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LARS TORSTENSSON: Good morning everyone and a warm welcome to Tele2's full year and fourth quarter 2010 report. My name is Lars Torstensson and together with me today I have, of course, our CEO Mats Granryd, our CFO Lars Nilsson but also our information director Pernilla Oldmark.

We have deliberately delayed the conference call for five minutes for our good friends at Telenor. We would like to welcome everyone who has joined our conference call this morning. You can also join the conference call by the web and we would like to welcome everyone who has joined us there. Our presentation is available on our web and also on slideshow.com.

Without any further delay I would like to give the word to Mats Granryd who will conduct the first part of our presentation.

MATS GRANRYD: Very good, thank you very much, Lars. Good morning everyone. My name is Mats Granryd. I have the great pleasure to present to all of you a solid, good Q4 report, as well as a full year report, and I'll go through the highlights. It's a fairly lengthy presentation so I'll try to be as swift as I can, highlighting the most important areas. Our total customer base in Q4 reached 31 million customers and the net intake for the group was a little bit more than 800,000. Our net sales grew with 2% and forex adjusted it grew with 8%. EBITDA grew with 10% and forex adjusted to that it actually grew with 18%. So we're very happy with the results in Q4. Our intake in Russia was very strong, both on customer and EBITDA, as well as the mobile revenue growth in the market area for the Nordics was also very strong. We have an improved net intake in Kazakhstan driving better customer trends in the market area of Central Europe and Eurasia and also continued success in the business segment for market area Western Europe, driven out of the Netherlands. If we then focus a little bit more on Russia. As I said, we almost took in 800,000 customers in Russia, 755,000 net intake in Q4. Revenue grew with 24% and over

the year we added some 4 million customers in Russia. The growth in Russia is supported by good growth and demonstrated a good financial performance in the quarter. As I said, revenue grew by 24% in the last quarter.

If we then deep dive a little bit and look at the Russian market as an overview. If we start with the left-hand graphs, you can see that the penetration in Russia is now reaching 150-151% and it's actually the third most penetrated country on the planet after Portugal and Finland, which is good news. So it's definitely a multi-SIM country and we, of course, want to continue to be the preferred SIM card users, sort of, in the market.

If we go down and look at the net additions, I think this is a very interesting slide where you can see that quarter after quarter consistently we are punching above our weight. We are adding some 20%, or in certain quarters more than 20% of the net adds, of the total net adds, which I think is astonishing and a very good performance in Russia.

If we go then to the right you can see the quarterly churn is at a good low level, touching 7% but hovering around 7-8% per quarter. That is, of course, one of the reasons why we are adding 20% quarter by quarter. If we go up and see the graph up in the right-hand corner you can see the prepaid share is slightly coming down from being a solid and only a prepaid market to being slightly more on the postpaid side as well. So, for us we'll also then start to see and develop products for the postpaid segment in Russia and I think that is important.

If you then turn the page and look at the market share, look at the left-hand side, you can see there that we have a subscriber market share of some 8% in Russia. However, the revenue market share is 6%. So we definitely have a good opportunity to do the trick from volume from value and I think that is an encouraging sign. And you can also see that our total share in the regions is 28% market share, 38.5% in the old and 14% market share in the new regions, so 28% would be the blended market share.

Turn the page again and deep dive into data in Russia. Data, as you know we are not present in any data licences in Russia. However, we have EDGE and GPRS capable networks and if you see in the left-hand graph up in the left-hand corner you can see it's only two quarters but it's really encouraging signs there where the 2.5G, the data of GPRS and EDGE, is actually growing faster. It's growing at 31% as the 3G data is growing with 20%. So there is definitely growth in the 2.5G segment and this is especially important for us that are not present in Moscow but present in the regions where data is sufficient with the 2.5G technology.

If you go down you can see the total data revenue in Russia and we are well positioned. We are roughly having 7% of our revenue comes from data. So we're sort of part of the gang there. If you go up to the right-hand corner of the slide you can see we have changed the big three to the big four, so possibly that's something we can be happy of for a little while.

If we go down and look at the pie chart on the bottom you can see there that we have 3% of the data traffic in our regions. So we're only having 3% of the regions. However, those 3% represent as much as 14% of the revenue. So the data that we manage to push out we get good payment for that and we get good leverage in the market for that and good recognition for it.

So if we then move on to Sweden, highlights in Sweden. The mobile revenue in Sweden grew with 12%. We added 65,000 customers in the postpaid segment and the mobile EBITDA margin was 30% in the quarter. This is slightly lower than the total 2010 EBITDA of 33%. So the EBITDA margin for the full year 2010 was 33% and in the fourth quarter it was 30%. The reason for that is a larger intake on smart phones, smart phone customers, which have higher commissions and it's slightly more costly to sell smart phones as well as a little bit more costly to maintain them. The customer care activities are slightly higher on a smart phone than that of a 2G. Plus also the increased cost of our joint venture. As you know, we're building out a 4G network and that has needed investments before we have -- yes, so that has

needed investments. But all in all a very encouraging and good development for Sweden.

Moving on then to look at the smart phone behaviours. This quarter as well, as I said, last quarter, eight out of ten phones were smart phones and you can see there - this is our own data but I think it's coherent with all other data that we've seen - that a smart phone user uses more of everything: more minutes, more SMS, more MMS and obviously much more data. So the ARPU or the average service revenue per user has grown with 19%. So the investments we're doing now in the smart phones, if you would like, in that segment is paying off in the future and we see this as a very encouraging and good development for us. Also I should say that of the installed base we have of handsets, 30% in the postpaid segment is smart phones and that will, of course, continue to grow.

Just a couple of words on our 4G roll out. I'm sure you all are aware of that. We launched 4G late last year. We launched it through our joint venture Net4Mobility. We launched it in five cities in Sweden. By the end of this year we're going to launch it in another 100 cities, or another 95 cities, so a total of roughly 100 cities in Sweden, and by the end of next year we're going to have a population coverage of 99%. We feel strongly of the 4G technology and we are convinced that will serve us and our customers very well in the future.

A couple of words on Western Europe. The Netherlands, we acquired BBned, as you all are aware of, and that integration is going very well. Germany, a solid contribution on the EBITDA level, doing very well, and Austria as well. I think the effort of focus in Western Europe has really paid off. It's a very good three markets we have and I would like to maybe focus a little bit on the Netherlands. So if we take that on the next slide.

The Netherlands is definitely core business for us. Even though we are present -- we have a full portfolio. We are present in the mobile arena through our MVNO which stands for roughly one-sixth of the share of revenue. One-fifth of the revenue

comes from corporate fixed and broadband and half of the revenue comes from residential fixed and broadband. SMEs and wholesale stands for the rest. So we will continue to develop the Netherlands, we will continue to push out new products and engage in triple play products. We feel that the Netherlands, we have a good solid base and we will continue to view that as our core business.

So, let's move on to the Baltic states and we see definitely that the economy is stabilising. However, we don't see that much consumer activity yet. We see some improvement of demand in the postpaid service and in the meantime we are building out the network capacity and capabilities. We are building out our 3G networks as well as we were awarded a 4G licence in Estonia.

Croatia, a couple of words on Croatia. As you can see in the graph, the third quarter in a row with the EBITDA positive margin. The fourth quarter is always a scary quarter since we have a huge seasonal churn in that quarter. You can see the fourth quarter of 2009 we were deep in the negative intake. In the fourth quarter of 2010, or that of last year, we made it in the positive territory, which we were happy for, and the net intake is still on a strong growth path. Solid customer intake despite high seasonal churn, as I said, and we also launched 21 Mbps in our 3G network. We are determined to, and we're guiding that again, that during the second half of this year we will be positive free cash flow, which is a very good achievement in Croatia.

Kazakhstan then, our other growth area. We managed to add 114,000 customers in the fourth quarter, totalling up to 330,000 customers now in Kazakhstan. Maybe that is sort of -- that is good, it's a very good positive trend but we're still working under the Neo brand and the launch of the Tele2 brand will be some time, as we said before, in the first half of 2011 and it will be when we have built out sufficient network, where we have a coverage of 60% of the population, as well as we have built out sales and distribution channels that will cater for good growth and good distribution.

Good. So, with those words I would then like to hand over to Mr Lars Nilsson and have a review of the financials. Lars.

LARS NILSSON:

Good, thank you, Mats. You said good and I would say that is another very, very good quarter with a very solid result. You can see the net sales of 10.1 billion, currency adjusted. As said before, we are actually up 8% compared with last year. When it comes to the EBITDA margin for all our operations we continue to grow the margin, 25% for the quarter. It's 2% better than the same period last year. For the full year we are talking about now an EBITDA margin of 26%, also 2% better compared with the full year 2009.

In the P&L after depreciation you see some one-off items. This quarter is a loss of 157 million. The main activity there is the fact that we sold our Plusnet joint venture in Germany with a loss of SEK 247 million and that means for the future that we will show a small positive result in the operation in Germany. When it comes to financial items, it's worthwhile mentioning that for this quarter we had a one-off cost of roughly SEK 100 million related to the fact that we paid back our US private placements loan. So that has an impact on our 100 million for the quarter.

Taxes for the period, we report tax costs of SEK 102 million. I will come back to that on the next slide.

On the results for this continued operation for the period you can see a positive result of SEK 404 million and that is the outcome of a dispute that was related to an old Swiss operation so that is now posted as a one-off, a discontinued operation, and it has also had a positive impact on the cash flow.

Let me then come back to the taxes. Also in this quarter we were able to post some positive one-offs related to taxes. This is now that we can release some loss carry-forwards out of Germany of SEK 175 million. Normal taxes for the year amounted to some 1.4 billion but then we have positive one-offs of 1.2 billion. All in all now we

have deferred tax assets for the company of 3.2 billion which we then will use for the coming years.

In the tax guiding we showed you we are now taking up the tax cost in the P&L to a more normal and stable level of 26-27% and the cash flow will then be less due to the fact that we can utilise loss carry-forwards. The cash flow for this year in taxes was some SEK 740 million which you then can compare with the normal tax cost of SEK 1.4 billion. Then finally, of course, we were happy to see that the Administrative Court of Appeal approved our claim for deduction of this capital loss we've talked about many times and we're happy that this is a more clear situation when it comes to this item.

It has been a quite volatile year when it comes to currency movements. This is just to show you how the currency movements have impacted our currencies. We have just two significant currencies, that's euro and our euro-pegged currencies, i.e. Baltics and Croatia, and then of course rouble. But all in all you can see that the Swedish kroner has strengthened against all currencies.

Cash flow, the reference point here is actually a very, very strong Q4 2009 but it's worthwhile mentioning that the change in working capital for the quarter of minus 374 million should be looked into the view that for the full year we had a negative number of some SEK 100 million. And as a part of this downturn in Q4, this money will actually come back in the first quarter this year.

And then if you look at the acquisition and sale of shares of 323 million for the quarter, we bought, as you know, BBned for SEK 471 million. We had a Plusnet sale with a loss of 271 million and then we also had the Swiss settlement which I've talked about before. It's worthwhile mentioning that the cash flow after CAPEX for the year amounted to 6 billion compared with 4.8 billion last year, so an improvement of 1.2 billion.

That leads us down to a very, very strong balance sheet. As you know, we have a net debt to EBITDA; it's around 0.3. So you can say we are not almost debt free but close to debt free. That will also then lead us to the next picture.

As you know, the board has now proposed and decided on a new dividend policy and also that we are very clear about capital structure and the levy structure. As you know, the board has proposed to the AGM a total dividend of 26 kroner, where 6 kroner is ordinary. Was that correct?

MALE SPEAKER: Twenty-one.

LARS NILSSON: 21 kroner is extraordinary and 6 is ordinary.

Finally, a very important process always to measure return on capital employed and as you know we have a target to be about 20% and we were about 20% in 2010.

You can see maybe it looks terrible the picture that it's a downturn but for this quarter we invested in BBned, so all in all for this year we will be in the 20% range.

MATS GRANRYD: All right. So, thank you, Lars. I will go through the guidance and some concluding remarks. It might not be the highlight of the presentation but still I think it is important. So if we take the first slide.

The group targets, I just want to reiterate them. Best deal position, pivotally important for us within the group, the price leadership coupled with high quality; very important. The EBITDA margin on own infrastructure should be at least 35% and the return on capital employed at least 20% and we also are striving to reach the top two position in any customer market share in an individual country or region. So that is the group targets.

So if we take the group outlook, what has changed is the tax rate, as Lars has gone through. The CAPEX level we are not going to exceed the 5.5 billion that we are estimating. That's on the group level.

On Sweden I will now read this since it's important for forward looking statements I don't have anything wrong here. Tele2 expects mobile revenue to grow with high single digits. Tele2 expects a similar EBITDA contribution in 2011 as in 2010 due to instalments and start-up costs related to our joint venture Net4Mobility. So that's the Sweden outlook that has slightly changed.

Norway outlook, it's the first time we're doing an outlook in Norway. Tele2 expects an EBITDA contribution of SEK -100 million due to lower interconnect tariffs and start-up costs related to our joint venture Mobile Norway. That's the Norway one.

If we look at Russia, which has changed, subscriber base should reach 20 to 21 million, earlier 19 to 20, by year end 2011. ARPU should remain stable in local currency. Tele2 Russia total EBITDA margin should evolve in the range of 36-39% and earlier it was 34 to 37%. CAPEX in Russia should be approximately SEK 2 billion by year end 2011.

Kazakhstan also changed. EBITDA contribution in 2011 should be approximately SEK -500 million and the CAPEX should be in the range of SEK 1.2 to 1.4 billion by year end 2011. Croatia is unchanged, the outlook.

All right. So, if we then have some concluding remarks. Russia, as we have said, strong customer intake in EBITDA contribution. We're very happy with that result. Nordic, solid mobile revenue growth in the Nordics; equally happy and proud of that result. Western Europe, further strengthening our position in the consumer business segment. In Central Europe and Eurasia, improved net intake in Kazakhstan and that is also then driving better customer trends. I should also note that 2011 will be an investment year. Russia will continue to grow and we will continue to invest in Russia. Kazakhstan for obvious reasons is a big investment year in Kazakhstan; Sweden 4G and Norway in 3G.

So with those concluding remarks I would say thank you so much and open up for questions and answers. Lars.

LARS TORSTENSSON: Thank you very much, Mats. That concludes our formal presentation and we would like to open up for Q and A. So, Operator, do you have a question for us?

OPERATOR: Ladies and gentlemen, if you have a question for the speakers please press 01 on your telephone keypad and you will enter a queue. After you're announced please ask your question. We have a question from Mr Andrew Lee. Please go ahead, sir.

ANDREW LEE: Good morning. It's Andrew Lee from Goldman Sachs. Just a couple of questions on Russia and then one on your fixed assets. In Russia it seems that your competitors are taking more notice of the threat from Tele2 than they were 12 months ago. How do you see the competitive environment playing out there for you in 2011 and is the expectation of accelerating price competition the reason for your guided flat ARPU? What does that mean for your expectation of EBITDA margins in the existing regions? Do you still see those stabilising at 45%? A second brief question on Russia. I wondered if you could just give us a bit more colour on the 4G consortium it was reported you were joining yesterday.

And then a question for Mats on the fixed assets in Tele2. Two years ago there was a disposal programme for non-core assets, including some of your Western European fixed businesses. Do you view these businesses as non-core and if so could we see a return to asset disposals in 2011? Thank you.

MATS GRANRYD: Good questions there. I can start with Russia. Yes, the competition is steep and good competition, I should say. It has been so for quite some time but I think you're right, they are starting to notice us and, as I showed in one of the graphs, we are punching above our weight, continuously quarter by quarter we are adding some 20% on net intake and we don't see any big change in that. I think we have found the right formula in Russia with the price dealership coupled with good quality and still the best deal concept. So we feel that Russia will continue to grow.

Obviously, as I also said, the penetration level in Russia is now 155% or so. In the old regions we are number one or number two in many of those regions and the growth rate of net intake comes to a large extent in the new regions, and the new regions stand for roughly 20 million out of those 60 million that we are covering. So I think the play from volume to value will be important and that's why I showed the prepaid to postpaid migration of movement is also important for us to view. So maybe I can leave Russia there and go into our consortium in Sweden on the 4G. You said 4G consortium in Russia, right?

ANDREW LEE: Yes.

MATS GRANRYD: Yes, and I think Lars Torstensson maybe has a comment on that.

LARS TORSTENSSON: Yes, I can take that. Thanks, Andrew, for that question. I think we have been mentioned many times in different aspects in Russia when it comes to 4G licences and, as you correctly mentioned, yesterday we were once again quoted in Tass. I think our CEO Dimitry Strashnov was talking about our will to join the trial, the possibility of doing trial networks in Russia. That was put out of its context and mixed up with statements being made by smarts as well. I think that we are very keen of course to be able to bid on 4G and we are pushing as much as we can to join the trial network exercise that is supposed to happen later this year. I think we have a great proposition to Russia when it comes to this. As you know, we have experience from running 4G networks in Sweden and the other thing is of course that we are very good when it comes to running 4G networks and 3G networks as well in a joint venture structure. We have got it in black and white now that we are the most cost efficient operator when it comes to 3G networks and also 4G networks. We would like to bring that to Russia. So that is we're trying to propose now.

You will see us making statements in Russia from time to time to make sure that the decision-makers in Russia understand that we would like to continue to invest and participate in 4G. What you saw yesterday was just one small piece of information. It was a little bit taken out of its context but in general terms it's right, we would like to join and build 4G and join the Rostelecom exercise with the trial licences. So that is what we were trying to say yesterday. Sorry for a long answer there.

MATS GRANRYD: We had a third question on the non-core assets as well and I think we are a mobile company no doubt about that. However, we are sitting with some very nice pieces of fixed assets in the Netherlands, Germany and Austria, and in the Netherlands. And that's the reason why I highlighted it. I think we have a good opportunity in the Netherlands, very strong management team, we have a good position in the market and we are seeing growth in that place. So for us it is definitely a core asset, the Netherlands. Fixed per se may not be so but couple that with our position in the Netherlands it becomes core assets.

ANDREW LEE: Thank you. Could I just also --

LARS NILSSON: There was also a question about the margin in Russia. You talked about the 45% in the old regions. What you can see there in our forward looking statements is that for the blended Russian operation we have actually changed the guidance upwards, as you know. Now we are talking about the range of 36 to 39 and that is a mix of old and new regions and we will not sort of, going forward in our statement, separate old and new regions. I think there would be speculation if we should go above the 45% but now we talk about the blended operation and we have now a range between 36% and 39%.

LARS TORSTENSSON: Do you have a follow-up question there, Andrew?

ANDREW LEE: No, thank you very much. I've asked enough already. Thank you.

LARS TORSTENSSON: Okay, thanks. So, Operator, do we have another question?

OPERATOR: Yes. We have a question from Mr Laurie Fitzjohn from Citigroup. Go ahead, sir.

LAURIE FITZJOHN: Good morning, everyone. Two questions if I may; one on Russia. Local press have been reporting you're possibly looking to roll out a distribution network in Russia. I was just wondering is that something you'll be considering and if so would it have a great impact on margins? The second question is on shareholder returns. Just some very quick calculations, the dividend you announced today I think should move your net debt to EBITDA to around one times 2011 and therefore can we expect another special dividend, I assume, in a year's time to move you to within your target range? Thank you.

LARS TORSTENSSON: The distribution network, this is something that is not new to us. We already today have several thousand distribution points which are branded Tele2. So it's more that we are looking on refining our distribution network. So I don't think you should expect any additional cost associated with our distribution network as such, even though we will change a little bit of the corporate profile during 2011 but that has nothing to do with it. So, no, there will be no additional costs associated with the distribution network which already exists today. Then when it comes to distribution, I hand that over to Lars Nilsson. Sorry.

MATS GRANRYD: I think maybe I can start here on the shareholder returns there. What we have said now is that we have a dividend policy and we have an ordinary dividend of SEK 6 and that is progressive year by year. And then of course we have an extraordinary

dividend and that should be in the range of 1.25 to 1.75 towards the EBITDA. So this fairly big dividend and extraordinary dividend is for us to adjust into that new policy and going forward we're going to adhere to it. Now, what the extraordinary dividend will be next year I think that's difficult to say. I don't know, Lars, if you want to speculate more on that.

LARS NILSSON: No, actually not speculate on that but of course it's depending on what we are doing on our balance sheet and what kind of investments we are doing, etc. So I think overall we have now a target for the leverage and then we shouldn't assume sort of anything else.

LAURIE FITZJOHN: Thank you very much.

LARS TORSTENSSON: Thank you, Laurie. Operator, do we have another question?

OPERATOR: We have a question from Mr Nick Delta from Morgan Stanley. Go ahead, sir.

NICK DELTA: Yes, thanks very much. I just wanted to ask why you decided to do a dividend and not a share buyback. Is there any particular reason for that? Was that your view of the value of Tele2 shares? And then I just want to summarise on the changes for outlook for 2011 versus where consensus is. It sounds like it's about 250 to 300 less on Sweden, I think around 200 less on Norway and 100 less on Kazakhstan. I just wanted to check that I'd got that right at the EBITDA level for 2011.

LARS TORSTENSSON: Thanks, Nick, for the question. It's Lars Torstensson. I guess that it depends on what kind of estimates you have yourself when it comes to what adjustments you need to do. I think what concerns us today for 2011, it's very much where we would like it to be and one should not forget that we have done adjustments also for

Russia where we're upping the guidance, which is higher than we formerly anticipated. And then you should not forget about BBned in the Netherlands which is around 800 million in revenues and we assume that that asset should be able to muscle up 15 to 20% EBITDA margin. So we have other bits and pieces that you should not forget when looking at 2011.

When it comes to distribution policy dividend versus share buyback, I think that is a board decision and you have to look at how the board is organised. It's a decision they took and we wanted to make sure that we reached a new comfort zone when it comes to leverage and the decision was to reach that comfort zone by paying out a special dividend. When it comes to why that decision was taken, it's something that the board should answer so I'm sorry to be very short on that question. Sorry about that, Nick, but do you have a follow-up?

NICK DELTA: No, that's great. Thanks very much.

OPERATOR: We have a question from Mr Mandeep Singh from Berenberg. Go ahead, sir.

MANDEEP SINGH: Hello, can you hear me?

LARS TORSTENSSON: Yes, we can.

MANDEEP SINGH: Okay, sorry. The question was really around smarts in Russia. I've seen some comments attributed to the company saying you are considering smarts as a potential acquisition target. Can you speak about that in the context of how that would play out in terms of joining some sort of 4G consortium? Thank you.

MATS GRANRYD: Mats here. Good question. I think that 4G is one thing and smarts is a different story. Smarts is present in the 2G arena. I don't want to single out a single

company but smarts is definitely something that would be of interest. Very complicated though but would be of interest for us. It would fit in nicely but very complicated, as we said. 4G, the data licence, data capability in Russia would also be a welcome addition to us. We are seeking possibilities in 4G, we're seeking possibilities in the technology neutrality arena, that is that we can use any technology on any spectrum, but still it's by far too early days and we are just investigating and trying to be eager and participate where we can.

MANDEEP SINGH: Okay. Can I just follow up on that, please? If you weren't able to access 4G either directly or through a consortium, is a Russian exit also a possibility? Are you open minded about that?

MATS GRANRYD: That would be speculation from my side and I don't want to do that. I can say that we view Russia as a core business; for us it's really very important. You should remember that half our subscriber base, more than half of our subscriber base, comes out of Russia. EBITDA in absolute numbers is now the highest in the group so Russia is really central to us and hence a divestment of some sort would be far out in time.

MANDEEP SINGH: Thank you.

OPERATOR: We have a question from Mr Andreas Johansen(?) from SEB. Please go ahead, sir.

ANDREAS JOHANSEN: Just another follow-up on Russia and on technology neutrality. If you get technology neutrality what would you do then in Russia? Is the frequencies that you have enough for a 4G rollout? Then, secondly, on Sweden and growth guidance, what do you see in Sweden long term in terms of the sort of explosion in mobile data? Is this growth sustainable for a while or how do you see this? Thanks.

MATS GRANRYD: Okay. In technology neutrality in Russia, yes, we see that we can deploy 4G in some regions, by sure not all regions but definitely in some regions. We are then also seeking more spectrum in the 2G arena. So I think that if technology neutrality will be available for us we will launch some sort of data life, most likely then in the OFDM or 4G LTE arena.

When it comes to the explosion, in Sweden it is really exploding, as you rightly said, with eight out of ten handsets in Q4 being smart phones and 30% of the installed base in our postpaid segment being smart phones. And also dongles stands for the majority of the traffic and we see no end to this. This is going to continue for quite some time and what I normally say is that we have been through one revolution and that is from fixed to mobile. That is when we stopped calling to a room and actually called to (inaudible).

The next revolution will be that of the data where we're going from voice to data. And we are, I think, in the beginning of that revolution. Remember 3G was sort of launched ten years ago and it's now ten years later where we can see the effect of 3G. We're just in the very, very beginning of that and we are already talking and launching 4G networks. Our 4G network in Sweden was by coincidence the third 4G network on the planet. So we're very well in in the development in 4G and speeds of astonishing -- I have 85 Mbps in my office. It is really an awesome experience to have that plus a very, very low latency. So we see the explosion in data continue. It has just started in Western Europe and the rest of the countries will follow.

Back down, if I can elaborate a little bit more in Russia then. Since we're not present in Moscow where 3G was launched just a year ago we see, as I went through in my presentation, that the data on 2.5G, on GPRS and EDGE, is growing very nicely and we are able to push our products, only taking some 3% of the traffic

but 14% of the revenue, and that's a clear sign that the products that we are launching are well priced and well sought after from the consumer.

LARS TORSTENSSON: If I could just add on that one. One thing that it is important to remember when it comes to the Swedish market is of course the prices of smart phones which are coming down quite fast now. You should remember that we are very strong in the prepaid segment and for the first time we're seeing attractively priced handsets, €150, even below €100, coming in, and these have really created a sweet spot for us which will drive the revenue growth for our Swedish operations. That's why we feel quite optimistic about the future revenue growth of Sweden.

Back to also the Russian spectrum portfolio, just so everybody knows, we have on average two times 15 MHz in the 1800 band but it is important for us to emphasise that in some of our biggest markets such as Ormsk, St Petersburg, also Chelyabinsk and several others, we have well above two times 15, which puts us in a very good position when it comes to being able to build a 3G or a 4G network.

MATS GRANRYD: I hope we answered your question, Andreas, even though it might be lengthy.

ANDREAS JOHANSEN: Thank you very much.

OPERATOR: We have a question from Mr James Britton from Nomura. Please go ahead, sir.

JAMES BRITTON: Thanks very much. Good morning. Mats, I'm afraid I missed your opening remarks, so apologies for that. I just wanted to ask you whether this scope for cord cutting and accelerated fixed to mobile substitution on broadband is an initiative that you yourself are looking to drive substantially more aggressively? In that context, do you think mobile needs to be unlimited, mobile data needs to be unlimited to compete properly with fixed? Then perhaps on the CAPEX side of things, can I ask

you to just talk about the need for traffic to be offloaded on to fixed infrastructure under this sort of data revolution that we're about to see?

MATS GRANRYD: Okay. That's a loaded question you have there with the unlimited tariffs on 4G. I think that with the launch of 4G network we're still in very early days of that, 5 cities in Sweden being launched and 100 at the end of this year. But of course if you have an 85 Mbps or a 40 Mbps into your house the fixed to mobile conversion I'm sure will happen. So we're developing products in order to cater for that and to capture that business. We launched during last year a product called HVM, I think. I always mix that name up but HVM. It's not HVM, it's HVM, home telephony via mobile, and of course a similar product in the 4G arena would be fantastic. So we're looking into that type of product.

Unlimited tariffs, we don't believe in. That we don't believe in. We need to put a limit and of course you can limit it in speed or in volume or in traffic or some other type of means, but unlimited we do not believe in long term.

And then we had the question on CAPEX and I'm sorry, James, I didn't really understand it. Do you think you can repeat that question?

JAMES BRITTON: Absolutely, yes. I guess, given the very strong growth in data volumes ahead, to what extent can a radio network cope on its own and to what extent do fixed offload strategies need to be factored into your business plan and do you need to own fixed infrastructure increasingly to carry that traffic?

MATS GRANRYD: Then I understand. That's a very good question. The CAPEX, we see the CAPEX will be around 10% of revenue. It's not going to be much more than that. When you're building out a 4G network you need to have a very strong backhaul. So the fibre network in Sweden, for instance, we are building out and of course we can offer a fixed broadband connection from our fibre network but that's more of a

sidekick, if you like. The important thing is to get our backhaul from 4G to be catering for the massive volumes. So we are and we have been and we will continue to be a mobile company predominantly and if we can do some business on the fixed we will definitely try that, but we believe that the world will be mobile going forward.

JAMES BRITTON: That's very helpful, thank you.

OPERATOR: We have another question from Ms Lena Usaberg(?) from Carnegie. Please go ahead, madam.

LENA USABERG: Yes. Hello, guys. A few questions on the guidance if I may. First of all, I was wondering if the leverage guidance includes or excludes guarantees to joint ventures, just to clarify that. Then also you're guiding for flat ARPUs in Russia and it says local currencies. I just wanted to confirm that you really expect ARPUs to stay flat and I was wondering then in rouble terms why you think that with such a high oil price currency historically that has had quite a good feed through to disposable incomes in Russia. Then also I was wondering currently you're saying that you expect a flat EBITDA contribution in Swedish mobile. Just to clarify, are you talking in kroner, not percentage-wise? Also then for 2012 when you expect closing down your GSM networks can we then expect margins to start coming up from cost savings on that? What should we expect for 2012? Those are my questions.

MATS GRANRYD: Hi, Lena. That was a whole range of questions. The EBITDA in Sweden, yes, that is in SEK, flat in SEK, right, in money.

ARPU in Russia, for us, as I tried to explain in my presentation, postpaid is becoming more and more important. Saturation is sort of evident. It will happen

one day or another. We want to become the preferred SIM card in Russia and also do the same trick in the Russia as we have done elsewhere, namely to continue to focus on volume. That is important, absolutely, but also the value, make sure that we can launch products that are attractive to the Russian consumer. So the migration from volume to value is also very important. Hence the ARPU we think we will be able to maintain or increase slightly. Also with the good pick up in 2.5G data services we feel confident that if we focus more on developing and launching products in that domain then we will be able to sustain a good healthy margin and profitability.

Then we had some leverage, so maybe Lars Nilsson can explain that.

LARS NILSSON: Yes, of course all the liabilities to joint ventures is of course included in the leverage target as it is today.

MATS GRANRYD: Was that okay, or anything else that we missed?

LENA USABERG: I'm just a bit curious on the ARPU in Russia, because what you're saying is that you'll increase the share of postpaid which would give you a higher ARPU. Your focus on getting to be the preferred SIM would also give you a higher ARPU. Data you expect to kick in. So I'm just wondering why you're so cautious on the ARPU levels.

LARS TORSTENSSON: Hi, Lena. It's Lars Torstensson. I think that it's a combination of many things. We still are looking for land grab in 2011 so as you have seen we have upped our guidance when it comes to customer intake, and it's a combination of the two. When we take the customers in they might initially have slightly lower ARPU which will dilute or overload but of course the trend you're talking about is also correct that over time, maybe not next year but ARPU will increase as we become preferred

SIM and as data becomes more important and of course as the Russian economy overall recovers from a little bit of a slower environment. But we have to look at it on two sides of the story. Now, when we are trying to aim for 21 million customers there will, of course, be people diluting the total base but over time volume to value is what we need to go for.

LENA USABERG: Then maybe my last question on the closing down of the GSM network in Sweden, if we should expect margins to go up in 2012.

LARS NILSSON: We definitely know that when we have closed down our GSM network we will have a lower production close overall. We haven't given a number on this but of course we will run the network in a very, very efficient way, together with Telenor.

LENA USABERG: Will all of those costs be out in 2012 or is that a gradual process?

LARS NILSSON: To be honest, we have to come back to this about 2012 but exact dates.

MATS GRANRYD: It's a good question so let's remember that question and come back to Lena and the rest of the community on that. Most likely I would think though that's going to be gradual but let's come back to it.

LARS NILSSON: 2013, definitely.

LENA USABERG: Okay, thank you.

LARS TORSTENSSON: We have more questions because we still have a lot of people who would like to ask questions but we are very much limited on time. But let's have the next question, Operator.

OPERATOR: Okay. We have a question from Mr Stefan Defan(?) from Nordia. Please go ahead, sir.

STEFAN DEFAN: Yes, hello. Stefan Defan here. Regarding your growth in Sweden next year, looking at growth rates this quarter obviously top line growth was really strong but I believe this was mainly driven by handset sales. Can you say anything from where the growth will come from in 2011? Do you still see growth in subscription revenue and can you say anything on what magnitude you're looking at? Your competitors are delivering 5%-plus subscription revenue growth in Sweden.

LARS NILSSON: So the underlying growth, if you take away handset or equipment sets -- sorry, I cannot find my words today, but then our underlying growth or service revenue growth is 8%. As you can see on the slide that Mats showed you, like for like comparison, we see a service revenue per user uplift become a smart phone user over 20%. So, of course, we see this trend as very positive and it's not that we're going to drive our top line by selling equipment. We're going to drive it by seeing increased service revenue. So that is what we're basing this guidance on.

STEFAN DEFAN: Okay, thank you.

OPERATOR: We have a question from JP Davis from Barclays Capital. Please go ahead, sir.

JP DAVIS: Thank you. Guys, two quick questions. You've mentioned the explosion of data and in the release you talk about 4G being a substitute for fixed. Do you see the same opportunity outside the Nordics, specifically in places like the Netherlands where you have a big fixed broadband business? Then potentially related to that,

on the Netherlands slide you talk about currently having an MVNO based model. Is that set to change? Are you looking to build your own network there? Thank you.

MATS GRANRYD: Explosion in data is happening everywhere. In the Netherlands the mobile broadband penetration is surprisingly low. So the Dutch people are much more used to having a fibre to their home or a fixed broadband connection. So maybe my comment on fixed to mobile conversion is not applicable, at least not right now in the Netherlands. As I said, the mobile broadband penetration is very low and people are more used to using their fixed broadband to their house. We're happy with the MVNO set up that we have in the Netherlands and we don't have any other plans ourselves now. You know we have -- we were awarded a 2.6 GHz licence in 4G a while ago but we don't have any plans of doing any major activity with that right now. The investments will just be too big.

JP DAVIS: Thank you.

LARS TORSTENSSON: This is the way we're going to do it because of time limitations: Lars Nilsson is going to continue together with me but Mats, sorry to say, ladies and gentleman, has to continue on to another meeting. But, Operator, please go ahead with the next question.

MATS GRANRYD: I would just like to thank everyone and hope to see you soon. Thank you. Bye bye.

OPERATOR: We have a question from Mr Barry Zeitoune from Berenberg. Please go ahead, sir.

BARRY ZEITOUNE: Hi, good morning. It's Barry Zeitoune from Berenberg here. Just two quick questions. When do you think 3G in Russia versus EDGE will become a more relevant proposition for the consumer? In the scenario that you cannot reuse your

spectrum for 3G or 4G, what strategic options will you consider in that case? My second question is to do with Norway. You're going to be going to 100 million loss for the coming year. Will you consider selling the Norwegian business?

LARS NILSSON: Well, we're talking about Norway, as you know we are right now, together with a joint venture partner, building out a network and the reason for the drop in the profit this year is also that we have to pay for a network that we're actually not using. So the picture will change next year. Of course, in Norway we have four players and maybe it's not the best set up to have four players in such a small market but right now we focus on the existing business and we're looking forward to really use our own network next year.

LARS TORSTENSSON: When it comes to Russia, we always talk about ourselves as a pragmatic company but right now I think that there are opportunities for us to find a path towards data in Russia, either be it through technology neutrality or us getting the opportunity to get a licence as well. So that is our main plan right now. We don't want to be naive in this sense but we think that 2G and EDGE in the regions is going to have a few more good years for sure before 3G becomes a dominant service there but until then we hope we have been able to solve the data situation, either through us being able to reuse our 1800 MHz or being handed a 4G licence.

BARRY ZEITOUNE: Do you not think the spectrum that will come with a 4G licence will be -- I mean, given that a lot of that is with the military at the moment, the delay on getting that spectrum, does that co-ordinate with when you think data becomes more relevant in the Russian regions or do you think -- I'm just trying to think of it in terms of timelines.

LARS TORSTENSSON: You're very much correct when it comes to 800 MHz. As we understand it, that is not going to be released until 2015. However, 2.6 to 2.7 GHz is the one that is being -- well, it's planned to be trialled in the second half of this year and I think that if we have understood it correctly there has been an agreement between the state and the military of getting that spectrum portfolio freed up. So we're talking about 2.6. But you're correct. I mean, 2.6 is not for coverage, it's for capacity, and I think that we will see a limited scope there but at least you will be able to cover your main city centres with 4G technology.

BARRY ZEITOUNE: Okay, great. Thank you.

LARS TORSTENSSON: Could we have the next question, thanks?

OPERATOR: We have a question from Mr Jacob Bluestone from Merrill Lynch. Please go ahead, sir.

JACOB BLUESTONE: Hi. I'll keep it fairly short. I was just wondering in terms of your interest in joining a consortium in Russia has any of your thinking been impacted by what you've seen happen at Telenor with Vimpelcom(?). Thanks

LARS TORSTENSSON: Once again, I don't think -- I mean, it has been a -- it was taken a little bit out of its context the report we saw yesterday around a consortium between us and someone else. I think that there will be multiple opportunities in different aspects. I mean, there might be a standalone opportunity, there might be a joint venture opportunity, meaning that we will be able to share a licence with someone else, which we have done very successfully in Sweden and Norway. Who knows, maybe there is also an alternative where we have to evaluate a co-owned company. But this is too early to

start talking about a definite path here. We are doing this on a standalone basis. We are applying for a licence on our own. Lars Nilsson.

LARS NILSSON: I would like to emphasise that we are not in any kind of discussions round a joint venture and all that stuff. We are on a standalone basis and we will continue with that. That's our way forward.

JACOB BLUESTONE: That's very clear. Thank you.

OPERATOR: We have a question from Mr Kevin Yates from RBS. Please go ahead, sir.

KEVIN YATES: Yes, good morning. I just have a question on the Russian margins. It looks to me like the fourth quarter was slightly weak, at least relative to consensus, and yet you've come out and upgraded your guidance in terms of the margin range. Could you just tell us what is the confidence behind that? Is it that you see less subscriber costs in 2011 or do you see sort of better performing regional performance in 2011 or wider confidence?

LARS NILSSON: As you said, even if our outcome was not in line with expectation, it was actually in line with our forecast or maybe even better. We believe that we will continue to develop the business this year and of course one thing that will drive the margins is that the new regions are getting more mature and one by one they should go into black numbers. So we are very confident that we have a -- we start the year with a good customer base and we should build on that.

KEVIN YATES: Okay, thanks.

LARS TORSTENSSON: Next question, please, Operator.

OPERATOR: We have a question from Mr Thomas Heath from Omen. Please go ahead, sir.

THOMAS HEATH: Just a clarification on Norway again. Is it correct to understand that you think the improvements will be sufficient enough in 2012 for you to see a good business case even though 2011 looks rough, or are you actively seeking consolidation in that market? Thank you.

LARS NILSSON: As I said, over time most likely the market is too small for four players but the focus now for us is, of course, an operational performance and to really develop the new network and take it from there.

LARS TORSTENSSON: It looks like we have reached the last question. So, Operator, can we have the last question, please?

OPERATOR: Yes. We have a question from Mr Peter Newton from Scherau(?). Please go ahead, sir. No, I think Peter just fell out, so no further questions now at this time.

LARS TORSTENSSON: Okay, thank you very much, Operator. So that concludes our formal presentation for the full year and fourth quarter 2010, the report. We are, of course, here to take any questions you may have on a one-to-one basis and keep you informed of the progress of the company until we present the first quarter report on 19 April. So, we would like to take the opportunity to thank everyone joining us via the telephone conference or via the web. So, thank you very much and have a good day.