,000) at December 31, 2006. ARPU for mobile telephony in Sweden, including both postpaid and prepaid customers, was SEK 162 (162) in Q4 2006, and mobile minutes of usage (MOU) were 146 (125). The EBITDA margin of 39% (44%) was affected by increased subscriber acquisition costs, as a result of a higher number of customers combining their subscription with a payment scheme for a new handset.

Tele2's development in Norway has continued to be successful, with a total of around 400,000 customers at the end of December 2006, together with a stable EBITDA margin.


 The use of fixed telephony continues to decline. However fixed line revenue has a tendency to decrease slightly less than the EBITDA margin, as the penetration of wholesale line rental continues to increase. The number of fixed business customers in Sweden kept on growing during the quarter.

 As a result of investments in the Swedish network and the acquisition of E.ON Bredband, coverage has reached 29% of Swedish households. The net intake of new broadband customers in Sweden has increased by 108% from last quarter. Profitability is affected by increased marketing activities. Tele2's broadband resale customers in Sweden will, to some extent, be migrated to Tele2's own network. Resale ARPU has been affected by price reductions, while direct access & LLUB ARPU will increase as customers migrate to higher bandwidths.

BALTIC & RUSSIA

(Estonia, Latvia, Lithuania, Russia and Croatia)

	Q4 2006	Q4 2005	Change
Operating revenue, SEK million	2,024	1,277	+58%
EBITDA, SEK million	485	145	+234%
EBIT, SEK million	304	9	
ARPU, SEK	70	72	

 Russia showed yet another strong quarter with a net intake of 933,000 customers. Operating revenue increased by 161% to SEK 988 (379) million. Despite record high customer intake in the Russian market, EBITDA improved significantly to SEK 266 (-46) million. This corresponds to an EBITDA margin of 27% (-12%). ARPU for Russia was SEK 55 (43) in Q4 2006.


Tele2's mobile operations in the Baltic countries performed well in the quarter. Baltic mobile revenue grew by 16% and EBITDA by 12%. The total market area has a customer base in excess of 10 million.


The build out of the mobile network in Croatia has been delayed, which has increased Tele2's roaming charges in the region.


CENTRAL EUROPE

(Germany, Austria, Poland and Hungary)

	Q4 2006	Q4 2005	Change
Operating revenue, SEK million	1,961	2,245	-13%
EBITDA, SEK million	177	166	+7%
EBIT, SEK million	120	3	
ARPU, SEK	102	109	

 ARPU remains at a low level, but as a result of low marketing and operating costs the mobile product is now showing improving profitability.

 Tele2 Germany has, despite the declining market, increased net intake compared to the corresponding quarter last year and confirmed its number one position in the CPS (carrier pre-select) market. Minutes of usage, however, is declining even faster and thus has depressed fourth quarter revenues. However, constant improvements on the cost side have ensured continued strong profitability.

 Fourth quarter net intake in Germany almost doubled compared to Q3 2006, on the back of successful marketing campaigns. Losses are still occurring due to high up-front marketing and activation costs, pricing and heavy competition. Tele2 signed a new wholesale agreement with the incumbent in Germany which will have a positive impact on the cost side going forward.

The German joint venture with QSC has continued its network upgrade and rollout, now covering already approx. 30% of the population with ADSL2+, expanding to approx. 50% by the end of 2007. The LLUB product will be launched in the second quarter of 2007.


The expansion of the Tele2 network in Austria continued and it now covers more than 55% of the residential population and 60% of the business market.

SOUTHERN EUROPE


(Italy, Spain, France, Switzerland and Portugal)


	Q4 2006	Q4 2005	Change
Operating revenue , SEK million	2,669	2,529	+6%
EBITDA*, SEK million	-251	-104	
EBIT*, SEK million	-403	-202	
ARPU, SEK	180	175	

*excluding non-recurring items

 Tele2 had over 400,000 mobile telephony customers in France at the end of the quarter, confirming its position as the leading French MVNO operator.

Tele2 Switzerland continues the roll out of its mobile network according to plan.

 In France, the sale of the fixed line and broadband businesses to SFR was announced in October, subject to EU competition authorities clearance, with estimated closing towards the end of Q1 2007.

 In Italy, Tele2 has built out more than 90% of the first phase of its planned broadband network. In Q4 sales of single and double play offers based on Tele2's own network have significantly increased.


Tele2 continued to build out its broadband network in Spain and plans to expand the network coverage to 60% of households and 70% of SMEs in the next quarter. Tele2 continued its broadband build-out in Portugal and launched broadband services in January 2007.


UK & BENELUX


(Netherlands, Belgium, Luxembourg, Liechtenstein, C³ and Alpha Telecom)

	Q4 2006	Q4 2005	Change
Operating revenue , SEK million	2,270	2,531	-10%
EBITDA*, SEK million	282	134	+110%
EBIT*, SEK million	-94	-188	
ARPU, SEK	290	263	

*excluding non-recurring items

 The mobile operations in the Netherlands had another EBITDA positive quarter and continued to migrate prepaid customers to postpaid products, resulting in increased ARPU.

 The fourth quarter saw the introduction of Wholesale Line Rental in the Netherlands. During the period, TangoTele2 in Luxembourg focused on rolling out the Intergralplus bundle, which includes mobile, fixed and broadband services. The market area continues to see fixed to mobile substitution and fixed line cancellations as a result of increased competition from both incumbents as well as cable operators.

 Tele2 continued to successfully migrate customers in Belgium and the Netherlands from CPS (Carrier Pre-Select) to dual and triple play products, resulting in higher margins. Tele2 Belgium's combined VoIP and ADSL service exceeded expectations in Belgium.

Tele2 in the Netherlands has reduced its office accommodation costs and has made various settlements with KPN, both of which have a positive impact on cash flow.

SERVICES

(3C, Datamatrix, Procure IT right, Radio Components and UNI2)

	Q4 2006	Q4 2005	Change
Operating revenue , SEK million	147	180	-18%
EBITDA, SEK million	10	11	-9%
EBIT, SEK million	-	-1	

OTHER ITEMS

ACQUISITIONS

On October 23, 2006, (completed in December 2006) Tele2 acquired 49% of Spring Mobil for SEK 38 million, with an option to acquire the remaining shares in the first quarter of 2009. Spring Mobil is the fourth Swedish GSM license holder. Spring Mobil is the first operator in the world to focus exclusively on the growing, market for "OnePhone" solutions, which means one phone for all the telephony services for enterprises.

On August 1, 2006, Tele2 acquired 75.1% in Tele2 Syd AB (formerly E.ON Bredband Sverige AB), a leading broadband provider in the South of Sweden, for SEK 486 million. In Q4, the acquisition of Tele2 Syd has affected Tele2's operating revenue and EBITDA by SEK 67 and SEK 20 million respectively.

During the third quarter, Tele2 and QSC created a company called "Plusnet", which has a substantial unbundled local loop broadband network in Germany. Tele2 has invested SEK 471 million in this company, of which Tele2 owns 32.5%, to finance its expansion.

On July 18, 2006, Tele2 acquired all the shares in four GSM operators in Northwest Russia, with 182,000 mobile telephony customers, for SEK 260 million. In Q4 the acquisition of the four GSM operators has affected Tele2's operating revenue and EBITDA by SEK 39 million and SEK -5 million respectively.

On February 23, 2006, Tele2 announced that it had increased its shareholding in five of its Russian operations. The operations in Belgorod, Smolensk, Lipetsk and St Petersburg are, after these transactions, fully owned, and the holding in Omsk was 70%. The total purchase price was SEK 51 million. On June 13, 2006, Tele2 acquired the remaining 30% minority stake in Siberian Cellular Communications in the Russian region of Omsk, for SEK 259 million, of which SEK 59 million has a cash flow effect and the remaining part is a loan from the seller.

Please refer to Note 5 for additional information regarding acquisitions

DIVESTMENTS

On October 3, 2006 Tele2 announced the divestment of its fixed and broadband operations in Tele2 France to SFR, for approximately SEK 3.3 billion on a debt free basis. The agreement is subject to clearance from the EU competition authorities, which had not been received on the closing date. The divestment is estimated to close in Q1 2007. The divestment has been reported separately as a discontinued operation in the income statement, with retrospective application for previous periods, and in the balance sheet from September 30, 2006 according to *IFRS 5 – Non-current assets held for sale and discontinued operations*.

At September 30, 2006, an estimated capital loss of SEK 1 billion from the sale was reported. This consisted of a write-down of goodwill of SEK -1.5 billion and partly of a reversal of exchange rate differences of SEK 0.5 billion related to the French business and deferred in equity. The EU competition authorities did not approve the transaction in Q4 2006 as expected, and clearance is now expected to be received in Q1 2007. As a consequence of this delay, Tele2 has reversed this exchange rate effect reported in Q3, 2006. The expected positive exchange rate effect will instead be reported in Q1 2007 when the sale is finalized. Accordingly, only the write-down of SEK 1.5 billion has affected the results in Q3 2006. For additional information regarding discontinued operations, see Note 6.

On June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for SEK 37 million, resulting in a capital gain of SEK 50 million.

Please refer to Note 5 for additional information regarding divestments.

EVENTS POST DECEMBER, 2006

On January 26, 2007 Tele2 announced that it agreed with Versatel on the sale and transfer of all shares in the capital of Tele2 Netherlands B.V. and Tele2 Belgium N.V. for the aggregate purchase price of EUR 200 million (on a cash and debt free basis and subject to certain adjustments). Versatel intends to issue new shares for purposes of financing the acquisition of Tele2 Netherlands B.V. and Tele2 Belgium N.V. Tele2 Finance B.V. commits to underwrite the complete offering from Versatel.

Tele2 has for a number of years had several disputes with TeliaSonera with regard to the pricing of interconnect rates in mobile telephony. At February 8, 2007 Tele2 received, by a non-unanimous Swedish Administrative Court of Appeal, the verdicts regarding interconnect cases regarding the years 2000–2004 with a negative outcome for Tele2, after a positive verdict in the Swedish County Administrative Court. Tele2 is now evaluating the verdicts and is considering seeking leave to appeal in the Supreme Administrative Court, among other things based on the outcome of the earlier verdicts and that the Swedish Administrative Court was non-unanimous. The maximum cost can be slightly less than SEK -200 million. An estimate of the most likely outcome of each dispute is made and the income statement is prepared on the basis of this. There are ongoing disputes in other countries, and Tele2 negotiates prices routinely in all markets.

PARENT COMPANY

The parent company, Tele2 AB, reported at December 31, 2006 operating revenue of SEK 20 (18) million, profit before tax of SEK 783 (225) million. Tele2 AB had cash and cash equivalents of SEK 7 million compared to SEK 63 million at December 31, 2005.

As a result of 836,761 warrants being exercised during 2006, Tele2 has issued new shares resulting in an increase of shareholders' equity of SEK 51 million. Additional SEK 7 million has increased equity as a result of the

acquisition price for 752,000 issued warrants related to the incentive program 2006-2011.

At June 14, 2006, 8,193,444 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution passed at the Annual General Meeting on May 10, 2006.

COMPANY DISCLOSURE

Dividend

The Board of Directors will propose to the Annual General Meeting that the dividend be increased by 5% to SEK 1.83 per share.

Tele2 Annual General Meeting 2007

The 2007 Annual General Meeting will be held on May 9, 2007 in Stockholm.

Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@tele2.se or to The Company Secretary, Tele2 AB, Box 2094, SE-103 13 Stockholm, Sweden, at least seven weeks before the Annual General Meeting in order to guarantee inclusion of the proposal in the notice to the meeting.

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

Nomination Committee for the 2007 Annual General Meeting

A Nomination Committee of major shareholders in Tele2 has been convened in accordance with the resolution of the 2006 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik and Emesco AB, Peter van Berlekom on behalf of Alecta, Annika Andersson on behalf of 4th Swedish National Pension Fund and Mats Guldbrand on behalf of AMF Pension, who together represent more than 50% of the voting rights in Tele2. The composition of the Nomination Committee may be changed to reflect any changes in the shareholdings of the major shareholders during the nomination process. Information about the work of the Nomination Committee can be found on Tele2's corporate website at www.tele2.com.

The Nomination Committee will submit a proposal for the composition of the Board of Directors, remuneration for the Board of Directors and the auditor and proposal on the Chairman of the Annual General Meeting of 2007, which will be presented to the 2007 Annual General Meeting for approval.

Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 should submit their proposals in writing to agm@tele2.se or to the Company Secretary, Tele2 AB, Box 2094, SE-103 13 Stockholm, Sweden.

Other

Tele2 will release the financial and operating result for the period ended March 31, 2007 on April 25, 2007.

Stockholm, February 15, 2007

Tele2 AB

The Board of Directors

REPORT REVIEW

Introduction

We have reviewed the interim report for the period January 1 to December 31, 2006, for Tele2 AB (publ). 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.

Focus and scope of the 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. 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 on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of 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 in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, February 15, 2007
Deloitte AB

Jan Bertsson
Authorized Public Accountant

Presentation details

A presentation to discuss the results will be held at 08.15 am UK time (09.15 am CET) at the City Presentation Centre, 4 Chiswell Street, London (EC1Y 4UF). The presentation will be web-cast on Tele2's website www.tele2.com, along with the presentation material.

Conference call details

A conference call to discuss the results will be held at 16.00 (CET) / 15.00 (UK time) / 10.00 am (New York time), on February 15, 2007. The dial-in number is: +44 (0)20 7806 1955 or US: +1 718 354 1388. Please dial in 10 minutes prior to the start of the conference call to allow time for registration. A recording of the conference call will be available for 10 days after the call on: +44 (0)20 7806 1970 or US: +1 718 354 1112 with access code 3598594#. The conference call will be web-cast on Tele2's website www.tele2.com, along with the presentation material.



**VISIT OUR
WEBSITE:**

www.tele2.com

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APPENDICES

- Income statement
- Balance sheet
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- EBITDA
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TELE2 IS EUROPE'S LEADING ALTERNATIVE TELECOM OPERATOR. Our mission is to offer cheap and simple telecoms. Tele2 always strives to offer the market's best prices. We have 29 million customers in 22 countries. Tele2 offers products and services in fixed and mobile telephony, broadband, data network services and cable TV. Ever since Jan Stenbeck founded Tele2 in 1993, the company has been a tough challenger to the former government monopolies. Tele2 has been listed on the OMX Nordic Exchange since 1996. In 2006, we reported operating revenue of SEK 50.3 billion and EBITDA of SEK 5.7 billion.

INCOME STATEMENT

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2005 Q4
CONTINUING OPERATIONS					
Operating revenue	1	50,306	44,457	12,952	12,635
Operating expenses	2	-48,523	-41,456	-12,483	-12 331
Write-down of goodwill	2	-3,300	-278	-	-264
Other operating revenues	3	100	231	10	175
Other operating expenses		-71	-40	-26	-16
Result from shares in associated companies and joint ventures		-135	-100	-42	-21
Operating profit/loss, EBIT		-1,623	2,814	411	178
Net interest expenses		-592	-242	-189	-107
Other financial items		35	-186	31	-45
Profit/loss after financial items, EBT		-2,180	2,386	253	26
Taxes		-225	-550	-280	114
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		-2,405	1,836	-27	140
DISCONTINUED OPERATIONS					
Net profit/loss from discontinued operations	6	-1,335	505	-33	114
NET PROFIT/LOSS		-3,740	2,341	-60	254
ATTRIBUTABLE TO:					
Equity holders of the parent company		-3,615	2,347	-42	261
Minority interest		-125	-6	-18	-7
NET PROFIT/LOSS		-3,740	2,341	-60	254
Earnings per share (SEK)		-8.14	5.30	-0.09	0.59
Earnings per share, after dilution (SEK)		-8.14	5.29	-0.10	0.58
FROM CONTINUING OPERATIONS					
Earnings per share (SEK)	6	-5.13	4.16	-0.02	0.33
Earnings per share, after dilution (SEK)		-5.13	4.15	-0.02	0.33
Number of shares, basic	4	444,489,593	443,652,832		
Number of shares, weighted average	4	444,129,836	442,842,576		
Number of shares after dilution	4	444,614,065	443,980,845		
Number of shares after dilution, weighted average	4	444,353,295	443,391,246		

BALANCE SHEET

SEK million	Note	Dec 31, 2006	Dec 31, 2005
ASSETS			
FIXED ASSETS			
Intangible assets		21,844	30,825
Tangible assets		16,059	14,536
Financial assets		876	521
Deferred tax assets		4,986	5,281
Total fixed assets		43,765	51,163
CURRENT ASSETS			
Materials and supplies		424	516
Current receivables		12,980	12,640
Short-term investments		1,988	1,199
Cash and cash equivalents		2,619	2,773
Total current assets		18,011	17,128
ASSETS CLASSIFIED AS HELD FOR SALE	6	4,388	–
TOTAL ASSETS		66,164	68,291
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent company		28,800	34,965
Minority interests		323	403
Total shareholders' equity		29,123	35,368
LONG-TERM LIABILITIES			
Interest-bearing liabilities		13,050	9,557
Non-interest-bearing liabilities		1,343	1,873
Total long-term liabilities		14,393	11,430
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		6,907	6,276
Non-interest-bearing liabilities		14,224	15,217
Total short-term liabilities		21,131	21,493
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	6	1,517	–
TOTAL EQUITY AND LIABILITIES		66,164	68,291

CASH FLOW STATEMENT

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
OPERATING ACTIVITIES									
Cash flow from operation		4,979	5,659	1,048	1,511	1,161	1,259	1,315	1,635
Change in working capital		-1,132	-172	-452	67	-170	-577	-362	289
Cash flow from operating activities		3,847	5,487	596	1,578	991	682	953	1,924
INVESTING ACTIVITIES									
Capital expenditure in intangible and tangible assets, CAPEX		-5,520	-3,640	-1,422	-1,420	-1,374	-1,304	-1,441	-714
Cash flow after CAPEX		-1,673	1,847	-826	158	-383	-622	-488	1,210
Acquisition of shares and participations	5	-1,346	-7,720	-44	-1,181	-65	-56	-5,295	-2,309
Sale of shares and participations	5	31	170	-5	-	36	-	130	18
Change of long-term receivables		-101	-372	-260	17	8	134	-330	-2
Cash flow after investing activities		-3,089	-6,075	-1,135	-1,006	-404	-544	-5,983	-1,083
FINANCING ACTIVITIES									
Financing activities		3,056	6,940	1,100	1,380	39	537	6,348	1,549
Net change in cash and cash equivalents		-33	865	-35	374	-365	-7	365	466
Cash and cash equivalents at beginning of period		2,773	1,783	2,705	2,277	2,731	2,773	2,404	1,986
Exchange rate differences in cash		-121	125	-51	54	-89	-35	4	-48
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		2,619	2,773	2,619	2,705	2,277	2,731	2,773	2,404

Cash flow from discontinued operations 6

CHANGE OF SHAREHOLDERS' EQUITY

SEK million	Note	Dec 31, 2006			31 dec, 2005		
		Attributable to		Total equity	Attributable to		Total equity
		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Equity, January 1		34,965	403	35,368	32,898	2	32,900
Exchange rate differences		-1,829	-2	-1,831	1,836	-1	1,835
Profit/loss for the year		-3,615	-125	-3,740	2,347	-6	2,341
New share issue	4	51	-	51	59	-	59
Issue of warrants	4	7	-	7	-	-	-
Costs for stock options	4	4	-	4	-	-	-
Cash flow hedges		-5	-	-5	-	-	-
Dividend and redemption	4	-777	-	-777	-2,213	-	-2,213
Minority's share in acquired companies		-	61	61	-	408	408
Shareholders contribution from minority		-	-	-	38	-	38
Purchase of minority		-	-14	-14	-	-	-
Round off		-1	-	-1	-	-	-
EQUITY, END OF PERIOD		28,800	323	29,123	34,965	403	35,368

of which amounts recognised directly in equity relating to assets held for sale 6 356 - 356

NUMBER OF CUSTOMERS

Thousands	Note	Number of customers			Net intake					
		2006 Dec 31	2005 Dec 31	Change	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
CONTINUING OPERATIONS										
NORDIC										
Mobile telephony		4,249	4,092	4%	41	51	44	21	73	61
Indirect access		1,694	1,934	-12%	-37	-60	-70	-73	-79	-59
<i>of which fixed telephony resale</i>		1,534	1,793	-14%	-42	-62	-75	-80	-87	-70
<i>of which broadband resale</i>		160	141	13%	5	2	5	7	8	11
Direct access & LLUB		311	254	22%	25	19	8	5	3	1
		6,254	6,280	0%	29	10	-18	-47	-3	3
BALTIC & RUSSIA										
Mobile telephony	5	10,032	6,260	60%	1,072	876	847	795	1,063	759
Indirect access		41	70	-41%	-4	-5	-7	-13	-14	6
<i>of which fixed telephony resale</i>		41	70	-41%	-4	-5	-7	-13	-14	6
Direct access & LLUB		32	28	14%	2	1	-	1	3	-
		10,105	6,358	59%	1,070	872	840	783	1,052	765
CENTRAL EUROPE										
Mobile telephony		174	166	5%	-10	-1	5	14	34	15
Indirect access		5,544	6,275	-12%	-38	-43	-125	-115	95	173
<i>of which fixed telephony resale</i>	5	5,383	6,223	-13%	-83	-67	-141	-139	88	190
<i>of which broadband resale</i>		161	52	210%	45	24	16	24	7	-17
Direct access & LLUB		70	44	59%	13	11	-3	6	-10	28
		5,788	6,485	-11%	-35	-33	-123	-95	119	216
SOUTHERN EUROPE										
Mobile telephony		444	155	186%	44	69	105	71	71	41
Indirect access		3,885	4,448	-13%	-192	-246	-67	-22	39	-79
<i>of which fixed telephony resale</i>		3,505	4,172	-16%	-193	-267	-119	-88	-20	-93
<i>of which broadband resale</i>		380	276	38%	1	21	52	66	59	14
Direct access & LLUB		301	25	1 104%	141	59	21	19	4	-
		4,630	4,628	0%	-7	-118	59	68	114	-38
UK & BENELUX										
Mobile telephony		827	854	-3%	-1	-19	-15	8	40	9
Indirect access		1,170	1,718	-32%	-133	-161	-140	-114	-131	-117
<i>of which fixed telephony resale</i>		1,063	1,595	-33%	-124	-153	-139	-116	-141	-137
<i>of which broadband resale</i>		107	123	-13%	-9	-8	-1	2	10	20
Direct access & LLUB		276	178	55%	30	23	31	14	14	-
		2,273	2,750	-17%	-104	-157	-124	-92	-77	-108
NET CUSTOMER INTAKE FROM CONTINUING OPERATIONS					953	574	634	617	1,205	838
DISCONTINUED OPERATIONS										
Discontinued operations	6	3,053	3,751	-19%	-201	-139	-218	-140	-49	-128
NET CUSTOMER INTAKE					752	435	416	477	1,156	710
Acquired companies					-	182	-	-	436	209
Divested companies					-	-	-411	-	-274	-
Changed method of calculation	7				-	-	-	-	-1,402	-
TOTAL NUMBER OF CUSTOMERS		32,103	30,252	6%	752	617	5	477	-84	919
BY BUSINESS AREA										
CONTINUING OPERATIONS										
Mobile telephony		15,726	11,527	36%	1,146	976	986	909	1,281	885
<i>of which prepaid</i>		12,261	8,738	40%	991	809	785	764	1,032	738
Indirect access		12,334	14,445	-15%	-404	-515	-409	-337	-90	-76
<i>of which fixed telephony resale</i>		11,526	13,853	-17%	-446	-554	-481	-436	-174	-104
<i>of which broadband resale</i>		808	592	36%	42	39	72	99	84	28
Direct access & LLUB		990	529	87%	211	113	57	45	14	29
Acquired companies					-	182	-	-	436	209
Divested companies					-	-	-411	-	-274	-
Changed method of calculation	7				-	-	-	-	-1,329	-
TOTAL NUMBER OF CUSTOMERS FROM CONTINUING OPERATIONS		29,050	26,501	10%	953	756	223	617	38	1,047

OPERATING REVENUE

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		9,342	8,561	2,404	2,426	2,405	2,107	2,235	2,267
Indirect access		5,083	5,601	1,202	1,247	1,286	1,348	1,417	1,452
<i>of which fixed telephony resale</i>		4,497	5,098	1,054	1,100	1,139	1,204	1,280	1,314
<i>of which broadband resale</i>		586	503	148	147	147	144	137	138
Direct access & LLUB		1,084	1,005	305	287	249	243	254	240
Other operations		691	688	178	180	164	169	171	175
Non-recurring item	1	–	134	–	–	–	–	–	134
Adjustments for internal sales		–798	–915	–208	–179	–242	–169	–204	–262
		15,402	15,074	3,881	3,961	3,862	3,698	3,873	4,006
BALTIC & RUSSIA									
Mobile telephony		6,725	4,126	2,014	1,875	1,533	1,303	1,253	1,100
Indirect access		37	79	8	8	10	11	24	23
<i>of which fixed telephony resale</i>		37	79	8	8	10	11	24	23
Direct access & LLUB		17	27	5	4	4	4	7	6
Other operations		40	36	10	11	11	8	9	10
Adjustments for internal sales		–50	–34	–13	–14	–13	–10	–16	–10
		6,769	4,234	2,024	1,884	1,545	1,316	1,277	1,129
CENTRAL EUROPE									
Mobile telephony		168	184	40	39	40	49	58	46
Indirect access		6,520	6,909	1,518	1,532	1,633	1,837	1,853	1,744
<i>of which fixed telephony resale</i>		6,179	6,761	1,409	1,438	1,566	1,766	1,801	1,708
<i>of which broadband resale</i>		341	148	109	94	67	71	52	36
Direct access & LLUB		849	698	223	234	199	193	182	188
Other operations		1,090	1,146	311	246	249	284	308	309
Adjustments for internal sales		–506	–559	–131	–118	–116	–141	–156	–152
		8,121	8,378	1,961	1,933	2,005	2,222	2,245	2,135
SOUTHERN EUROPE									
Mobile telephony		930	105	313	292	201	124	68	22
Indirect access		7,917	8,314	1,849	1,859	2,088	2,121	2,225	1,967
<i>of which fixed telephony resale</i>		6,998	7,804	1,620	1,615	1,854	1,909	2,044	1,831
<i>of which broadband resale</i>		919	510	229	244	234	212	181	136
Direct access & LLUB		836	105	345	197	166	128	105	–
Other operations		1,185	689	307	332	265	281	261	162
Adjustments for internal sales		–516	–441	–145	–143	–122	–106	–130	–112
		10,352	8,772	2,669	2,537	2,598	2,548	2,529	2,039
UK & BENELUX									
Mobile telephony		1,887	1,696	474	493	465	455	480	451
Indirect access		4,360	5,518	1,054	1,059	1,047	1,200	1,573	1,305
<i>of which fixed telephony resale</i>		4,069	5,437	988	988	970	1,123	1,496	1,302
<i>of which broadband resale</i>		291	81	66	71	77	77	77	3
Direct access & LLUB		2,367	496	672	611	554	530	496	–
Other operations		1,749	460	484	475	396	394	267	34
Adjustments for internal sales		–1,308	–764	–414	–386	–244	–264	–285	–168
		9,055	7,406	2,270	2,252	2,218	2,315	2,531	1,622
SERVICES									
Indirect access		7	28	1	–	2	4	12	5
<i>of which fixed telephony resale</i>		7	28	1	–	2	4	12	5
Direct access & LLUB		–	4	–	–	–	–	1	2
Other operations		961	848	288	226	224	223	254	205
Adjustments for internal sales		–361	–287	–142	–68	–68	–83	–87	–75
		607	593	147	158	158	144	180	137
TOTAL OPERATING REVENUE FROM CONTINUING OPERATIONS		50,306	44,457	12,952	12,725	12,386	12,243	12,635	11,068
DISCONTINUED OPERATIONS									
Discontinued operations	6	4,325	5,486	995	1,024	1,096	1,210	1,305	1,313
TOTAL OPERATING REVENUE		54,631	49,943	13,947	13,749	13,482	13,453	13,940	12,381

OPERATING REVENUE, cont.

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		19,052	14,672	5,245	5,125	4,644	4,038	4,094	3,886
Indirect access		23,924	26,449	5,632	5,705	6,066	6,521	7,104	6,496
<i>of which fixed telephony resale</i>		21,787	25,207	5,080	5,149	5,541	6,017	6,657	6,183
<i>of which broadband resale</i>		2,137	1,242	552	556	525	504	447	313
Direct access & LLUB		5,153	2,335	1,550	1,333	1,172	1,098	1,045	436
Other operations		5,716	3,867	1,578	1,470	1,309	1,359	1,270	895
Non-recurring item	1	–	134	–	–	–	–	–	134
Adjustments for internal sales		–3,539	–3,000	–1,053	–908	–805	–773	–878	–779
TOTAL OPERATING REVENUE FROM CONTINUING OPERATIONS		50,306	44,457	12,952	12,725	12,386	12,243	12,635	11,068

EBITDA

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		2,912	2,933	674	771	792	675	692	839
Indirect access		454	629	102	102	97	153	202	211
<i>of which fixed telephony resale</i>		556	723	130	131	115	180	222	228
<i>of which broadband resale</i>		-102	-94	-28	-29	-18	-27	-20	-17
Direct access & LLUB		36	75	-12	19	6	23	-	43
Other operations		28	95	-4	5	9	18	32	31
Non-recurring item	1-2	50	134	50	-	-	-	-	134
		3,480	3,866	810	897	904	869	926	1,258
BALTIC & RUSSIA									
Mobile telephony		1,488	939	479	478	316	215	145	291
Indirect access		13	-23	5	3	5	-	-6	-7
<i>of which fixed telephony resale</i>		13	-23	5	3	5	-	-6	-7
Direct access & LLUB		3	10	1	1	-	1	6	2
Other operations		2	-1	-	-	1	1	-	-
		1,506	925	485	482	322	217	145	286
CENTRAL EUROPE									
Mobile telephony		-28	-73	-4	1	-11	-14	-45	-2
Indirect access		693	590	195	154	129	215	200	147
<i>of which fixed telephony resale</i>		1,013	607	282	255	204	272	223	142
<i>of which broadband resale</i>		-320	-17	-87	-101	-75	-57	-23	5
Direct access & LLUB		-57	-6	-33	-11	3	-16	-9	7
Other operations		103	84	19	19	38	27	20	36
Non-recurring item	3	50	-	-	-2	52	-	-	-
		761	595	177	161	211	212	166	188
SOUTHERN EUROPE									
Mobile telephony		-848	-351	-225	-205	-233	-185	-200	-110
Indirect access		93	366	51	48	3	-9	56	82
<i>of which fixed telephony resale</i>		492	705	124	110	118	140	205	151
<i>of which broadband resale</i>		-399	-339	-73	-62	-115	-149	-149	-69
Direct access & LLUB		-240	16	-99	-62	-42	-37	16	-
Other operations		88	59	22	31	11	24	24	11
Non-recurring item	2	-47	-	-47	-	-	-	-	-
		-954	90	-298	-188	-261	-207	-104	-17
UK & BENELUX									
Mobile telephony		332	182	85	103	89	55	47	98
Indirect access		247	3	80	101	1	65	3	-9
<i>of which fixed telephony resale</i>		337	99	102	127	34	74	57	20
<i>of which broadband resale</i>		-90	-96	-22	-26	-33	-9	-54	-29
Direct access & LLUB		83	60	69	49	-	-35	60	-
Other operations		111	19	48	9	17	37	24	-4
Non-recurring item	2-3	43	-24	-	43	-	-	137	-161
		816	240	282	305	107	122	271	-76
SERVICES									
Indirect access		-10	-	-7	3	-2	-4	2	-
<i>of which fixed telephony resale</i>		-10	-	-7	3	-2	-4	2	-
Direct access & LLUB		-	1	-	-	-	-	-	-
Other operations		53	55	17	19	5	12	9	25
		43	56	10	22	3	8	11	25
TOTAL EBITDA FROM CONTINUING OPERATIONS		5,652	5,772	1,466	1,679	1,286	1,221	1,415	1,664
DISCONTINUED OPERATIONS									
Discontinued operations	6	369	806	-1	105	111	154	187	209
TOTAL EBITDA		6,021	6,578	1,465	1,784	1,397	1,375	1,602	1,873

EBITDA, cont.

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		3,856	3,630	1,009	1,148	953	746	639	1,116
Indirect access		1,490	1,565	426	411	233	420	457	424
<i>of which fixed telephony resale</i>		2,401	2,111	636	629	474	662	703	534
<i>of which broadband resale</i>		-911	-546	-210	-218	-241	-242	-246	-110
Direct access & LLUB		-175	156	-74	-4	-33	-64	73	52
Other operations		385	311	102	83	81	119	109	99
Non-recurring item	1-3	96	110	3	41	52	-	137	-27
TOTAL EBITDA FROM CONTINUING OPERATIONS		5,652	5,772	1,466	1,679	1,286	1,221	1,415	1,664
EBITDA MARGIN									
Nordic	1-2	23%	26%	21%	23%	23%	23%	24%	31%
Baltic & Russia		22%	22%	24%	26%	21%	16%	11%	25%
Central Europe	3	9%	7%	9%	8%	11%	10%	7%	9%
Southern Europe	2	-9%	1%	-11%	-7%	-10%	-8%	-4%	-1%
UK & Benelux	2-3	9%	3%	12%	14%	5%	5%	11%	-5%
Services		7%	9%	7%	14%	2%	6%	6%	18%
TOTAL EBITDA MARGIN FROM CONTINUING OPERATIONS		11%	13%	11%	13%	10%	10%	11%	15%
Discontinued operations	6	9%	15%	0%	10%	10%	13%	14%	16%
TOTAL EBITDA MARGIN		11%	13%	11%	13%	10%	10%	11%	15%
Mobile telephony		20%	25%	19%	22%	21%	18%	16%	29%
Indirect access		6%	6%	8%	7%	4%	6%	6%	7%
<i>of which fixed telephony resale</i>		11%	8%	13%	12%	9%	11%	11%	9%
<i>of which broadband resale</i>		-43%	-44%	-38%	-39%	-46%	-48%	-55%	-35%
Direct access & LLUB		-3%	7%	-5%	0%	-3%	-6%	7%	12%
Other operations		7%	8%	6%	6%	6%	9%	9%	11%
TOTAL EBITDA MARGIN FROM CONTINUING OPERATIONS		11%	13%	11%	13%	10%	10%	11%	15%

EBIT

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		2,305	2,346	507	632	647	519	541	684
Indirect access		306	439	75	68	54	109	160	162
<i>of which fixed telephony resale</i>		418	547	105	97	77	139	182	183
<i>of which broadband resale</i>		-112	-108	-30	-29	-23	-30	-22	-21
Direct access & LLUB		-167	-86	-79	-38	-35	-15	-40	18
Other operations		-33	51	-22	-10	-6	5	22	20
Non-recurring item	1-2	50	134	50	-	-	-	-	134
		2,461	2,884	531	652	660	618	683	1,018
BALTIC & RUSSIA									
Mobile telephony		900	497	297	321	184	98	9	182
Indirect access		12	-24	7	-	5	-	-6	-7
<i>of which fixed telephony resale</i>		12	-24	7	-	5	-	-6	-7
Direct access & LLUB		1	8	-	1	-1	1	6	1
Other operations		2	-1	-	-	2	-	-	-
		915	480	304	322	190	99	9	176
CENTRAL EUROPE									
Mobile telephony		-40	-82	-6	-3	-13	-18	-47	-3
Indirect access		514	352	159	102	85	168	129	101
<i>of which fixed telephony resale</i>		844	374	247	206	163	228	153	95
<i>of which broadband resale</i>		-330	-22	-88	-104	-78	-60	-24	6
Direct access & LLUB		-222	-229	-56	-53	-45	-68	-78	-52
Other operations		78	39	23	10	28	17	-1	29
Non-recurring item	2-3	-1,813	-	-	-1,865	52	-	-	-
		-1,483	80	120	-1,809	107	99	3	75
SOUTHERN EUROPE									
Mobile telephony		-852	-353	-227	-205	-234	-186	-201	-111
Indirect access		-170	223	-39	-9	-53	-69	-3	45
<i>of which fixed telephony resale</i>		245	564	39	58	62	86	147	114
<i>of which broadband resale</i>		-415	-341	-78	-67	-115	-155	-150	-69
Direct access & LLUB		-450	-22	-159	-123	-85	-83	-21	-1
Other operations		88	58	22	31	11	24	23	11
Non-recurring item	2	-984	-	-47	-937	-	-	-	-
		-2,368	-94	-450	-1,243	-361	-314	-202	-56
UK & BENELUX									
Mobile telephony		211	47	56	73	58	24	14	59
Indirect access		-41	-163	3	25	-73	4	-72	-38
<i>of which fixed telephony resale</i>		155	-47	58	84	-6	19	2	-8
<i>of which broadband resale</i>		-196	-116	-55	-59	-67	-15	-74	-30
Direct access & LLUB		-864	-134	-173	-182	-223	-286	-134	-
Other operations		15	-3	20	-15	-8	18	4	-5
Non-recurring item	2-3	-457	-287	-	-457	-	-	-126	-161
		-1,136	-540	-94	-556	-246	-240	-314	-145
SERVICES									
Indirect access		-10	-2	-6	2	-2	-4	1	-1
<i>of which fixed telephony resale</i>		-10	-2	-6	2	-2	-4	1	-1
Other operations		-2	6	6	4	-8	-4	-2	10
		-12	4	-	6	-10	-8	-1	9
TOTAL EBIT FROM CONTINUING OPERATIONS		-1,623	2,814	411	-2,628	340	254	178	1,077
DISCONTINUED OPERATIONS									
Discontinued operations	6	231	696	-43	73	80	121	152	175
TOTAL EBIT		-1,392	3,510	368	-2,555	420	375	330	1,252

EBIT, cont.

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		2,524	2,455	627	818	642	437	316	811
Indirect access		611	825	199	188	16	208	209	262
<i>of which fixed telephony resale</i>		1,664	1,412	450	447	299	468	479	376
<i>of which broadband resale</i>		-1,053	-587	-251	-259	-283	-260	-270	-114
Direct access & LLUB		-1,702	-463	-467	-395	-389	-451	-267	-34
Other operations		148	150	49	20	19	60	46	65
Non-recurring item	1-3	-3,204	-153	3	-3,259	52	-	-126	-27
TOTAL EBIT FROM CONTINUING OPERATIONS		-1,623	2,814	411	-2,628	340	254	178	1,077
EBIT MARGIN									
Nordic	1-2	16%	19%	14%	16%	17%	17%	18%	25%
Baltic & Russia		14%	11%	15%	17%	12%	8%	1%	16%
Central Europe	2-3	-18%	1%	6%	-94%	5%	4%	0%	4%
Southern Europe	2	-23%	-1%	-17%	-49%	-14%	-12%	-8%	-3%
UK & Benelux	2-3	-13%	-7%	-4%	-25%	-11%	-10%	-12%	-9%
Services		-2%	1%	0%	4%	-6%	-6%	-1%	7%
TOTAL EBIT MARGIN FROM CONTINUING OPERATIONS		-3%	6%	3%	-21%	3%	2%	1%	10%
Discontinued operations	6	5%	13%	-4%	7%	7%	10%	12%	13%
TOTAL EBIT MARGIN		-3%	7%	3%	-19%	3%	3%	2%	10%
Mobile telephony		13%	17%	12%	16%	14%	11%	8%	21%
Indirect access		3%	3%	4%	3%	0%	3%	3%	4%
<i>of which fixed telephony resale</i>		8%	6%	9%	9%	5%	8%	7%	6%
<i>of which broadband resale</i>		-49%	-47%	-45%	-47%	-54%	-52%	-60%	-36%
Direct access & LLUB		-33%	-20%	-30%	-30%	-33%	-41%	-26%	-8%
Other operations		3%	4%	3%	1%	1%	4%	4%	7%
TOTAL EBIT MARGIN FROM CONTINUING OPERATIONS		-3%	6%	3%	-21%	3%	2%	1%	10%

INVESTMENTS, CAPEX

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
CONTINUING OPERATIONS									
Nordic		957	606	399	175	193	190	176	174
Baltic & Russia		2,363	1,648	530	594	644	595	544	388
Central Europe		228	272	104	53	46	25	125	52
Southern Europe		1,028	250	315	224	325	164	183	39
UK & Benelux		644	301	148	114	193	189	241	32
Services		47	62	8	10	14	15	3	27
CAPEX IN CONTINUING OPERATIONS		5,267	3,139	1,504	1,170	1,415	1,178	1,272	712
DISCONTINUED OPERATIONS									
Discontinued operations	6	98	611	60	32	2	4	15	13
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX		5,365	3,750	1,564	1,202	1,417	1,182	1,287	725
CONTINUING OPERATIONS									
Mobile telephony		2,893	1,879	760	688	759	686	524	472
Indirect access		692	550	220	115	211	146	242	135
<i>of which fixed telephony resale</i>		495	514	136	84	156	119	215	130
<i>of which broadband resale</i>		197	36	84	31	55	27	27	5
Direct access & LLUB		1,528	600	458	345	403	322	457	86
Other operations		154	110	66	22	42	24	49	19
CAPEX IN CONTINUING OPERATIONS		5,267	3,139	1,504	1,170	1,415	1,178	1,272	712
ADDITIONAL CASH FLOW INFORMATION									
CAPEX according to cash flow statement		5,520	3,640	1,422	1,420	1,374	1,304	1,441	714
Unpaid CAPEX for the period and reversal of during the year paid CAPEX from previous year:									
Continuing operations		-187	-159	114	-220	41	-122	-159	-
Discontinued operations		-	255	-	-	-	-	1	3
Sales price in cash flow statement		32	14	28	2	2	-	4	8
CAPEX ACCORDING TO BALANCE SHEET, INCLUDING DISCONTINUED OPERATIONS		5,365	3,750	1,564	1,202	1,417	1,182	1,287	725

SWEDEN*

Thousands	Note	Number of customers			Net intake					
		2006 Dec 31	2005 Dec 31	Change	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Mobile telephony		3,508	3,554	-1%	11	3	-13	-47	18	13
Indirect access		1,125	1,256	-10%	-19	-37	-34	-41	-35	-26
<i>of which fixed telephony resale</i>		1,080	1,220	-11%	-22	-36	-38	-44	-38	-30
<i>of which broadband resale</i>		45	36	25%	3	-1	4	3	3	4
Direct access & LLUB		264	223	18%	22	13	4	2	-1	-1
NET CUSTOMER INTAKE					14	-21	-43	-86	-18	-14
Changed method of calculation	7				-	-	-	-	-512	-
TOTAL NUMBER OF CUSTOMERS		4,897	5,033	-3%	14	-21	-43	-86	-530	-14
SEK million	Note	2006 Full year	2005 Full year		2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
OPERATING REVENUE										
Mobile telephony		6,843	6,776		1,745	1,770	1,770	1,558	1,733	1,760
Indirect access		2,751	2,896		662	680	694	715	741	779
<i>of which fixed telephony resale</i>		2,625	2,805		631	648	662	684	716	755
<i>of which broadband resale</i>		126	91		31	32	32	31	25	24
Direct access & LLUB		864	814		250	227	193	194	200	200
Other operations		691	688		178	180	164	169	171	175
Non-recurring item	1	-	134		-	-	-	-	-	134
TOTAL OPERATING REVENUE		11,149	11,308		2,835	2,857	2,821	2,636	2,845	3,048
EBITDA										
Mobile telephony		2,899	3,034		672	759	786	682	755	850
Indirect access		306	428		40	68	69	129	116	174
<i>of which fixed telephony resale</i>		352	446		60	88	74	130	122	176
<i>of which broadband resale</i>		-46	-18		-20	-20	-5	-1	-6	-2
Direct access & LLUB		20	67		-9	9	-2	22	-7	28
Other operations		27	95		-5	5	9	18	32	31
Non-recurring item	1-2	50	134		50	-	-	-	-	134
TOTAL EBITDA		3,302	3,758		748	841	862	851	896	1,217
EBITDA MARGIN										
Mobile telephony		42%	45%		39%	43%	44%	44%	44%	48%
Indirect access		11%	15%		6%	10%	10%	18%	16%	22%
<i>of which fixed telephony resale</i>		13%	16%		10%	14%	11%	19%	17%	23%
<i>of which broadband resale</i>		-37%	-20%		-65%	-63%	-16%	-3%	-24%	-8%
Direct access & LLUB		2%	8%		-4%	4%	-1%	11%	-4%	14%
Other operations		4%	14%		-3%	3%	5%	11%	19%	18%
TOTAL EBITDA MARGIN		30%	33%		26%	29%	31%	32%	31%	40%
EBIT										
Mobile telephony		2,302	2,497		509	621	643	529	619	719
Indirect access		205	306		20	42	42	101	89	145
<i>of which fixed telephony resale</i>		253	324		41	63	47	102	95	147
<i>of which broadband resale</i>		-48	-18		-21	-21	-5	-1	-6	-2
Direct access & LLUB		-155	-81		-69	-32	-41	-13	-43	-9
Other operations		-33	51		-22	-11	-5	5	22	20
Non-recurring item	1-2	50	134		50	-	-	-	-	134
TOTAL EBIT		2,369	2,907		488	620	639	622	687	1,009
EBIT MARGIN										
Mobile telephony		34%	37%		29%	35%	36%	34%	36%	41%
Indirect access		7%	11%		3%	6%	6%	14%	12%	19%
<i>of which fixed telephony resale</i>		10%	12%		6%	10%	7%	15%	13%	19%
<i>of which broadband resale</i>		-38%	-20%		-68%	-66%	-16%	-3%	-24%	-8%
Direct access & LLUB		-18%	-10%		-28%	-14%	-21%	-7%	-22%	-5%
Other operations		-5%	7%		-12%	-6%	-3%	3%	13%	11%
TOTAL EBIT MARGIN		21%	26%		17%	22%	23%	24%	24%	33%

*Tele2 Sverige AB, Optimal Telecom AB, Tele2 Vision AB, Tele2 Syd AB and result from shares in the joint ventures Svenska UMTS-nät AB and Spring Mobil AB.

RUSSIA

Thousands	Note	Number of customers			Net intake					
		2006 Dec 31	2005 Dec 31	Change	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Net customer intake					933	711	715	638	759	554
Acquired companies	5				–	182	–	–	–	–
TOTAL NUMBER OF CUSTOMERS		6,453	3,274	97%	933	893	715	638	759	554

SEK million	Note	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
OPERATING REVENUE		2,819	1,058	988	815	568	448	379	289
EBITDA		566	–163	266	205	73	22	–46	–22
EBITDA-margin		20%	–15%	27%	25%	13%	5%	–12%	–8%
EBIT		244	–359	153	112	12	–33	–109	–71
EBIT-margin		9%	–34%	15%	14%	2%	–7%	–29%	–25%

KEY RATIOS

	2006	2005	2004
CONTINUING OPERATIONS (SEK million)			
Operating revenue	50,306	44,457	36,613
Number of customers, in thousands	29,050	26,501	23,762
EBITDA	5,652	5,772	5,554
EBIT	-1,623	2,814	3,286
EBT	-2,180	2,386	3,127
Net profit/loss	-2,405	1,836	2,491
KEY RATIO			
EBITDA margin, %	11.2	13.0	15.2
EBIT margin, %	-3.2	6.3	9.0
PER SHARE DATA (SEK)			
Earnings	-5.13	4.16	5.63
Earnings after dilution	-5.13	4.15	5.61
TOTAL (INCLUDING DISCONTINUED OPERATIONS) (SEK million)			
Shareholders' equity	29,123	35,368	32,900
Shareholders' equity after dilution	29,137	35,401	32,965
Total assets	66,164	68,291	49,873
Cash flow from operating activities	3 847	5,487	5,876
Cash flow after CAPEX	-1,673	1,847	4,314
Available liquidity	5,963	8,627	5,113
Net borrowing	15,311	11,839	2,831
Investments in intangible and tangible assets, CAPEX	5,365	3,750	1,585
Investments in shares and long-term receivables	1,616	7,953	1,653
Average number of employees	5,285	3,909	2,928
KEY RATIO			
Equity/assets ratio, %	44	52	66
Debt/equity ratio, multiple	0.53	0.33	0.09
Return on shareholders' equity, %	-11.3	6.9	10.8
Return on shareholders' equity after dilution, %	-11.3	6.9	10.8
Return on capital employed, %	-5.3	8.2	12.1
Average interest rate, %	4.2	3.7	4.4
PER SHARE DATA (SEK)			
Earnings	-8.14	5.30	7.74
Earnings after dilution	-8.14	5.29	7.73
Shareholders' equity	64.85	78.96	74.32
Shareholders' equity after dilution	64.84	78.93	74.29
Cash flow from operating activities	8.66	12.39	13.27
Dividend	1.83 ¹⁾	1.75	1.67
Redemption	-	-	3.33
Market value at closing day	100.00	85.25	87.00

¹⁾ Proposed dividend.

NOTES

ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report has been prepared in accordance with IAS 34.

In 2006 Tele2 has adapted the accounting principles according to the amendments of IAS 39 regarding financial guarantees, which only has had an immaterial effect within the balance sheet. As IFRIC 4 is applied from 2006, a reclassification has been made in the previous year's balance sheet, from intangible assets to tangible assets of SEK 266 million. Tele2 has chosen in the third quarter to classify the restricted cash among financial fixed assets or short term investments, as a result of accepted practice. Previous periods have been adjusted retroactively.

Tele2 has, in all other respect reported its interim report in accordance with the accounting principles and calculation methods used in the 2005 Annual Report. Definitions are found in the 2005 Annual Report.

The heightened focus on broadband and mobile services continues to be reflected in the Group's financial performance. Mobile telephony and broadband sales continue to rise sharply compared with the previous year, while fixed telephony sales are declining. In an effort to align our reporting structure and segment classification with this trend we have used from Q2 2006, separate reporting for broadband services where the customer is connected by direct access or LLUB (Local Loop Unbundling) and our broadband resale services. Revenues from direct access or LLUB customers are reported collectively, i.e. with all services included, while fixed telephony and broadband resale are reported separately in the indirect access segment. Carrier operations are reported as a part of business area other operations.

NOTE 1 OPERATING REVENUE

Tele2 has for a number of years had several disputes with TeliaSonera with regard to the pricing of interconnect rates in mobile telephony. At February 8, 2007 Tele2 received, by a non-unanimous Swedish Administrative Court of Appeal, the verdicts regarding interconnect cases regarding the years 2000 – 2004 with a negative outcome for Tele2, after a positive verdict in the Swedish County Administrative Court. Tele2 is now evaluating the verdicts and is considering seeking leave to appeal in the Supreme Administrative Court, among other things based on the outcome of the earlier verdicts and that the Swedish Administrative Court was non-unanimous. The maximum cost can be slightly less than SEK -200 million. An estimate of the most likely outcome of each dispute is made and the income statement is prepared on the basis of this. There are ongoing disputes in other countries, and Tele2 negotiates prices routinely in all markets. Tele2 booked an amount equivalent to SEK 134 million in the operating revenue for Q3 2005, related to one of the disputes.

Operating revenue from Q4 2004 and onwards for Tele2 in Sweden includes SEK 24 million per quarter relating to mobile telephony according to the MVNO agreement with Telenor. The capacity swap in the agreement is viewed on group level as a barter transaction between Tele2 and Telenor, where revenues from the swap are settled against costs.

NOTE 2 OPERATING EXPENSES

EBITDA

Tele2 on an annual basis conducts price negotiations in all markets and retroactive adjustments are a natural part of Tele2's business. The adjustment in Q3 and Q4 2006 was nevertheless greater than normally occurs and concentrated in certain market areas.

In Q4 2006, the costs were reduced by SEK 50 million for the market area Nordic as a result of price negotiations with another operator and in addition the costs were increased by SEK 47 million for the market area Southern Europe as a result of settlements of disputes. In Q3 2006 the costs were reduced by SEK 43 million for the market area UK & Benelux as a result of a settlement with another operator of SEK 95 million and estimated future unused part of leased premises of SEK 52 million.

In Q3 2005, the results for market area UK & Benelux were affected by a reserve of SEK -161 million related to a VAT dispute in Tele2's card business. The dispute is attributable to the period between 2003 until Q1 2005, and the reserve corresponds to approximately 75% of the estimated maximum amount. In 2006, SEK 122 million has been paid and SEK 39 million is still in reserved costs.

DEPRECIATIONS/AMORTIZATIONS AND WRITE DOWNS

Tele2 has in connection with the divestment of parts of the operations in France obtained an indication of fair value of Tele2's other operations in Continental Europe. A fair value estimate of remaining operations in Continental Europe was prepared in Q3 2006 based on multiples rendered from divestment of the operations in France. This information indicated a need to write down goodwill and a write-down was recorded. In Q4 2006 Tele2 has prepared the annual impairment tests based on value in use and they confirmed the amount of write-down reported in Q3 2006. The recoverable amount at December 31, 2006 is hence based on value in use and the discount rate used varies between 12–16%. The write down of goodwill recorded in Q3 2006 amounted to SEK 3,300, of which SEK 1,863 million related to Central Europe, SEK 937 million to southern Europe and SEK 500 million to UK & Benelux.

In Q4 2005, market area UK & Benelux reported a goodwill write down of SEK

263 million in Alpha Telecom. The reason was primarily a change in the rate of VAT, which resulted in lower margins.

NOTE 3 OTHER OPERATING REVENUES

In Q2 2006, market area Central Europe reported a capital gain from the divestment of Tele2's operations in the Czech Republic, corresponding to SEK 50 million, after a minor adjustment in Q3, 2006.

In Q4 2005, market area UK & Benelux reported a capital gain from the divestment of Tele2's operations in the UK and Ireland, corresponding to SEK 137 million.

NOTE 4 SHARES AND CONVERTIBLES

In Q2 2006, Tele2 paid a dividend of SEK 1.75 per share, corresponding to a total of SEK 777 million.

As a result of 836,761 warrants being exercised during 2006 (of which 289,575 in Q4), Tele2 has issued new shares resulting in an increase of shareholders' equity of SEK 51 million.

At June 14, 2006, 8,193,444 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution passed at the Annual General Meeting on May 10, 2006.

INCENTIVE PROGRAM 2002–2007

The Annual General Meeting in 2002 approved an incentive program for present and additional key personnel in the Group corresponding to a maximum of 3,312,700 B-shares converted after the split and the redemption procedure in 2005. These people are entitled to subscribe to class B-shares by means of warrants over a period of three to five years corresponding to a market value +10% for B-shares at the time of allotment, provided that they remain in the Group's employment. No premium is to be paid. All warrants have a redemption price corresponding to SEK 60.80/share.

Warrants corresponding to 2,630,378 shares were issued in 2002, with forfeited warrants during the period 2002 to 2006 totalling 381,510 (2006: 28,260). During the period 2005 to 2006 warrants totalling to 1,809,068 (2006: 836,761) shares were exercised. As of December 31, 2006, Tele2 has outstanding warrants corresponding to 439,800 (2005: 1,304,821) shares. Included in the above, an allotment totalling to 482,618 shares were issued in 2002 to a wholly-owned group company to secure future cash flow for social expenses, of which 315,998 (2006: 153,811) were exercised during the period 2005 to 2006 and 166,620 (2005: 320,431) is outstanding as of December 31, 2006.

INCENTIVE PROGRAM 2006–2011

The Extraordinary General Meeting on February 21, 2006, decided to adopt an incentive program for a maximum of 32 senior executives and key employees in the Tele2 Group, resulting in a combined offering of a maximum of 1,059,000 warrants and a maximum of 2,118,000 stock options. As a result of the acquisition price for 752,000 issued warrants, shareholders' equity has increased by SEK 7 million in the first quarter of 2006. For each acquired warrant, the participant is entitled to two free stock options, each entitling the holder to subscribe for one new class B-share.

At December 31, 2006, outstanding warrants and stock options related to the 2006/2011 incentive program corresponded to 2,256,000 class B-shares in Tele2 AB. Subscription for class B-shares through the warrants may take place during February 25 – May 25, 2009. The stock options run over approximately five years and can be exercised three years from allotment, at the earliest. The subscription price for the warrants and the exercise price for the stock options is SEK 94.80, corresponding to 110% of the average last trading price for Tele2's class B-share during the period from February 22 to March 7, 2006. The intention of the Board is to leave consideration of the annual allocation proposal, according to above, to the Annual General Meeting in 2007 and 2008. Total cost for outstanding warrants and stock options related to the incentive program amount to approximately SEK 21 million, which is expensed during approximately three years starting March 2006 on an ongoing basis.

NOTE 5 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of share and participations affecting cash flow refer to the following:

SEK million	Jan 1–Dec 31 2006
Four GSM operators in Northwest Russia	-218
Tele2 Syd Sweden	-485
Plusnet Germany	-471
Spring Mobil	-38
Acquisition of minority in Russian operations	-110
Other cash flow changes in shares and participations	-29
Divestments	36
CASH FLOW EFFECT OF ACQUISITIONS AND DIVESTMENTS IN SHARES AND PARTICIPATIONS	-1,315

FOUR GSM-OPERATORS IN NORTHWEST RUSSIA

On July 18, 2006, Tele2 acquired all the shares in four GSM operators in Northwest Russia, with 182,000 mobile telephony customers, for SEK 260 million. In Q3 2006, the acquisition of the four GSM operators has affected Tele2's operating revenue by SEK 36 million and in Q4 2006 by SEK 39 million and the net profit by SEK -5 million in Q3 2006 and by SEK -10 million in Q4 2006.

The goodwill item in conjunction with the acquisition of the four Russian GSM operators is based on Tele2's expectations of economies of scale and in applying the successful concepts from Tele2's existing Russian operations.

TELE2 SYD (NORDIC)

On August 1, 2006 Tele2 acquired 75.1% of Tele2 Syd AB (formerly E.ON Bredband Sverige AB), a leading broadband provider in the South of Sweden, for SEK 486 million. In Q3 the acquisition of Tele2 Syd has affected Tele2's operating revenue by SEK 45 million and in Q4 2006 by SEK 67 million and the net profit by SEK -1 million in Q3 2006 and by SEK 0 million in Q4 2006.

The goodwill item in conjunction with the acquisition of Tele2 Syd, is based on Tele2's expectations of a strengthened position in the area covered by Tele2 Syd through lower costs and a shorter time to market.

PLUSNET GERMANY (CENTRAL EUROPE)

During the third quarter Tele2 and QSC created a company "Plusnet", which has a substantial unbundled local loop broadband network in Germany. At closing date Tele2 has invested SEK 471 million in this company, of which Tele2 owns 32.5%, to finance its expansion.

SPRING MOBIL (NORDIC)

On October 23, 2006 (completed in December 2006) Tele2 acquired 49% of Spring Mobil AB for SEK 38 million, with an option to acquire the remaining shares in the first quarter of 2009. Spring Mobil owns the fourth GSM license in Sweden and focus exclusively on the growing market for "OnePhone" solutions, which mean one phone for all the telephony services for enterprises.

OTHER ACQUISITIONS

On February 23, 2006, Tele2 announced that it had increased its share holding in five of its Russian operations. The operations in Belgorod, Smolensk, Lipetsk and St Petersburg are, after these transactions, fully owned, and the holding in Omsk is 70%. The total purchase price was SEK 51 million. On June 13, 2006, Tele2 acquired the remaining 30% minority stakes in Siberian Cellular Communications, in the Russian region of Omsk, for SEK 259 million, of which SEK 59 million has a cash flow effect and the remaining part is a loan from the seller.

Valuation to fair value of the acquisition last year of Versatel Netherlands/Belgium has been finalized and a reclassification has been made between assets resulting in a total effect on depreciations of SEK -17 million, the total amount has been reported as cost in Q4 2006.

Assets, liabilities and contingent liabilities included in the acquired companies are as follows:

SEK million	Four GSM-operators Northwest Russia		Tele2 Syd Sweden			
	Accounting value at the time of the acquisition	Adjustment to fair value	Fair value	Accounting value at the time of the acquisition	Adjustment to fair value	Fair value
Customer contracts	-	27	27	-	105	105
Interconnect	3	-	3	-	-	-
Licenses	-	22	22	-	-	-
Tangible assets	107	-	107	502	-	502
Deferred tax assets	4	21	25	-	-	-
Other financial assets	-	-	-	4	-	4
Materials and supplies	2	-	2	-	-	-
Current receivables	19	-	19	38	-	38
Cash assets	4	-	4	1	-	1
Deferred tax liabilities	-	-12	-12	-49	-29	-78
Other long-term liabilities	-174	-	-174	-1	-	-1
Short-term liabilities	-32	-	-32	-323	-	-323
Minority interest	-	-	-	-43	-19	-62
Net acquired assets	-67	58	-9	129	57	186
Goodwill	-	-	68	-	-	229
Purchase price shares	-	-	59	-	-	415
Debt in acquired companies	-	-	201	-	-	71
Acquisition price	-	-	260	-	-	486
Liabilities to former owners etc	-	-	-38	-	-	-
Excluded: cash assets in acquired operations	-	-	-4	-	-	-1
Net effect on group cash assets	-	-	218	-	-	485

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

DIVESTMENTS

On October 3, 2006 Tele2 announced that the fixed and broadband business in France has been sold to SFR. The agreement is subject to clearance from the EU competition authorities and this had not been received by the closing date for Q4 2006. The divestment is estimated to be finalized in Q1 2007. See Note 6 for details.

On June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for SEK 37 million. Tele2 Czech has affected Tele2's operating revenue year-to-date by SEK 121 (271) million and net profit by SEK -11 (-40) million in addition to the capital gain recorded of SEK 50 million.

On April 28, 2006, Tele2 divested all of its shares in Germinus XXI SA, a Spanish company which develops software and designs websites, for SEK 4 million. Germinus has affected Tele2's operating revenue year-to-date by SEK 15 (11) million and net profit by SEK -1 (1) million in addition to the capital loss recorded of SEK 3 million.

Since the divested operations above, do not constitute a significant part of the Tele2's result and financial position, disclosure in the income statement has not been done according to IFRS 5 Non-current assets held for sale and discontinued operations.

PRO FORMA

The table below shows the effect of the acquired and divested companies on Tele2's operating revenue and result, had they been acquired or divested at January 1, 2006.

Jan 1 -Dec 31 2006	Tele2 Group ¹⁾	Acquired companies before the time of the acquisition	Excluding divested companies	Tele2 Group pro forma
Operating revenue	50,306	186	-136	50,356
Net profit/loss	-2,405	-10	-35	-2,450

¹⁾ less the fixed and broadband business in France since reported as discontinued operations.

NOTE 6. DISCONTINUED OPERATIONS

On October 3, 2006 Tele2 announced the divestment of its fixed and broadband operations in Tele2 France to SFR for approximately SEK 3.3 billion on a debt free basis. Tele2's French mobile business is being retained by Tele2. The agreement is subject to clearance from the EU competition authorities and the sale is estimated to close in Q1 2007.

At September 30, 2006 an estimated capital loss of SEK 1 billion from the sale was reported. This consisted of a write-down of goodwill of SEK -1.5 billion and a reversal of exchange rate differences of SEK 0.5 billion related to the French business and deferred in equity. The EU competition authorities did not approve the transaction in Q4 2006 as expected, and clearance is now expected to be received in Q1 2007. As a consequence of this delay, Tele2 has reversed this exchange rate effect reported in Q3 2006. The expected positive exchange rate effect will instead be reported in Q1 2007 when the sale is finalized. Accordingly, only the write-down of SEK 1.5 billion has affected the result in Q3 2006.

Tele2 has successfully marketed fixed line telephony in France since 1998, creating a very profitable business. As the French market is consolidating, Tele2 has decided that selling the fixed line and broadband businesses to SFR is the best way to maximize the value of these businesses.

The divestment has been reported separately as discontinued operations in the income statement, with retrospective application for previous periods, and in the balance sheet from September 30, 2006 according to IFRS 5-Non-current assets held for sale and discontinued operations.

The result etc. from discontinued operations, formerly reported in market area Southern Europe, is presented below.

INCOME STATEMENT

SEK million	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Operating revenue	4,325	5,486	995	1,024	1,096	1,210	1,305	1,313
Operating expenses	-4,094	-4,790	-1,038	-951	-1,016	-1,089	-1,153	-1,138
EBIT	231	696	-43	73	80	121	152	175
Net interest expenses	33	45	7	8	10	8	10	12
EBT	264	741	-36	81	90	129	162	187
Taxes	-99	-236	3	-28	-32	-42	-48	-55
NET PROFIT/LOSS	165	505	-33	53	58	87	114	132
Write down of goodwill	-1,500	-	-	-1,500	-	-	-	-
NET PROFIT/LOSS, TOTAL IMPACT	-1,335	505	-33	-1,447	58	87	114	132

CASH FLOW STATEMENT

SEK million	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Cash flow from operating activities	463	479	108	156	199	-	89	216
Cash flow from investing activities	-99	-356	-60	-14	-20	-5	-14	-10
Cash flow from financing activities	-729	-76	-261	-246	-179	-43	-42	-192
NET CHANGE IN CASH AND CASH EQUIVALENTS	-365	47	-213	-104	-	-48	33	14

BUSINESS AREAS

SEK million	2006	2005	2006	2006	2006	2006	2005	2005
	Full year	Full year	Q4	Q3	Q2	Q1	Q4	Q3
Operating revenue								
Indirect access	4,325	5,486	995	1,024	1,096	1,210	1,305	1,313
<i>of which fixed telephony resale</i>	3,731	4,969	815	888	957	1,071	1,167	1,181
<i>of which broadband resale</i>	594	517	180	136	139	139	138	132
Other operations	274	235	80	66	63	65	61	60
Adjustments for internal sales	-274	-235	-80	-66	-63	-65	-61	-60
OPERATING REVENUE	4,325	5,486	995	1,024	1,096	1,210	1,305	1,313
EBITDA								
Indirect access	357	809	-	99	107	151	183	210
<i>of which fixed telephony resale</i>	798	1,111	195	228	169	206	257	267
<i>of which broadband resale</i>	-441	-302	-195	-129	-62	-55	-74	-57
Other operations	12	-3	-1	6	4	3	4	-1
EBITDA	369	806	-1	105	111	154	187	209
EBIT								
Indirect access	278	735	-27	82	90	133	163	192
<i>of which fixed telephony resale</i>	734	1,037	179	213	154	188	238	248
<i>of which broadband resale</i>	-456	-302	-206	-131	-64	-55	-75	-56
Direct access & LLUB	-59	-36	-15	-15	-14	-15	-15	-16
Other operations	12	-3	-1	6	4	3	4	-1
EBIT	231	696	-43	73	80	121	152	175
INVESTMENTS, CAPEX								
Indirect access	98	22	60	32	2	4	12	7
<i>of which fixed telephony resale</i>	17	22	13	3	1	-	12	7
<i>of which broadband resale</i>	81	-	47	29	1	4	-	-
Direct access & LLUB	-	589	-	-	-	-	3	6
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX	98	611	60	32	2	4	15	13
CAPEX according to cash flow statement	98	356	60	32	2	4	14	10
Unpaid CAPEX for the period and reversal of during the year paid CAPEX from previous year	-	255	-	-	-	-	1	3
CAPEX according to balance sheet, including discontinued operations	98	611	60	32	2	4	15	13

NUMBER OF CUSTOMERS

Thousands	Number of customers		Net intake					
	2006 Full year	2005 Full year	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Indirect access	3,053	3,751	-201	-139	-218	-140	-49	-128
<i>of which fixed telephony resale</i>	2,736	3,475	-226	-144	-220	-149	-46	-133
<i>of which broadband resale</i>	317	276	25	5	2	9	-3	5
NUMBER OF CUSTOMERS	3,053	3,751	-201	-139	-218	-140	-49	-128

NOTE 7 NUMBER OF CUSTOMERS

Until September 30, 2005 a fixed telephony customer also using Tele2's dial-up internet service, was reported as two customers. Given that a reported direct access & LLUB-customer can use up to three different services, Tele2 as of October 1, 2005 reports a fixed telephony customer using dial-up internet, as one customer. In Q4 2005, the one-time effect, in continuing operations, from this change was a decrease in the reported customer base of 1,329,000 customers, of which 616,000 were in Nordic, 1,000 in Baltic & Russia, 315,000 in Central Europe, 344,000 in Southern Europe and 53,000 in UK & Benelux.

NOTE 8 SWEDISH 3G COMPANY

Tele2 and TeliaSonera each own 50% of Svenska UMTS-nät AB ("3G company"), which has a 3G license in Sweden. Both companies have contributed capital in the 3G company. In addition to this, the build out has external financing, with a loan facility of SEK 4.8 billion, which is 50% guaranteed by each party. Tele2 and TeliaSonera are technically MVNO's with the 3G company and hence act as capacity purchasers. The size of the fee is mainly proportional to the total investment. An abbreviated version of the 3G company's balance sheet at December 31, 2006 is stated below and hence the level of investment at that time. At December 31, 2006 Tele2's guarantee amounted to SEK 1,685 million compared to SEK 1,475 million at December 31, 2005.

SEK million			
Fixed assets	3,687	Equity	562
Other current assets	352	Long-term liabilities	3,372
Liquid funds	37	Short-term liabilities	142
ASSETS	4,076	EQUITY AND LIABILITIES	4,076