

For immediate release, Wednesday, November 1, 2006

Stockholm – Wednesday, November 1, 2006 – Tele2 AB (“Tele2”) (Stockholm Stock Exchange: TEL2 A and TEL2 B), Europe’s leading alternative telecom operator, today announced its consolidated results for the third quarter 2006.



INTERIM REPORT JANUARY–SEPTEMBER 2006

In Q3 2006, Tele2’s EBITDA was SEK 1.8 billion with mobile revenues up 32% to SEK 5.1 billion.

- Operating revenue for the first nine months 2006 increased by 13% to MSEK 40,684 (36,003)
- EBITDA in Q3 was MSEK 1,784* (1,873)
- Excellent performance in Russian mobile: customer intake, revenues and EBITDA all growing strongly
- Mobile revenues in Q3 increased by 32% to SEK 5.1 billion
- Disposal of French fixed and broadband business announced in October
- Net profit for the first nine months 2006 amounted to MSEK –3,180 (2,087), including a goodwill write down and capital loss related to the SEC acquisition in 2000 (a total one time effect of SEK 4.3 billion), as previously announced in early October
- Earnings per share, after dilution, for the first nine months 2006 amounted to SEK –6.92 (4.71)

*Including positive non-recurring items of MSEK 43 (see note 2).

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

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TELE2 has pursued a very successful expansion strategy aimed at building a large customer base across a significant number of markets in Europe. This expansion has been followed by a phase where Tele2 has reviewed its market position and decided where to invest further to establish a stronger network based position. This has been the rationale for further investments in mobile network operations in Sweden, Russia, Baltics and Croatia as well as broadband in selected markets. To ensure its resources are deployed in the most efficient way it has also led to the winding down or disposal of the fixed line businesses in Lithuania, Latvia, Estonia, Czech Republic, Finland, UK and most recently the sale of the fixed and broadband businesses in France.

This effort is now being intensified, which may result in a further concentration of our geographical scope in Continental Europe. While continuing to cross-sell a range of fixed and mobile services to leverage our customer base, our product focus will remain on mobile network operations and broadband in selected markets. Consistent with these objectives, new investments will be primarily focused on core geographical markets and services where Tele2 can achieve necessary scale to create long term successful businesses. Tele2 will continue to balance investments with profitability and stable cash returns to its shareholders.

OPERATIONALLY in Q3 2006 Tele2 produced an improved set of results. Revenue growth was strong, up 11% to SEK 13.7 billion and EBITDA, at SEK 1.8 billion, was up sharply on recent quarters. As promised, we increased our broadband intake and our mobile business had a tremendous quarter with revenues rising 32% year on year. There were also signs that fixed telephony resale churn may be starting to level off but it is difficult to interpret a trend from just one seasonally effected quarter. Nevertheless, what is impressive is the fixed telephony resale EBITDA margin which, at 14%, is the highest it has ever been.

Looking ahead to the remainder of the year, we will intensify our marketing efforts in the fourth quarter, primarily in mobile and broadband, as we seek to increase our broadband intake and continue the positive strides we have been making in our mobile businesses.



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



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 31 million customers in 22 countries. Tele2 offers products and services in fixed and mobile telephony, broadband 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 Stockholm Stock Exchange since 1996. In 2005, we reported operating revenue of SEK 50 billion and EBITDA of SEK 6.6 billion.

Group financial overview, Q3 2006

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006 – TOTAL

MSEK	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
Operating revenue	40,684	36,003	13,749	13,482	13,453	13,940	12,381
of which mobile telephony	13,807	10,578	5,125	4,644	4,038	4,094	3,886
of which fixed telephony resale	19,623	22,352	6,037	6,498	7,088	7,824	7,364
of which broadband resale	1,999	1,174	692	664	643	585	445
of which direct access & LLUB	3,603	1,290	1,333	1,172	1,098	1,045	436
Net customer intake (thousands)	1,328	2,257	435	416	477	1,156	710
of which mobile telephony	2,871	1,980	976	986	909	1,281	885
of which fixed telephony resale	-1,984	118	-698	-701	-585	-220	-237
of which broadband resale	226	120	44	74	108	81	33
of which Direct access & LLUB	215	494	113	57	45	14	29
EBITDA	4,556	4,976	1,784	1,397	1,375	1,602	1,873
of which mobile telephony	2,847	2,991	1,148	953	746	639	1,116
of which fixed telephony resale	2,368	2,262	857	643	868	960	801
of which broadband resale	-947	-528	-347	-303	-297	-320	-167
of which direct access & LLUB	-101	83	-4	-33	-64	73	52
EBIT ²⁾	-1,760	3,180	-2,555	420	375	330	1,252
EBT ²⁾	-2,133	2,939	-2,697	314	250	188	1,213
Estimated capital loss from discontinued operations ³⁾	-1,000	-	-1,000	-	-	-	-
Net profit ^{2),3)}	-3,180	2,087	-3,656	246	230	254	928
Cash flow from operating activities	3,251	4,534	1,578	991	682	953	1,924

FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006 – CONTINUING OPERATIONS¹⁾

MSEK	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3
<i>Continuing operations:</i>							
Operating revenue	37,354	31,822	12,725	12,386	12,243	12,635	11,068
of which mobile telephony	13,807	10,578	5,125	4,644	4,038	4,094	3,886
of which fixed telephony resale	16,707	18,550	5,149	5,541	6,017	6,657	6,183
of which broadband resale	1,585	795	556	525	504	447	313
of which direct access & LLUB	3,603	1,290	1,333	1,172	1,098	1,045	436
Net customer intake (thousands)	1,825	2,416	574	634	617	1,205	838
of which mobile telephony	2,871	1,980	976	986	909	1,281	885
of which fixed telephony resale	-1,471	273	-554	-481	-436	-174	-104
of which broadband resale	210	124	39	72	99	84	28
of which Direct access & LLUB	215	494	113	57	45	14	29
EBITDA	4,186	4,357	1,679	1,286	1,221	1,415	1,664
of which mobile telephony	2,847	2,991	1,148	953	746	639	1,116
of which fixed telephony resale	1,765	1,408	629	474	662	703	534
of which broadband resale	-701	-300	-218	-241	-242	-246	-110
of which direct access & LLUB	-101	83	-4	-33	-64	73	52
EBIT ²⁾	-2,034	2,636	-2,628	340	254	178	1,077
EBT ²⁾	-2,433	2,360	-2,778	224	121	26	1,026
Net profit ²⁾	-2,378	1,696	-2,709	188	143	140	796
Cash flow from operating activities	2,896	4,144	1,422	792	682	864	1,708

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

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

³⁾ Q3 2006 includes a cost of MSEK 1,000 corresponding to the estimated capital loss from the divestment of operations in France (see Note 6)

Significant events in the quarter

- On July 18, Tele2 acquired all the shares in four GSM operators in Northwest Russia, with 182,000 mobile telephony customers, for MSEK 260 on a debt free basis
- On August 1, 2006, Tele2 acquired 75.1% in E.ON Bredband, a leading broadband provider in the South of Sweden, for MSEK 486
- 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 MSEK 464 in this associated company, of which Tele2 owns 32.5%, to finance its expansion

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

Financial overview

As in previous quarters the heightened focus on broadband and mobile services is 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. Compared to last quarter the company is pleased to see that one of the impacts of its transition is being reflected in the intake numbers for direct access customers, where the intake has nearly doubled.

Mobile operations continue to perform particularly well, with operating revenue increasing by 32% compared with Q3 2005. Net customer intake was 976,000 (885,000). EBITDA increased to MSEK 1,148 compared to MSEK 1,116, despite further investments in France. EBITDA losses from operations in France and Croatia increased by MSEK 158 compared with Q3 2005 and the combined loss in these roll-out areas amounted to MSEK 275. Comviq, in Sweden, reported a stable EBITDA margin of 43%, in combination with a positive customer intake. The largest individual increases, compared to last year, again came from Russia, which increased EBITDA by MSEK 226, in the face of very strong customer growth during the year, and it also reported an impressive increase of 182% in operating revenue, of which 168% was organic. The number of customers in Russia has now reached 5.5 million, an increase of 120% on the previous year. Mobile ARPU for the group in Q3 2006 was SEK 120 (131).

Traditional fixed telephony revenues decreased by 7% compared with the previous quarter. This represents a lower sequential rate of decrease, compared with the previous quarter's rate of 8%. EBITDA increased by MSEK 155 to MSEK 629, compared with the previous quarter, which is equivalent to an EBITDA margin of 12% (14%, including France). This is the highest EBITDA margin Tele2 has achieved in fixed telephony. The number of customers fell by 554,000.

Direct access & LLUB revenues increased by 14% compared with the previous quarter and the number of customers rose by 113,000, twice as many as the compared to previous quarter, to 743,000. EBITDA improved by MSEK 29 to MSEK -4, on the previous quarter.

Broadband resale revenues increased by 6% compared with the previous quarter and the number of customers rose by 39,000 to 802,000. EBITDA increased by MSEK 23, compared to the previous quarter, to minus MSEK 218.

Operating revenue

Operating revenue amounted to MSEK 12,725 (11,068), an increase of 15.0% including, and 16.6% excluding, exchange differences.

Growth in **Baltic & Russia** increased for the sixth consecutive quarter, reaching 67% in the third quarter, with Russia again the prime driver. The increase without Russia was 27%.

Nordic increased by 2% compared with the previous year excluding non-recurring items. Mobile telephony in Norway and Denmark continued to show strong growth, with a year on year increase of 28%. Operating revenue in Sweden fell by 2%.

Central Europe revenues fell 9% impacted by the disposal of the Czech Republic while **Southern Europe** increased revenues by 24% (including acquisitions). Q3 is seasonally a slower quarter compared to Q2 in these regions. Despite this, the increase in mobile and broadband revenues in Southern Europe almost offset the decline in fixed telephony, when compared with the previous quarter.

UK & Benelux increased revenues by 39% (including acquisitions). Fixed telephony revenues increased by MSEK 18 compared with the previous quarter, while broadband and mobile telephony rose by MSEK 79.

Customer intake

Net customer intake (not including disposals) amounted to 574,000, compared with 634,000 in the previous quarter and 838,000 in Q3 2005. Mobile intake was 976,000, compared with 885,000 in Q3 2005. Broadband resale customer increase was 39,000 compared to the Q3 2005 figure of 28,000, and direct access & LLUB customers increase was 113,000, compared with 29,000. Fixed telephony customers fell by –554,000 compared with –104,000 in Q3 2005.

The actions taken to improve the processes in relation to taking on new broadband customers has started to generate results and the intake of direct customers has doubled compared to previous quarter. We expect that the intake will continue to accelerate in the coming quarters, in particular for the market area UK & Benelux, where we are attracting new customers with the successful Tele2 “Compleet” and Tele2 “All In” packages in the Netherlands and Belgium.

ARPU

Group ARPU amounted to SEK 143, compared with SEK 145 in Q3 2005. Group ARPU has remained fairly stable, as a result of an increased amount of broadband customers, despite mobile ARPU dilution due to the very strong growth in Russia. Mobile ARPU was SEK 120 (131), fixed telephony resale ARPU SEK 137 (141), broadband resale ARPU SEK 230 (270) and direct access & LLUB ARPU was SEK 627 (450) in the quarter.

Earnings

Group EBITDA excluding non-recurring items amounted to MSEK 1,638, compared with MSEK 1,234 the previous quarter and MSEK 1,691 in Q3 2005.

Nordic reported EBITDA, excluding non-recurring items, of MSEK 897, compared with MSEK 1,124 in Q3 2005. Swedish mobile telephony achieved an EBITDA margin of 43% (48%) and EBITDA of MSEK 759, compared with MSEK 850 in Q3 2005. The capacity payment to Svenska UMTS-nät amounted to MSEK 42. Swedish fixed telephony reported EBITDA of MSEK 88 compared with MSEK 176 in Q3 2005.

UK & Benelux reported EBITDA, excluding non-recurring items, of MSEK 262, compared with MSEK 85 in Q3 2005. MSEK 35 of this MSEK 177 improvement is attributable to the impact of the previous year's earnings in the divested UK and Ireland operations.

Central Europe reported EBITDA of MSEK 161, compared with MSEK 188 in Q3 2005.

Baltic & Russia reported EBITDA of MSEK 482 compared with MSEK 286 in Q3 2005. Russia's contribution to the improvement was MSEK 227, with an EBITDA margin of 25%, compared with minus 8% in Q3 2005. Marketing investments in Croatia, following the launch in October 2005, continued, with a negative earnings effect of MSEK 104 during the quarter.

Southern Europe reported a loss of MSEK –188, compared with MSEK –17 in Q3 2005. The continuing mobile investments in France had a negative impact of MSEK 171 on EBITDA, compared with a negative MSEK 102 in Q3 2005.

EBIT was MSEK –2,555, compared with MSEK 1,252 in Q3 2005. As described separately goodwill amounting to a total of MSEK 3,300 was written off in the quarter.

Profit before tax amounted to MSEK –2,697 (1,213).

Profit for the period amounted to MSEK –3,656 (928). As described separately an estimated capital loss of MSEK 1,000 from the disposed French operations was reported in the quarter.

Cash flow and CAPEX

Cash flow stated as **EBITDA less CAPEX** amounted to MSEK 511 (960). Current investments (Capex) amounted to MSEK 1,168 (704).

Changes in working capital amounted to MSEK 67 (289). Working capital was impacted positively by some MSEK 220 from a new office lease agreement in the Netherlands.

Financial comments on the coming quarters

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

Previous guidance for the full year 2006, including France was revenue growth of between 11–14%, EBITDA in the range SEK 5.5–6.0 billion and Capex in the range SEK 5.5–6.0 billion. If the assumption is made that the fixed telephony and broadband operations in France had been kept, the guidance for 2006, is now that EBITDA will come in at the upper end of the range or slightly above, Capex at the lower end or slightly below and that revenues will be at the lower end or slightly below. This guidance is based on a stable high mobile intake, a stable decline in fixed telephony intake and a significantly higher broadband intake, compared to Q3.

Our previous outlook for 2007 remains unchanged. We expect significantly higher EBITDA and higher organic growth for comparable businesses, compared to 2006.

Operational review by market area

Comments below relate to Tele2's continuing operations.

- Tele2 acquired 75.1% of E.ON Bredband in Southern Sweden
- Continued good performance from Nordic mobile with Swedish mobile at 43% EBITDA margin
- Tele2's corporate business in Sweden won a number of significant contracts

NORDIC

	Q3 2006	Q3 2005	Change
Operating revenue*, MSEK	3,961	3,872	+2%
EBITDA*, MSEK	897	1,124	-20%
EBIT*, MSEK	652	884	-26%

*excluding non-recurring items

The market area Nordic encompasses operations in Sweden, Norway and Denmark.

Monthly average revenue per user (ARPU) for the market area Nordic was SEK 207 (204) in Q3 2006.

The mobile operations in **Sweden** reported 3,497,000 (3,536,000) customers at September 30, 2006, with a positive net intake of postpaid customers and a slightly negative net intake of prepaid customers. ARPU for mobile telephony in Sweden, including both postpaid and prepaid customers, was SEK 166 (163) in Q3 2006, and mobile minutes of usage (MOU) were 140 (116).

In Q3, Tele2 Sweden launched a campaign offering competitively priced broadband services on its own network. Tele2's presence in southern Sweden has been strengthened with the 75.1 % acquisition of E.ON Bredband, at the beginning of August. The mobile operation in Sweden continued to show strong profitability with an EBITDA margin of 43% (48%). The successful product Comviq Kompis was an important contributor to the mobile performance. Mobile TV (DVBH) was launched as a test together with Modern Times Group. Tele2 Sweden's newly launched product "Mobilt Bredband" has been given an award as the best Mobile Broadband product on the Swedish market.

Q3 2006, also continued to be a good quarter for Tele2's corporate division in Sweden as it won a number of large contracts for fixed and mobile telephony including some municipalities, SEB and Coop Norden.

In Q3, mobile operations in **Denmark** and **Norway** continued to have a strong intake and increased their revenues compared to one year ago. Broadband revenue and the customer base in Q3 2006 both increased more than 40% in Norway, compared to Q3 2005.

- Strong net intake of 872,000 customers in the quarter
- Russia reaching EBITDA margin of 25% from -8% one year ago
- Four GSM operators acquired in Northwest Russia in July

BALTIC & RUSSIA

	Q3 2006	Q3 2005	Change
Operating revenue, MSEK	1,884	1,129	+67%
EBITDA, MSEK	482	286	+69%
EBIT, MSEK	322	176	+83%

The market area Baltic & Russia encompasses operations in Estonia, Latvia, Lithuania, Russia and Croatia.

ARPU for market area Baltic & Russia, was SEK 74 (76) in Q3 2006.

The market area produced another quarter of strong growth, particularly in **Russia**, where operating revenue increased by 182% to MSEK 815 (289) with 711,000 new customers during the quarter. Russia's profitability improved significantly, with EBITDA increasing by MSEK 227 versus Q3 2005, to MSEK 205 (-22), corresponding to an EBITDA margin of 25% (-8%). ARPU for Russia was SEK 52 (43) in Q3 2006. In July Tele2 acquired four GSM operators from MCT, in the regions of Murmansk, Archangelsk, Komi and Novgorod in Northwest Russia.

Tele2's mobile operations in the **Baltic** countries performed well in the quarter and the mobile launch in Croatia continues to attract high levels of customer interest.

- A company "Plusnet" was created with QSC to provide broadband access in Germany
- Fixed resale in Germany had positive net intake of customers and healthy profitability
- Strong broadband intake in Austria

CENTRAL EUROPE

	Q3 2006	Q3 2005	Change
Operating revenue, MSEK	1,933	2,135	-9%
EBITDA, MSEK	161	188	-14%
EBIT*, MSEK	56	75	-25%

*excluding non-recurring items

The market area Central Europe encompasses operations in Germany, Austria, Poland and Hungary.

ARPU for the Central region was SEK 103 (105) in Q3 2006.

Tele2 **Germany** continued to perform strongly in fixed telephony with a positive net customer intake and healthy profitability in the third quarter, despite fierce competition from the incumbent and mobile operators.

In early July, Tele2 and QSC signed an agreement creating a company, Plusnet, which allows Tele2 to leverage off its existing fixed line customer base in Germany and offer broadband and telephony services at attractive prices. Within the ADSL segment, Tele2 Germany continues to steadily increase its customer intake.

In **Austria**, the transformation of the business model from re-selling to access-based services is progressing with a strong broadband intake in the third quarter.

- French fixed and broadband business sold to SFR
- Retained French mobile business now has more than 350,000 customers
- Spanish broadband network will soon cover 60% of households and 70% of SME's
- In Italy 75% of LLUB build out has been completed

SOUTHERN EUROPE

	Q3 2006	Q3 2005	Change
Operating revenue, MSEK	2,537	2,039	+24%
EBITDA, MSEK	-188	-17	
EBIT*, MSEK	-306	-56	

*excluding non-recurring items

The market area Southern Europe encompasses operations in Italy, Spain, France, Switzerland and Portugal.

ARPU for Southern Europe was SEK 167 (151), in Q3 2006.

Tele2 had over 350,000 mobile telephony customers in **France** at the end of the quarter, confirming its position as the leading French MVNO operator. In October, the sale of the French fixed line and broadband businesses to SFR was announced, subject to Antitrust authorities clearance, with estimated closing in Q4 2006.

In **Italy**, Tele2 has built out more than 75% of the first phase of its planned broadband network and expects to complete the infrastructure rollout of ADSL and LLUB by year-end.

Tele2 continued to build out its broadband network in **Spain** and plans to expand the network coverage to 60% of households and 70% of SME's, in the coming two quarters.

Tele2 continued its broadband build-out in **Portugal** and plans to launch broadband services before the year end. In May, Tele2 was able to start reselling the line rental in Portugal, allowing customers to receive one invoice for line subscription and traffic and the initial feedback from customers on this is quite positive.

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

- Tele2 is successfully migrating customers in Belgium and the Netherlands from CPS to dual and triple play products
- Digital television distribution agreement signed with KPN
- Netherlands MVNO is EBITDA positive

UK & BENELUX

	Q3 2006	Q3 2005	Change
Operating revenue, MSEK	2,252	1,622	+39%
EBITDA*, MSEK	262	85	+208%
EBIT*, MSEK	-99	16	

*excluding non-recurring items

The market area UK & Benelux encompasses operations in the Netherlands, Luxembourg, Liechtenstein, Belgium, C³ and Alpha Telecom.

ARPU for UK & Benelux was SEK 277 (198), for Q3 2006.

In **the Netherlands** and **Belgium**, Tele2 continues to migrate successfully customers from CPS to dual and triple play products, and to attract new customers on the Tele2 "Compleet" and Tele2 "All In" packages. In the Netherlands, dual play customers have also successfully converted to the triple play package.

During the quarter, Tele2-Versatel signed a distribution agreement for digital television with KPN which gives Tele2-Versatel the right to use KPN's Digtienne network to market a television product under the Tele2 brand to Tele2 customers.

In addition to this, Tele2-Versatel, 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.

The MVNO in the Netherlands is now EBITDA positive and continues to migrate prepaid customers to the postpaid product, resulting in an increased ARPU.

In **Luxembourg**, Tele2 launched nationwide DSL during the quarter.

SERVICES

	Q3 2006	Q3 2005	Change
Operating revenue, MSEK	158	137	+15%
EBITDA, MSEK	22	25	-12%
EBIT, MSEK	6	9	-33%

The market area Services encompasses 3C, Datamatrix, ProcurelTright, Radio Components and UNI2 operations, where a number of these are operating in several countries.

Other items

Acquisitions

On July 18, Tele2 acquired all the shares in four GSM operators in Northwest Russia, with 182,000 mobile telephony customers, for MSEK 260 on a debt free basis. In Q3 the acquisition of the four GSM operators has affected Tele2's operating revenue and EBITDA by MSEK 36 and MSEK 5 respectively.

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 MSEK 486. In Q3, the acquisition of Tele2 Syd has affected Tele2's operating revenue and EBITDA by MSEK 45 and MSEK 12 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 MSEK 464 in this associated company, of which Tele2 owns 32.5%, to finance its expansion.

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 MSEK 52. On June 13, 2006, Tele2 acquired the remaining 30% minority stake in Siberian Cellular Communications in the Russian region of Omsk, for MSEK 266, of which MSEK 60 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 June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for MSEK 37, resulting in a capital gain of MSEK 50.

Please refer to Note 5 for additional information regarding divestments.

Events post September, 2006

On October 3, 2006 Tele2 announced the divestment of fixed and broadband operations in Tele2 France to SFR, for approximately SEK 3.3 billion on a debt free basis. The sale is expected to close in Q4, 2006. The divestment has been reported separately as a discontinued operation in the income statement, with retroactive effect 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*. Included in the result from discontinued operations in Q3, a cost of MSEK 1,000 is taken corresponding to the expected capital loss of the disposal. For additional information regarding discontinued operations, see Note 6.

On October 23, 2006, Tele2 announced that it will acquire 49% of the shares in Spring Mobil for MSEK 150, with an option to acquire the remaining shares in the first quarter of 2009. Spring Mobil is the telecom operator with the fourth Swedish GSM license. Spring Mobil is the first operator in the world only focusing on the growing, fixed-to-mobile market for enterprises. The closing of the agreement is dependent on the approval by Konkurrensverket (the Swedish competition authorities).

Parent company

The parent company, Tele2 AB, reported at September 30, 2006 operating revenue of MSEK 26 (15), profit before tax of MSEK 366 (179) and cash and cash equivalents of MSEK 11 compared to MSEK 63 at December 31, 2005.

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. The number of class A shares following the reclassification is 38,356,545 and the number of class B shares is 405,843,473. The total number of outstanding shares remains unchanged at 444,200,018. (See Note 4).

Company disclosure

Tele2 Annual General Meeting 2007

The 2007 Annual General Meeting will be held on 9 May 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 that the proposal may be included in the notice to the meeting.

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

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 November 1, 2006. 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 2124580#. The conference call will be web-cast on Tele2's website www.tele2.com, along with the presentation material.

CONTACTS■ **Lars-Johan Jarnheimer**

Telephone: + 46 (0)8 5626 4000
President and CEO, Tele2 AB

■ **Håkan Zadler**

Telephone: + 46 (0)8 5626 4000
CFO, Tele2 AB

■ **Dwayne Taylor**

Telephone: + 44 (0)20 7321 5038
Investor Relations

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APPENDICES

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Tele2 AB

(company registration number: 556410-8917)
Skeppsbron 18
P.O. Box 2094, SE-103 13 Stockholm, Sweden
Tel: +46 (0)8 5620 0060

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 that 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 December 31, 2006 on February 15, 2007.

Stockholm, November 1, 2006

Lars-Johan Jarnheimer

President and CEO, Tele2 AB

Report review

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

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 31 million customers in 22 countries. Tele2 offers products and services in fixed and mobile telephony, broadband 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 Stockholm Stock Exchange since 1996. In 2005, we reported operating revenue of SEK 50 billion and EBITDA of SEK 6.6 billion.

Income statement

MSEK	Note	2006 Jan 1–Sep 30	2005 Jan 1–Sep 30	2005 Full year	2006 Q3	2005 Q3
CONTINUING OPERATIONS						
Operating revenue	1	37,354	31,822	44,457	12,725	11,068
Operating expenses	2	-39,340	-29,139	-41,734	-15,325	-9,969
Other operating revenues	3	90	56	231	9	10
Other operating expenses		-45	-24	-40	-15	-10
Result from shares in associated companies and joint ventures		-93	-79	-100	-22	-22
Operating profit, EBIT		-2,034	2,636	2,814	-2,628	1,077
Net interest expenses		-403	-135	-242	-152	-46
Other financial items		4	-141	-186	2	-5
Profit after financial items, EBT		-2,433	2,360	2,386	-2,778	1,026
Taxes		55	-664	-550	69	-230
NET PROFIT FROM CONTINUING OPERATIONS		-2,378	1,696	1,836	-2,709	796
DISCONTINUED OPERATIONS						
Net profit from discontinued operations	6	-802	391	505	-947	132
NET PROFIT		-3,180	2,087	2,341	-3,656	928
ATTRIBUTABLE TO						
Equity holders of the parent company		-3,073	2,086	2,347	-3,628	927
Minority interest		-107	1	-6	-28	1
NET PROFIT		-3,180	2,087	2,341	-3,656	928
Earnings per share (SEK)		-6.92	4.71	5.30	-8.17	2.09
Earnings per share, after dilution (SEK)		-6.92	4.71	5.29	-8.17	2.10
FROM CONTINUING OPERATIONS						
Earnings per share (SEK)	6	-5.11	3.83	4.16	-6.03	1.80
Earnings per share, after dilution (SEK)		-5.11	3.82	4.15	-6.03	1.79
Number of shares, basic	4	444,200,018	442,680,525	443,652,832		
Number of shares, weighted average	4	444,074,267	442,680,525	442,842,576		
Number of shares after dilution	4	444,381,912	443,233,810	443,980,845		
Number of shares after dilution, weighted average	4	444,292,219	443,253,058	443,391,246		

Balance sheet

MSEK	Sep 30, 2006	Dec 31, 2005
ASSETS		
FIXED ASSETS		
Intangible assets	22,287	31,079
Tangible assets	15,840	14,282
Financial assets	885	521
Deferred tax assets	5,494	5,281
Total fixed assets	44,506	51,163
CURRENT ASSETS		
Materials and supplies	524	516
Current receivables	12,809	12,640
Short-term investments	1,637	1,199
Cash and cash equivalents	2,705	2,773
Total current assets	17,675	17,128
ASSETS CLASSIFIED AS HELD FOR SALE	6	4,618
TOTAL ASSETS	66,799	68,291
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Attributable to equity holders of the parent company	29,838	34,965
Minority interests	327	403
Total shareholders' equity	30,165	35,368
LONG-TERM LIABILITIES		
Interest-bearing liabilities	13,442	9,557
Non-interest-bearing liabilities	1,753	1,873
Total long-term liabilities	15,195	11,430
SHORT-TERM LIABILITIES		
Interest-bearing liabilities	5,585	6,276
Non-interest-bearing liabilities	14,579	15,217
Total short-term liabilities	20,164	21,493
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	6	1,275
TOTAL EQUITY AND LIABILITIES	66,799	68,291

Cash flow statement

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2005 Full year	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
OPERATING ACTIVITIES										
Cash flow from operations		3,931	4,344	5,659	1,511	1,161	1,259	1,315	1,635	1,361
Change in working capital		-680	190	-172	67	-170	-577	-362	289	-218
Cash flow from operating activities		3,251	4,534	5,487	1,578	991	682	953	1,924	1,143
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX		-4,098	-2,199	-3,640	-1,420	-1,374	-1,304	-1,441	-714	-861
Cash flow after CAPEX		-847	2,335	1,847	158	-383	-622	-488	1,210	282
Acquisition of shares and participations	5	-1,302	-2,425	-7,720	-1,181	-65	-56	-5,295	-2,309	-14
Sale of shares and participations	5	36	40	170	-	36	-	130	18	-
Change of long-term receivables		159	-42	-372	17	8	134	-330	-2	-34
Cash flow after investing activities		-1,954	-92	-6,075	-1,006	-404	-544	-5,983	-1,083	234
FINANCING ACTIVITIES										
Financing activities		1,956	592	6,940	1,380	39	537	6,348	1,549	-576
Net change in cash and cash equivalents		2	500	865	374	-365	-7	365	466	-342
Cash and cash equivalents at beginning of period		2,773	1,783	1,783	2,277	2,731	2,773	2,404	1,986	2,207
Exchange rate differences in cash		-70	121	125	54	-89	-35	4	-48	121
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		2,705	2,404	2,773	2,705	2,277	2,731	2,773	2,404	1,986

Cash flow from discontinued operations

6

Change of shareholders' equity

MSEK	Note	Sep 30, 2006			Sep 30, 2005			Dec 31, 2005		
		Attributable to		Total equity	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 holders of the parent company	minority interests	
Equity, January 1		34,965	403	35,368	32,898	2	32,900	32,898	2	32,900
Exchange rate difference	6	-1,269	-15	-1,284	1,452	1	1,453	1,836	-1	1,835
Profit for the period		-3,073	-107	-3,180	2,086	1	2,087	2,347	-6	2,341
New share issue	4	34	-	34	-	-	-	59	-	59
Issue of warrants	4	8	-	8	-	-	-	-	-	-
Dividend and redemption	4	-777	-	-777	-2,213	-	-2,213	-2,213	-	-2,213
Loss on cash flow hedges		-50	-	-50	-	-	-	-	-	-
Minority's share in acquired companies		-	61	61	-	-	-	-	408	408
Shareholders contribution from minority		-	-	-	38	-	38	38	-	38
Purchase of minority		-	-15	-15	-	-	-	-	-	-
EQUITY, END OF PERIOD		29,838	327	30,165	34,261	4	34,265	34,965	403	35,368

Number of customers

Thousands	Note	Number of customers			Net intake					
		2006 Sep 30	2005 Sep 30	Change	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
CONTINUING OPERATIONS										
NORDIC										
Mobile telephony		4,208	4,019	5%	51	44	21	73	61	88
Indirect access		1,731	2,629	-34%	-60	-70	-73	-79	-59	-63
<i>of which fixed telephony resale</i>		1,576	2,527	-38%	-62	-75	-80	-87	-70	-63
<i>of which broadband resale</i>		155	102	52%	2	5	7	8	11	-
Direct access & LLUB		286	251	14%	19	8	5	3	1	8
		6,225	6,899	-10%	10	-18	-47	-3	3	33
BALTIC & RUSSIA										
Mobile telephony		8,960	5,195	72%	876	847	795	1,063	759	509
Indirect access		45	85	-47%	-5	-7	-13	-14	6	11
<i>of which fixed telephony resale</i>		45	85	-47%	-5	-7	-13	-14	6	11
Direct access & LLUB		30	25	20%	1	-	1	3	-	1
		9,035	5,305	70%	872	840	783	1,052	765	521
CENTRAL EUROPE										
Mobile telephony		184	132	39%	-1	5	14	34	15	5
Indirect access		5,582	6,495	-14%	-43	-125	-115	95	173	204
<i>of which fixed telephony resale</i>		5,466	6,450	-15%	-67	-141	-139	88	190	198
<i>of which broadband resale</i>		116	45	158%	24	16	24	7	-17	6
Direct access & LLUB		57	54	6%	11	-3	6	-10	28	3
		5,823	6,681	-13%	-33	-123	-95	119	216	212
SOUTHERN EUROPE										
Mobile telephony		400	84	376%	69	105	71	71	41	3
Indirect access		4,113	4,753	-13%	-246	-67	-22	39	-79	70
<i>of which fixed telephony resale</i>		3,698	4,536	-18%	-267	-119	-88	-20	-93	35
<i>of which broadband resale</i>		415	217	91%	21	52	66	59	14	35
Direct access & LLUB		124	21	490%	59	21	19	4	-	-
		4,637	4,858	-5%	-118	59	68	114	-38	73
UK & BENELUX										
Mobile telephony		828	809	2%	-19	-15	8	40	9	61
Indirect access		1,303	1,911	-32%	-161	-140	-114	-131	-117	-116
<i>of which fixed telephony resale</i>		1,187	1,888	-37%	-153	-139	-116	-141	-137	-119
<i>of which broadband resale</i>		116	23	404%	-8	-1	2	10	20	3
Direct access & LLUB		246	-	-	23	31	14	14	-	-
		2,377	2,720	-13%	-157	-124	-92	-77	-108	-55
NET CUSTOMER INTAKE FROM CONTINUING OPERATIONS					574	634	617	1,205	838	784
DISCONTINUED OPERATIONS										
Discontinued operations	6	3,254	3,873	-16%	-139	-218	-140	-49	-128	-62
NET CUSTOMER INTAKE					435	416	477	1,156	710	722
Acquired companies					182	-	-	436	209	-
Divested companies					-	-411	-	-274	-	-
Changed method of calculation	7				-	-	-	-1,402	-	-
TOTAL NUMBER OF CUSTOMERS		31,351	30,336	3%	617	5	477	-84	919	722
BY BUSINESS AREA										
CONTINUING OPERATIONS										
Mobile telephony		14,580	10,239	42%	976	986	909	1,281	885	666
<i>of which prepaid</i>		11,270	7,706	46%	809	785	764	1,032	738	559
Indirect access		12,774	15,873	-20%	-515	-409	-337	-90	-76	106
<i>of which fixed telephony resale</i>		11,972	15,486	-23%	-554	-481	-436	-174	-104	62
<i>of which broadband resale</i>		802	387	107%	39	72	99	84	28	44
Direct access & LLUB		743	351	112%	113	57	45	14	29	12
Acquired companies					182	-	-	436	209	-
Divested companies					-	-411	-	-274	-	-
Changed method of calculation	7				-	-	-	-1,329	-	-
TOTAL NUMBER OF CUSTOMERS FROM CONTINUING OPERATIONS		28,097	26,463	6%	756	223	617	38	1,047	784

Operating revenue

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		6,938	6,326	2,426	2,405	2,107	2,235	2,267	2,188
Indirect access		3,881	4,184	1,247	1,286	1,348	1,417	1,452	1,407
<i>of which fixed telephony resale</i>		3,443	3,818	1,100	1,139	1,204	1,280	1,314	1,285
<i>of which broadband resale</i>		438	366	147	147	144	137	138	122
Direct access & LLUB		779	751	287	249	243	254	240	262
Other operations		513	517	180	164	169	171	175	173
Non-recurring item	1	–	134	–	–	–	–	134	–
Adjustments for internal sales		-590	-711	-179	-242	-169	-204	-262	-238
		11,521	11,201	3,961	3,862	3,698	3,873	4,006	3,792
BALTIC & RUSSIA									
Mobile telephony		4,711	2,873	1,875	1,533	1,303	1,253	1,100	955
Indirect access		29	55	8	10	11	24	23	18
<i>of which fixed telephony resale</i>		29	55	8	10	11	24	23	18
Direct access & LLUB		12	20	4	4	4	7	6	7
Other operations		30	27	11	11	8	9	10	9
Adjustments for internal sales		-37	-18	-14	-13	-10	-16	-10	-5
		4,745	2,957	1,884	1,545	1,316	1,277	1,129	984
CENTRAL EUROPE									
Mobile telephony		128	126	39	40	49	58	46	42
Indirect access		5,002	5,056	1,532	1,633	1,837	1,853	1,744	1,677
<i>of which fixed telephony resale</i>		4,770	4,960	1,438	1,566	1,766	1,801	1,708	1,646
<i>of which broadband resale</i>		232	96	94	67	71	52	36	31
Direct access & LLUB		626	516	234	199	193	182	188	156
Other operations		779	838	246	249	284	308	309	241
Adjustments for internal sales		-375	-403	-118	-116	-141	-156	-152	-126
		6,160	6,133	1,933	2,005	2,222	2,245	2,135	1,990
SOUTHERN EUROPE									
Mobile telephony		617	37	292	201	124	68	22	8
Indirect access		6,068	6,089	1,859	2,088	2,121	2,225	1,967	2,079
<i>of which fixed telephony resale</i>		5,378	5,760	1,615	1,854	1,909	2,044	1,831	1,970
<i>of which broadband resale</i>		690	329	244	234	212	181	136	109
Direct access & LLUB		491	–	197	166	128	105	–	–
Other operations		878	428	332	265	281	261	162	139
Adjustments for internal sales		-371	-311	-143	-122	-106	-130	-112	-102
		7,683	6,243	2,537	2,598	2,548	2,529	2,039	2,124
UK & BENELUX									
Mobile telephony		1,413	1,216	493	465	455	480	451	409
Indirect access		3,306	3,945	1,059	1,047	1,200	1,573	1,305	1,349
<i>of which fixed telephony resale</i>		3,081	3,941	988	970	1,123	1,496	1,302	1,348
<i>of which broadband resale</i>		225	4	71	77	77	77	3	1
Direct access & LLUB		1,695	–	611	554	530	496	–	–
Other operations		1,265	193	475	396	394	267	34	31
Adjustments for internal sales		-894	-479	-386	-244	-264	-285	-168	-168
		6,785	4,875	2,252	2,218	2,315	2,531	1,622	1,621
SERVICES									
Indirect access		6	16	–	2	4	12	5	5
<i>of which fixed telephony resale</i>		6	16	–	2	4	12	5	5
Direct access & LLUB		–	3	–	–	–	1	2	–
Other operations		673	594	226	224	223	254	205	199
Adjustments for internal sales		-219	-200	-68	-68	-83	-87	-75	-64
		460	413	158	158	144	180	137	140
TOTAL OPERATING REVENUE FROM CONTINUING OPERATIONS		37,354	31,822	12,725	12,386	12,243	12,635	11,068	10,651
DISCONTINUED OPERATIONS									
Discontinued operations	6	3,330	4,181	1,024	1,096	1,210	1,305	1,313	1,392
TOTAL OPERATING REVENUE		40,684	36,003	13,749	13,482	13,453	13,940	12,381	12,043
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		13,807	10,578	5,125	4,644	4,038	4,094	3,886	3,602
Indirect access		18,292	19,345	5,705	6,066	6,521	7,104	6,496	6,535
<i>of which fixed telephony resale</i>		16,707	18,550	5,149	5,541	6,017	6,657	6,183	6,272
<i>of which broadband resale</i>		1,585	795	556	525	504	447	313	263
Direct access & LLUB		3,603	1,290	1,333	1,172	1,098	1,045	436	425
Other operations		4,138	2,597	1,470	1,309	1,359	1,270	895	792
Non-recurring item	1	–	134	–	–	–	–	134	–
Adjustments for internal sales		-2,486	-2,122	-908	-805	-773	-878	-779	-703
TOTAL OPERATING REVENUE FROM CONTINUING OPERATIONS		37,354	31,822	12,725	12,386	12,243	12,635	11,068	10,651

EBITDA

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		2,238	2,241	771	792	675	692	839	772
Indirect access		352	427	102	97	153	202	211	135
of which fixed telephony resale		426	501	131	115	180	222	228	164
of which broadband resale		-74	-74	-29	-18	-27	-20	-17	-29
Direct access & LLUB		48	75	19	6	23	-	43	33
Other operations		32	63	5	9	18	32	31	16
Non-recurring item	1	-	134	-	-	-	-	134	-
		2,670	2,940	897	904	869	926	1,258	956
BALTIC & RUSSIA									
Mobile telephony		1,009	794	478	316	215	145	291	278
Indirect access		8	-17	3	5	-	-6	-7	-7
of which fixed telephony resale		8	-17	3	5	-	-6	-7	-7
Direct access & LLUB		2	4	1	-	1	6	2	-
Other operations		2	-1	-	1	1	-	-	-1
		1,021	780	482	322	217	145	286	270
CENTRAL EUROPE									
Mobile telephony		-24	-28	1	-11	-14	-45	-2	-10
Indirect access		498	390	154	129	215	200	147	143
of which fixed telephony resale		731	384	255	204	272	223	142	142
of which broadband resale		-233	6	-101	-75	-57	-23	5	1
Direct access & LLUB		-24	3	-11	3	-16	-9	7	-3
Other operations		84	64	19	38	27	20	36	25
Non-recurring item	3	50	-	-2	52	-	-	-	-
		584	429	161	211	212	166	188	155
SOUTHERN EUROPE									
Mobile telephony		-623	-151	-205	-233	-185	-200	-110	-32
Indirect access		42	310	48	3	-9	56	82	90
of which fixed telephony resale		368	500	110	118	140	205	151	162
of which broadband resale		-326	-190	-62	-115	-149	-149	-69	-72
Direct access & LLUB		-141	-	-62	-42	-37	16	-	-
Other operations		66	35	31	11	24	24	11	10
		-656	194	-188	-261	-207	-104	-17	68
UK & BENELUX									
Mobile telephony		247	135	103	89	55	47	98	25
Indirect access		167	-	101	1	65	3	-9	5
of which fixed telephony resale		235	42	127	34	74	57	20	18
of which broadband resale		-68	-42	-26	-33	-9	-54	-29	-13
Direct access & LLUB		14	-	49	-	-35	60	-	-
Other operations		63	-5	9	17	37	24	-4	-4
Non-recurring items	2-3	43	-161	43	-	-	137	-161	-
		534	-31	305	107	122	271	-76	26
SERVICES									
Indirect access		-3	-2	3	-2	-4	2	-	-2
of which fixed telephony resale		-3	-2	3	-2	-4	2	-	-2
Direct access & LLUB		-	1	-	-	-	-	-	1
Other operations		36	46	19	5	12	9	25	11
		33	45	22	3	8	11	25	10
TOTAL EBITDA FROM CONTINUING OPERATIONS		4,186	4,357	1,679	1,286	1,221	1,415	1,664	1,485
DISCONTINUED OPERATIONS									
Discontinued operations	6	370	619	105	111	154	187	209	204
TOTAL EBITDA		4,556	4,976	1,784	1,397	1,375	1,602	1,873	1,689
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		2,847	2,991	1,148	953	746	639	1,116	1,033
Indirect access		1,064	1,108	411	233	420	457	424	364
of which fixed telephony resale		1,765	1,408	629	474	662	703	534	477
of which broadband resale		-701	-300	-218	-241	-242	-246	-110	-113
Direct access & LLUB		-101	83	-4	-33	-64	73	52	31
Other operations		283	202	83	81	119	109	99	57
Non-recurring items	1-3	93	-27	41	52	-	137	-27	-
TOTAL EBITDA FROM CONTINUING OPERATIONS		4,186	4,357	1,679	1,286	1,221	1,415	1,664	1,485
EBITDA MARGIN									
Nordic	1	23%	26%	23%	23%	23%	24%	31%	25%
Baltic & Russia		22%	26%	26%	21%	16%	11%	25%	27%
Central Europe	3	9%	7%	8%	11%	10%	7%	9%	8%
Southern Europe		-9%	3%	-7%	-10%	-8%	-4%	-1%	3%
UK & Benelux	2-3	8%	-1%	14%	5%	5%	11%	-5%	2%
Services		7%	11%	14%	2%	6%	6%	18%	7%
TOTAL EBITDA MARGIN FROM CONTINUING OPERATIONS		11%	14%	13%	10%	10%	11%	15%	14%
Discontinued operations	6	11%	15%	10%	10%	13%	14%	16%	15%
TOTAL EBITDA MARGIN		11%	14%	13%	10%	10%	11%	15%	14%
Mobile telephony		21%	28%	22%	21%	18%	16%	29%	29%
Indirect access		6%	6%	7%	4%	6%	6%	7%	6%
of which fixed telephony resale		11%	8%	12%	9%	11%	11%	9%	8%
of which broadband resale		-44%	-38%	-39%	-46%	-48%	-55%	-35%	-43%
Direct access & LLUB		-3%	6%	0%	-3%	-6%	7%	12%	7%
Other operations		7%	8%	6%	6%	9%	9%	11%	7%
TOTAL EBITDA MARGIN FROM CONTINUING OPERATIONS		11%	14%	13%	10%	10%	11%	15%	14%

EBIT

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
CONTINUING OPERATIONS									
NORDIC									
Mobile telephony		1,798	1,805	632	647	519	541	684	638
Indirect access		231	279	68	54	109	160	162	92
<i>of which fixed telephony resale</i>		313	365	97	77	139	182	183	125
<i>of which broadband resale</i>		-82	-86	-29	-23	-30	-22	-21	-33
Direct access & LLUB		-88	-46	-38	-35	-15	-40	18	-18
Other operations		-11	29	-10	-6	5	22	20	3
Non-recurring item	1	-	134	-	-	-	-	134	-
		1,930	2,201	652	660	618	683	1,018	715
BALTIC & RUSSIA									
Mobile telephony		603	488	321	184	98	9	182	179
Indirect access		5	-18	-	5	-	-6	-7	-8
<i>of which fixed telephony resale</i>		5	-18	-	5	-	-6	-7	-8
Direct access & LLUB		1	2	1	-1	1	6	1	-
Other operations		2	-1	-	2	-	-	-	-1
		611	471	322	190	99	9	176	170
CENTRAL EUROPE									
Mobile telephony		-34	-35	-3	-13	-18	-47	-3	-13
Indirect access		355	223	102	85	168	129	101	76
<i>of which fixed telephony resale</i>		597	221	206	163	228	153	95	79
<i>of which broadband resale</i>		-242	2	-104	-78	-60	-24	6	-3
Direct access & LLUB		-166	-151	-53	-45	-68	-78	-52	-51
Other operations		55	40	10	28	17	-1	29	18
Non-recurring items	2-3	-1,813	-	-1,865	52	-	-	-	-
		-1,603	77	-1,809	107	99	3	75	30
SOUTHERN EUROPE									
Mobile telephony		-625	-152	-205	-234	-186	-201	-111	-32
Indirect access		-131	226	-9	-53	-69	-3	45	68
<i>of which fixed telephony resale</i>		206	417	58	62	86	147	114	141
<i>of which broadband resale</i>		-337	-191	-67	-115	-155	-150	-69	-73
Direct access & LLUB		-291	-1	-123	-85	-83	-21	-1	-
Other operations		66	35	31	11	24	23	11	10
Non-recurring item	2	-937	-	-937	-	-	-	-	-
		-1,918	108	-1,243	-361	-314	-202	-56	46
UK & BENELUX									
Mobile telephony		155	33	73	58	24	14	59	-5
Indirect access		-44	-91	25	-73	4	-72	-38	-33
<i>of which fixed telephony resale</i>		97	-49	84	-6	19	2	-8	-21
<i>of which broadband resale</i>		-141	-42	-59	-67	-15	-74	-30	-12
Direct access & LLUB		-691	-	-182	-223	-286	-134	-	-
Other operations		-5	-7	-15	-8	18	4	-5	-4
Non-recurring items	2-3	-457	-161	-457	-	-	-126	-161	-
		-1,042	-226	-556	-246	-240	-314	-145	-42
SERVICES									
Indirect access		-4	-3	2	-2	-4	1	-1	-1
<i>of which fixed telephony resale</i>		-4	-3	2	-2	-4	1	-1	-1
Other operations		-8	8	4	-8	-4	-2	10	-1
		-12	5	6	-10	-8	-1	9	-2
TOTAL EBIT FROM CONTINUING OPERATIONS		-2,034	2,636	-2,628	340	254	178	1,077	917
DISCONTINUED OPERATIONS									
Discontinued operations	6	274	544	73	80	121	152	175	183
TOTAL EBIT		-1,760	3,180	-2,555	420	375	330	1,252	1,100
BY BUSINESS AREA									
CONTINUING OPERATIONS									
Mobile telephony		1,897	2,139	818	642	437	316	811	767
Indirect access		412	616	188	16	208	209	262	194
<i>of which fixed telephony resale</i>		1,214	933	447	299	468	479	376	315
<i>of which broadband resale</i>		-802	-317	-259	-283	-260	-270	-114	-121
Direct access & LLUB		-1,235	-196	-395	-389	-451	-267	-34	-69
Other operations		99	104	20	19	60	46	65	25
Non-recurring items	1-3	-3,207	-27	-3,259	52	-	-126	-27	-
TOTAL EBIT FROM CONTINUING OPERATIONS		-2,034	2,636	-2,628	340	254	178	1,077	917
EBIT MARGIN									
Nordic	1	17%	20%	16%	17%	17%	18%	25%	19%
Baltic & Russia		13%	16%	17%	12%	8%	1%	16%	17%
Central Europe	3	-26%	1%	-94%	5%	4%	0%	4%	2%
Southern Europe		-25%	2%	-49%	-14%	-12%	-8%	-3%	2%
UK & Benelux	2-3	-15%	-5%	-25%	-11%	-10%	-12%	-9%	-3%
Services		-3%	1%	4%	-6%	-6%	-1%	7%	-1%
TOTAL EBIT MARGIN FROM CONTINUING OPERATIONS		-5%	8%	-21%	3%	2%	1%	10%	9%
Discontinued operations	6	8%	13%	7%	7%	10%	12%	13%	13%
TOTAL EBIT MARGIN		-4%	9%	-19%	3%	3%	2%	10%	9%
Mobile telephony		14%	20%	16%	14%	11%	8%	21%	21%
Indirect access		2%	3%	3%	0%	3%	3%	4%	3%
<i>of which fixed telephony resale</i>		7%	5%	9%	5%	8%	7%	6%	5%
<i>of which broadband resale</i>		-51%	-40%	-47%	-54%	-52%	-60%	-36%	-46%
Direct access & LLUB		-34%	-15%	-30%	-33%	-41%	-26%	-8%	-16%
Other operations		2%	4%	1%	1%	4%	4%	7%	3%
TOTAL EBIT MARGIN FROM CONTINUING OPERATIONS		-5%	8%	-21%	3%	2%	1%	10%	9%

Investments, CAPEX

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
MARKET AREAS									
CONTINUING OPERATIONS									
Nordic		558	430	175	193	190	176	174	152
Baltic & Russia		1,833	1,104	594	644	595	544	388	291
Central Europe		120	147	51	44	25	125	52	57
Southern Europe		713	67	224	325	164	183	39	12
UK & Benelux		496	60	114	193	189	241	32	10
Services		39	49	10	14	15	–1	19	9
CAPEX IN CONTINUING OPERATIONS		3,759	1,857	1,168	1,413	1,178	1,268	704	531
DISCONTINUED OPERATIONS									
Discontinued operations	6	38	596	32	2	4	15	13	581
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX		3,797	2,453	1,200	1,415	1,182	1,283	717	1,112
CAPEX according to cash flow statement		4,098	2,199	1,420	1,374	1,304	1,441	714	861
Other, non-cash, CAPEX, continuing operations		–301	–	–220	41	–122	–159	–	–
Other, non-cash, CAPEX, discontinued operations		–	254	–	–	–	1	3	251
TOTAL CAPEX		3,797	2,453	1,200	1,415	1,182	1,283	717	1,112
BUSINESS AREAS									
CONTINUING OPERATIONS									
Mobile telephony		2,133	1,355	688	759	686	524	472	383
Indirect access		472	308	115	211	146	242	135	92
<i>of which fixed telephony resale</i>		359	299	84	156	119	215	130	89
<i>of which broadband resale</i>		113	9	31	55	27	27	5	3
Direct access & LLUB		1,066	143	343	401	322	457	86	41
Other operations		88	51	22	42	24	45	11	15
CAPEX IN CONTINUING OPERATIONS		3,759	1,857	1,168	1,413	1,178	1,268	704	531

Russia

Thousands	Note	2006 Sep 30	2005 Sep 30	Change	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
Net customer intake					711	715	638	759	554	374
Acquired companies	5				182	–	–	–	–	–
TOTAL NUMBER OF CUSTOMERS		5,520	2,513	120%	893	715	638	759	554	374

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
Operating revenue		1,831	679	815	568	448	379	289	222
EBITDA		300	–117	205	73	22	–46	–22	–39
EBITDA-margin		16%	–17%	25%	13%	5%	–12%	–8%	–18%
EBIT		91	–250	112	12	–33	–109	–71	–81
EBIT-margin		5%	–37%	14%	2%	–7%	–29%	–25%	–36%

Sweden*

Thousands	Note	Number of customers			Net intake					
		2006 Sep 30	2005 Sep 30	Change	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
Mobile telephony		3,497	3,536	-1%	3	-13	-47	18	13	33
Indirect access		1,144	1,834	-38%	-37	-34	-41	-35	-26	-22
<i>of which fixed telephony resale</i>		1,102	1,801	-39%	-36	-38	-44	-38	-30	-26
<i>of which broadband resale</i>		42	33	27%	-1	4	3	3	4	4
Direct access & LLUB		242	193	25%	13	4	2	-1	-1	-4
NET CUSTOMER INTAKE					-21	-43	-86	-18	-14	7
Changed method of calculation	7				-	-	-	-512	-	-
TOTAL NUMBER OF CUSTOMERS		4,883	5,563	-12%	-21	-43	-86	-530	-14	7

MSEK	Note	2006 Jan 1– Sep 30	2005 Jan 1– Sep 30	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
OPERATING REVENUE									
Mobile telephony	1	5,098	5,043	1,770	1,770	1,558	1,733	1,760	1,761
Indirect access		2,089	2,155	680	694	715	741	779	723
<i>of which fixed telephony resale</i>		1,994	2,089	648	662	684	716	755	701
<i>of which broadband resale</i>		95	66	32	32	31	25	24	22
Direct access & LLUB		614	614	227	193	194	200	200	211
Other operations		513	517	180	164	169	171	175	173
Non-recurring item	1	-	134	-	-	-	-	134	-
TOTAL OPERATING REVENUE		8,314	8,463	2,857	2,821	2,636	2,845	3,048	2,868
EBITDA									
Mobile telephony		2,227	2,279	759	786	682	755	850	797
Indirect access		266	312	68	69	129	116	174	96
<i>of which fixed telephony resale</i>		292	324	88	74	130	122	176	104
<i>of which broadband resale</i>		-26	-12	-20	-5	-1	-6	-2	-8
Direct access & LLUB		29	74	9	-2	22	-7	28	19
Other operations		32	63	5	9	18	32	31	16
Non-recurring item	1	-	134	-	-	-	-	134	-
TOTAL EBITDA		2,554	2,862	841	862	851	896	1,217	928
EBITDA MARGIN									
Mobile telephony		44%	45%	43%	44%	44%	44%	48%	45%
Indirect access		13%	14%	10%	10%	18%	16%	22%	13%
<i>of which fixed telephony resale</i>		15%	16%	14%	11%	19%	17%	23%	15%
<i>of which broadband resale</i>		-27%	-18%	-63%	-16%	-3%	-24%	-8%	-36%
Direct access & LLUB		5%	12%	4%	-1%	11%	-4%	14%	9%
Other operations		6%	12%	3%	5%	11%	19%	18%	9%
TOTAL EBITDA MARGIN		31%	34%	29%	31%	32%	31%	40%	32%
EBIT									
Mobile telephony		1,793	1,878	621	643	529	619	719	668
Indirect access		185	217	42	42	101	89	145	68
<i>of which fixed telephony resale</i>		212	229	63	47	102	95	147	76
<i>of which broadband resale</i>		-27	-12	-21	-5	-1	-6	-2	-8
Direct access & LLUB		-86	-38	-32	-41	-13	-43	-9	-20
Other operations		-11	29	-11	-5	5	22	20	3
Non-recurring item	1	-	134	-	-	-	-	134	-
TOTAL EBIT		1,881	2,220	620	639	622	687	1,009	719
EBIT MARGIN									
Mobile telephony		35%	37%	35%	36%	34%	36%	41%	38%
Indirect access		9%	10%	6%	6%	14%	12%	19%	9%
<i>of which fixed telephony resale</i>		11%	11%	10%	7%	15%	13%	19%	11%
<i>of which broadband resale</i>		-28%	-18%	-66%	-16%	-3%	-24%	-8%	-36%
Direct access & LLUB		-14%	-6%	-14%	-21%	-7%	-22%	-5%	-9%
Other operations		-2%	6%	-6%	-3%	3%	13%	11%	2%
TOTAL EBIT MARGIN		23%	26%	22%	23%	24%	24%	33%	25%

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

Key ratios

	2006 Jan 1–Sep 30	2005 Jan 1–Sep 30	2005	2004
CONTINUING OPERATIONS (MSEK)				
Operating revenue	37,354	31,822	44,457	36,613
Number of customers, in thousand	28,097	26,463	26,501	23,762
EBITDA	4,186	4,357	5,772	5,554
EBIT	-2,034	2,636	2,814	3,286
EBT	-2,433	2,360	2,386	3,175
Net profit	-2,378	1,696	1,836	2,539
KEY RATIO				
EBITDA margin, %	11.2	13.7	13.0	15.2
EBIT margin, %	-5.4	8.3	6.3	9.0
PER SHARE DATA (SEK)				
Earnings	-5.11	3.83	4.16	5.74
Earnings after dilution	-5.11	3.82	4.15	5.72
TOTAL (INCLUDING DISCONTINUED OPERATIONS) (MSEK)				
Shareholders' equity	30,165	34,265	35,368	32,900
Shareholders' equity after dilution	30,178	34,299	35,401	32,965
Total assets	66,799	56,661	68,291	49,873
Cash flow from operating activities	3,251	4,534	5,487	5,876
Cash flow after CAPEX	-847	2,335	1,847	4,314
Available liquidity	7,323	2,641	8,627	5,113
Net borrowing	14,638	5,297	11,831	2,831
Investments in intangible and tangible assets, CAPEX	3,797	2,453	3,736	1,562
Investments in shares and long-term receivables	1,313	2,412	7,567	1,756
KEY RATIO				
Equity/assets ratio, %	45	61	52	66
Debt/equity ratio, multiple	0.49	0.15	0.33	0.09
Return on shareholders' equity, %	-9.5	6.2	6.9	10.8
Return on shareholders' equity after dilution, %	-9.5	6.2	6.9	10.8
Return on capital employed, %	-5.2	8.2	8.2	12.1
Average interest rate, %	4.0	3.7	3.7	4.4
PER SHARE DATA (SEK)				
Earnings	-6.92	4.71	5.30	7.74
Earnings after dilution	-6.92	4.71	5.29	7.73
Shareholders' equity	67.19	77.39	78.96	74.32
Shareholders' equity after dilution	67.19	77.37	78.93	74.29
Cash flow from operating activities	7.32	10.24	12.39	13.27
Dividend	-	-	1.75	1.67
Redemption	-	-	-	3.33
Market value at closing day	74.00	82.50	85.25	87.00

NOTES

Accounting principles and definitions

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

During 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. Tele2 has chosen in the third quarter report to classify the restricted cash among financial fixed assets and respective 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 part of business area other operations.

Note 1. Operating revenue

Tele2 Sweden has for a number of years had several disputes with TeliaSonera regarding interconnect rates. Tele2 has had claims against TeliaSonera and TeliaSonera has had claims against Tele2. Tele2's view on these claims has, accounting wise, been relatively prudent, and Tele2 has continuously made assessments regarding the most likely outcomes. The likelihood of an, accounting wise, positive outcome has further increased over the years. Based on this, Tele2 booked an amount equivalent to MSEK 134 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 MSEK 24 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

Tele2 has in connection with the divestment of parts of the operations in France achieved an indication of the market value of Tele2's other operations in Continental Europe. Tele2 has decided to base the collective valuation on its value at disposal. The valuation of remaining operations in Continental Europe is therefore based on multiples calculated on the value of the divested operations in France. Based on this a write down of goodwill of MSEK 3,300 has been made in the third quarter, of which SEK 1,863 million was in Central Europe, SEK 937 million in Southern Europe and SEK 500 million in UK & Benelux.

In Q3 2006 the costs were reduced by MSEK 43 for the market area UK & Benelux as a result of a settlement with another operator of MSEK 95 and estimated future unused part of leased premises of MSEK 52. 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 2006 was nevertheless greater than normally occurs and moreover concentrated in one single market area.

In Q4 2005, market area UK & Benelux reported a goodwill write down of MSEK 263 in Alpha Telecom. In Q3 2005, the results for market area UK & Benelux were affected by a reserve of MSEK -161 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 theoretical amount.

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 MSEK 50 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 MSEK 137.

Note 4. Shares and convertibles

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

As a result of 547,186 warrants being exercised during 2006 (of which 0 in Q3), Tele2 has issued new shares resulting in an increase of shareholders' equity of MSEK 34.

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. The number of class A-shares following the reclassification is 38,356,545 and the number of class B-shares is 405,843,473. The total number of outstanding shares remains unchanged at 444,200,018.

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 September 30, 2006 totalling 381,510. During the period 2005 to September 30, 2006 warrants totalling to 1,519,493 (2005: 972,307) shares were exercised. As of September 30, 2006, Tele2 has outstanding warrants corresponding to 729,375 (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 271,343 (2005: 162,187) were exercised during the period 2005 to September 30, 2006 and 211,275 (2005: 320,431) is outstanding as of September 30, 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 8 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 September 30, 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:

MSEK	Jan 1 – Sep 30, 2006
Four GSM operators in Northwest Russia	-217
Tele2 Syd Sweden	-485
Plusnet Germany	-464
Other acquisitions	-5
Acquisition of minority in Russian operations	-112
Other cash flow changes in shares and participations	-19
Divestments	36
CASH FLOW EFFECT OF ACQUISITIONS AND DIVESTMENTS IN SHARES AND PARTICIPATIONS	-1,266

Four GSM-operators in Northwest Russia

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

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 concept 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 MSEK 486. In Q3 the acquisition of Tele2 Syd has affected Tele2's operating revenue by MSEK 45 and net profit by MSEK -1.

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. Tele2 has invested MSEK 464 in this associated company, of which Tele2 owns 32.5%, to finance its expansion.

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 MSEK 52. On June 13, 2006, Tele2 acquired the remaining 30% minority stakes in Siberian Cellular Communications, in the Russian region of Omsk, for MSEK 266, of which MSEK 60 has a cash flow effect and the remaining part is a loan from the seller.

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

MSEK	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 for fair value	Fair value
Customer contracts	–	27	27	–	105	105
Interconnect	3	–	3	–	–	–
Licenses	–	22	22	–	–	–
Tangible assets	107	–	107	377	–	377
Deferred tax assets	4	22	26	–	–	–
Other financial assets	7	–	7	1	–	1
Materials and supplies	1	–	1	–	–	–
Current receivables	12	–	12	25	–	25
Cash assets	4	–	4	1	–	1
Deferred tax liabilities	–3	–12	–15	–35	–29	–64
Other long-term liabilities	–173	–	–173	–1	–	–1
Short-term liabilities	–32	–	–32	–239	–	–239
Minority interest	–	–	–	–	–19	–19
Net acquired assets	–70	59	–11	129	57	186
Goodwill			67			229
Purchase price shares			56			415
Debt in acquired companies			204			71
Acquisition price			260			486
Liabilities to former owners etc			–39			–
Excluded: cash assets in acquired operations			–4			–1
Net effect on group cash assets			217			485

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

Acquisition after closing day

On October 23, 2006, Tele2 announced that it will acquire 49% of the shares in Spring Mobil for MSEK 150, with an option to acquire the remaining shares in the first quarter of 2009. Spring Mobil is the telecom operator with the fourth Swedish GSM license. Spring is the first operator in the world only focusing on the growing, fixed-to-mobile market for enterprises. The closing of the agreement is dependent on the approval by Konkurrensverket (the Swedish competition authorities).

Divestments

On June 1, 2006, Tele2 divested its operation in the Czech Republic, with 411,000 fixed telephony customers, for MSEK 37. Tele2 Czech has affected Tele2's operating revenue year-to-date by MSEK 121 (198) and net profit by MSEK –11 (–30) in addition to the capital gain recorded of MSEK 50.

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

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*.

Divestments after closing day

On October 3, 2006 Tele2 announced that the fixed and broadband business in France will be sold to SFR. The agreement is subject to clearance from the French competition authorities and is estimated to be finalized in Q4. See Note 6 for details.

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–Sep 30 2006	Tele2 Group ¹⁾	Acquired companies before the time of the acquisition	Excluding divested companies	Tele2 Group pro forma
Operating revenue	37,354	186	–136	37,404
Net profit/loss	–2,378	–10	–35	–2,423

¹⁾ less the fixed and broadband business in France

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 French competition authorities and the sale is estimated to be closed in Q4. The sale will result in a capital loss of approximately SEK 1 billion, and has been reported as a cost for discontinued operations 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 retroactive effect 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

MSEK	2006	2005	2005	2006	2006	2006	2005	2005	2005
	Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Operating revenue	3,330	4,181	5,486	1,024	1,096	1,210	1,305	1,313	1,392
Operating expenses	–3,056	–3,637	–4,790	–951	–1,016	–1,089	–1,153	–1,138	–1,209
OPERATING PROFIT, EBIT	274	544	696	73	80	121	152	175	183
Net interest expenses	26	35	45	8	10	8	10	12	12
PROFIT AFTER FINANCIAL ITEMS, EBT	300	579	741	81	90	129	162	187	195
Taxes	–102	–188	–236	–28	–32	–42	–48	–55	–66
NET PROFIT	198	391	505	53	58	87	114	132	129
Calculated capital loss	–1,000	–	–	–1,000	–	–	–	–	–
NET PROFIT, TOTAL IMPACT	–802	391	505	–947	58	87	114	132	129

Calculated capital loss of MSEK 1,000 is related to write-down to fair value of approximately MSEK –1,500 and reversal of amounts recognised directly as exchange rate differences in equity relating to assets held for sale of approximately MSEK 500. The divestment has no tax effect.

CASH FLOW STATEMENT

MSEK	2006	2005	2005	2006	2006	2006	2005	2005	2005
	Jan 1–Sep 30	Jan 1–Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Cash flow from operating activities	355	390	479	156	199	–	89	216	–97
Cash flow from investing activities	–39	–342	–356	–14	–20	–5	–14	–10	–330
Cash flow from financing activities	–468	–34	–76	–246	–179	–43	–42	–192	427
NET CHANGE IN CASH AND CASH EQUIVALENTS	–152	14	47	–104	–	–48	33	14	–

BUSINESS AREAS

MSEK	2006	2005	2005	2006	2006	2006	2005	2005	2005
	Jan 1– Sep 30	Jan 1– Sep 30	Full year	Q3	Q2	Q1	Q4	Q3	Q2
Operating revenue									
Indirect access	3,330	4,181	5,486	1,024	1,096	1,210	1,305	1,313	1,392
of which fixed telephony resale	2,916	3,802	4,969	888	957	1,071	1,167	1,181	1,266
of which broadband resale	414	379	517	136	139	139	138	132	126
Other operations	194	174	235	66	63	65	61	60	57
Adjustments for internal sales	-194	-174	-235	-66	-63	-65	-61	-60	-57
OPERATING REVENUE	3,330	4,181	5,486	1,024	1,096	1,210	1,305	1,313	1,392
EBITDA									
Indirect access	357	626	809	99	107	151	183	210	207
of which fixed telephony resale	603	854	1,111	228	169	206	257	267	290
of which broadband resale	-246	-228	-302	-129	-62	-55	-74	-57	-83
Other operations	13	-7	-3	6	4	3	4	-1	-3
EBITDA	370	619	806	105	111	154	187	209	204
EBIT									
Indirect access	305	572	735	82	90	133	163	192	191
of which fixed telephony resale	555	799	1,037	213	154	188	238	248	274
of which broadband resale	-250	-227	-302	-131	-64	-55	-75	-56	-83
Direct access & LLUB	-44	-21	-36	-15	-14	-15	-15	-16	-5
Other operations	13	-7	-3	6	4	3	4	-1	-3
EBIT	274	544	696	73	80	121	152	175	183
Investments, CAPEX									
Indirect access	38	10	22	32	2	4	12	7	1
of which fixed telephony resale	4	10	22	3	1	-	12	7	1
of which broadband resale	34	-	-	29	1	4	-	-	-
Direct access & LLUB	-	586	589	-	-	-	3	6	580
INVESTMENTS IN INTANGIBLE AND TANGIBLE ASSETS, CAPEX	38	596	611	32	2	4	15	13	581
CAPEX according to cash flow statement	38	342	356	32	2	4	14	10	330
Other, non-cash, CAPEX	-	254	255	-	-	-	1	3	251
TOTAL CAPEX	38	596	611	32	2	4	15	13	581

Number of customers

Thousands	Number of customers			Net intake					
	2006 Sep 30	2005 Sep 30	Change	2006 Q3	2006 Q2	2006 Q1	2005 Q4	2005 Q3	2005 Q2
Indirect access	3,254	3,873	3,751	-139	-218	-140	-49	-128	-62
of which fixed telephony resale	2,962	3,594	3,475	-144	-220	-149	-46	-133	-57
of which broadband resale	292	279	276	5	2	9	-3	5	-5
NUMBER OF CUSTOMERS	3,254	3,873	3,751	-139	-218	-140	-49	-128	-62

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 5.3 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 September 30, 2006 is stated below and hence the level of investment at that time. At September 30, 2006 Tele2's guarantee amounted to MSEK 1,595 compared to MSEK 1,475 at December 31, 2005.

MSEK			
Fixed assets	3,563	Equity	631
Other current assets	340	Long-term liabilities	3,192
Liquid funds	14	Short-term liabilities	94
ASSETS	3,917	EQUITY AND LIABILITIES	3,917