

Interim Report

January – September 2011

Q3 2011 Highlights

■ Net sales growth for the group amounted to 6 percent excluding exchange rate differences

Net sales amounted to SEK 10,340 (9,989) million corresponding to a growth excluding exchange rate difference of 6 percent in the quarter. EBITDA in Q3 2011 amounted to SEK 2,893 (2,751) million, equivalent to an EBITDA margin of 28 (28) percent. EBITDA growth excluding exchange rate differences was 8 percent.

■ Record EBITDA contribution in market area Russia

In Q3 2011, Tele2 Russia added 681,000 (1,170,000) customers leading to a total customer base of 20.4 million. EBITDA amounted to a record SEK 1,214 (1,011) million, equivalent to an EBITDA margin of 40 (38) percent.

■ Robust mobile revenue growth in market area Nordic

Mobile revenue in Sweden grew by 7 percent, as customer demand for smartphones and data services remained strong during the quarter. Mobile customer intake in Sweden was good, amounting to 95,000 (103,000). In the quarter, Tele2 announced its intention to acquire Network Norway, creating the third largest mobile operator in the Norwegian market.

■ Significant operational progress in market area Central Europe & Eurasia

During the quarter, Tele2 Kazakhstan continued its successful launch of new regions, resulting in a customer intake of 459,000 (1,000). The total customer base amounted to 1.1 million. Tele2 Croatia reached for the first time free cash-flow breakeven in Q3 2011.

■ Tele2 Netherlands expanded margin in fixed broadband

Following the integration of BBNed, Tele2 Netherlands expanded its fixed broadband margin to 35 (30) percent.

Net sales Q3 2011
excl. one-off items

10,340
SEK million

EBITDA Q3 2011

2,893
SEK million

SEK million	Q3			9M 2011		
	2011	2010	%	2011	2010	%
Net Sales	10,340	9,989	4	29,911	30,055	0
Net Sales excluding one-off items	10,340	9,998	3	29,911	29,476	1
Net Sales excluding exchange rate differences	10,340	9,731	6	29,911	28,041	7
EBITDA	2,893	2,751	5	8,061	7,796	3
EBITDA excluding exchange rate differences	2,893	2,668	8	8,061	7,408	9
EBIT	1,950	1,892	3	5,328	5,732	-7
EBIT excluding one-off items	1,970	1,875	5	5,306	5,191	2
Net Profit	1,259	2,484		3,593	5,382	
Earnings per share, after dilution (SEK)	2.82	5.61		8.06	12.16	

The figures presented in this report refer to Q3 2011 and continued operations unless otherwise stated. The figures shown in parentheses refer to the comparable periods in 2010.

TELE2

Offering the Best Deal is our business

Telecom services today fulfil core needs of consumers and businesses. Providing necessary products and services places us and our industry in a strong position in the present macroeconomic turmoil. This increases our resilience and gives room to manoeuvre and to continue developing our operations.

Today's record results are proof that we are standing stronger than ever and it demonstrates that we are becoming better and better at understanding and meeting our customers' needs. Our excellent performance also shows that all our operations are pulling in the right direction, in a joint effort! Our growth engines Russia and Kazakhstan are in phase with more mature geographies, leading to continuously improved results.

The quarter has been very dynamic and our achievements have been significant. We maintained our strong push ahead in Russia, capturing further market share by exploiting our 2G business in a successful way. On top of it, we have reached the higher end of our EBITDA guidance for the market area. In Sweden, the roll out of the country's best 2G and 4G network accelerated to be able to meet an ever increased data demand among our customers.

The introduction of Tele2 services in Kazakhstan has been well executed so we now are on our way to providing our price leading products to the majority of the citizens in the country. With improved scale, our operation in the Netherlands has reached higher EBITDA levels while new growth opportunities are being evaluated, such as the possibility of Tele2 becoming a mobile operator.

And yet, we need to constantly challenge ourselves and seek to reduce unnecessary costs to improve competitiveness. I believe that the cost cutting programs that we have completed in the Netherlands and Sweden were required and will be repeated across the rest of our footprint.

Longer term, opportunities for growth will always be there as wireless overtakes fixed services; the distinction between data and voice becomes more blurred day by day. Smartphones will be the preferred device, data access will become our primary service and mobile networks will deliver improved quality in service and speed. These elements are growing in importance and pave the way for Tele2 to continue to deliver superior value as a wireless operator.

Do we offer the best of both worlds? Yes, I believe we do! Tele2's strong operational performance means solid cash flow. Solid cash flow is the basis for strategic and disciplined flexibility and significant shareholder remuneration. For you as a shareholder, we believe that these components will give you a total shareholder return that is superior to that of our industry peers.

Mats Granryd
President and CEO, Tele2 AB

“Tele2's strong operational performance means solid cash flow. Solid cash flow is the basis for strategic and disciplined flexibility and significant shareholder remuneration.”

Financial Overview

Tele2's financial performance is driven by its relentless focus on developing mobile services on its own infrastructure, complemented in certain countries by fixed broadband services and business-to-business offerings. Mobile sales, which grew compared to the same period last year, and greater efforts to develop mobile services on own infrastructure have further improved Tele2's EBITDA contribution. The group will concentrate on maximizing the return from fixed-line operations, as their customer base continues to decline.

Net customer intake amounted to 1,216,000 (1,297,000) in Q3 2011. The customer intake in mobile services amounted to 1,325,000 (1,404,000), of which 27,000 (47,000) were mobile broadband users. This trend was mainly driven by a robust performance in Tele2 Russia and Tele2 Kazakhstan, whose customer bases grew by 681,000 (1,170,000) and 459,000 (1,000) customers respectively. Fixed broadband customer base lost -34,000 (15,000) customers in Q3 2011, primarily attributable to Tele2's operations in the Netherlands and in Sweden. As expected, the number of fixed telephony customers fell in Q3 2011. On Sept 30, 2011 the total customer base amounted to 33,506,000 (30,080,000) thanks to a continued success in mobile services.

Net sales in Q3 2011 amounted to SEK 10,340 (9,989) million corresponding to a growth excluding exchange rate differences and one-off items of 6 percent. The revenue development was mainly a result of sustained success in mobile services, offset to some extent by negative sales development in fixed telephony services.

EBITDA in Q3 2011 amounted to SEK 2,893 (2,751) million, equivalent to an EBITDA margin of 28 (28) percent. EBITDA growth excluding exchange rate differences amounted to 8 percent. The EBITDA

development was negatively affected by restructuring costs of SEK 45 million in Tele2 Sweden related to a restructuring program.

EBIT in Q3 2011 amounted to SEK 1,970 (1,875) million excluding one-off items¹⁾. Including one-off items, EBIT amounted to SEK 1,950 (1,892) million.

Profit before tax in Q3 2011 amounted to SEK 1,687 (1,876) million.

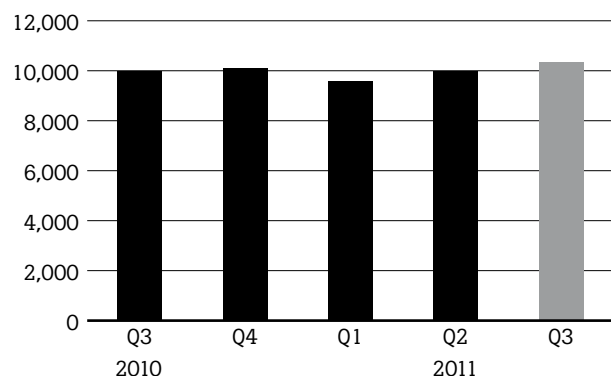
Net profit in Q3 2011 amounted to SEK 1,259 (2,484) million. Reported tax for Q3 2011 amounted to SEK -428 (608) million. Tax payment affecting cash flow amounted to SEK -235 (-152) million.

Cash flow after CAPEX in Q3 2011 amounted to SEK 1,602 (1,697) million.

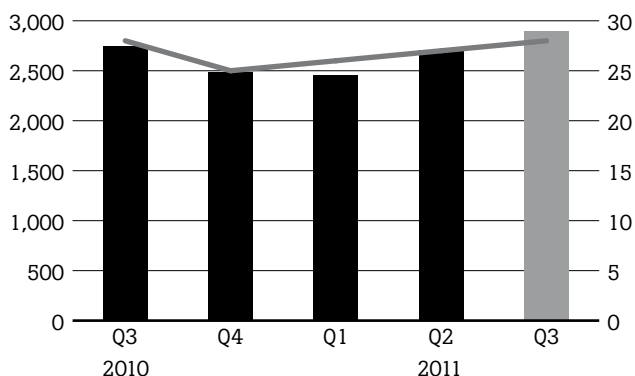
CAPEX in Q3 2011 amounted to SEK 1,199 (956) million.

Net debt amounted to SEK 9,843 (2,311) million on September 30, 2011, or 0.93 times 12-month rolling EBITDA. Including guarantees to joint ventures, the net debt to 12-month rolling EBITDA amounted to 1.15 times. Tele2's available liquidity amounted to SEK 9,708 (13,996) million.

Net sales excl. one-off items
MSEK



EBITDA/EBITDA margin
MSEK/Percent



¹⁾ See section EBIT on page 20.

FINANCIAL GUIDANCE

Tele2's objective is to maintain a healthy balance between growth regions and more mature markets and to be established in Europe and Eurasia. The group will secure licences through strong local connections within the business and political communities in all its markets. Tele2's core markets are characterized by:

- An established Best Deal position.
- The capability to reach a top 2 position in terms of customer market share, in an individual country or region.
- A mobile operation based on own infrastructure should return at least 35 percent EBITDA margin.
- All operations in the group should return at least 24 percent return on capital employed (ROCE).

Tele2 Group forward looking statement

The following assumptions should be taken into account when estimating 2011 results for the group:

- Tele2 forecasts a corporate tax rate in the range of 26–27 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 1,000 million.
- Tele2 forecasts a capex level that will not exceed SEK 5,000 (earlier SEK 5,500) million, excluding licence payments.

Tele2 Sweden forward looking statement

The following assumptions should be taken into account when estimating results for the Swedish mobile operations in 2011:

- Tele2 expects mobile service revenue to grow with mid single digits.
- Tele2 expects a similar EBITDA contribution in 2011 as in 2010 due to instalments and start up costs related to joint venture Net4Mobility.

Tele2 Norway forward looking statement

In Q4 2011, Tele2 Norway will fully consolidate Network Norway and will return with new guidance when reporting the full year 2011 interim report.

Tele2 Russia forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia in 2011:

- Tele2 expects the subscriber base to reach 21 million by year-end 2011.

- Tele2 expects ARPU to remain stable in local currency.
- Tele2 expects total EBITDA margin to evolve in the range of 38–40 percent.
- Tele2 expects capex to be approximately SEK 2,000 million by year-end 2011.

Tele2 Kazakhstan forward looking statement

The following assumptions should be taken into account when estimating the operational performance of the total operations in Kazakhstan:

- Tele2 expects the subscriber base to reach 2.3–2.5 million by year-end 2012.
- Tele2 expects an EBITDA contribution in 2011 of approximately SEK -400 (earlier -500) million.
- Tele2 expects capex to be approximately SEK 1,000 million (earlier in the range of SEK 1,200–1,400 million) by year-end 2011.
- Tele2 expects to reach EBITDA break-even by 2H 2013 (earlier expected to reach break-even within two years from the commercial launch).
- Tele2 expects to reach a long-term mobile customer market share of 30 percent.

Tele2 Croatia forward looking statement

The following assumptions should be taken into account when estimating the Croatian mobile operations in 2011:

- Tele2 expects Croatia to reach an EBITDA margin of 20 percent by Q3 2013 (earlier free cash flow break-even by 2H 2011).

Shareholder remuneration

Tele2 will seek to pay a progressive ordinary dividend of 50 percent or more of net income excluding one-off items. Extraordinary dividends and the authority to purchase Tele2's own shares will be sought when the anticipated total return to shareholders is deemed to be greater than the achievable returns from the deployment of the capital within the group's operating segments or the acquisition of assets within Tele2's economic requirements.

Balance sheet

Tele2 has a target net debt to EBITDA ratio of between 1.25 and 1.75 times over the medium term. The group's longer term financial leverage should be in line with the industry and the markets in which it operates, and reflect the status of its operations, future strategic opportunities and contingent liabilities.

SIGNIFICANT EVENTS IN THE QUARTER

- Thomas Ekman was appointed Market Area Director Nordic and CEO of Tele2 Sweden.
- Tele2 AB held its Capital Markets Day in Stockholm, updating its view on future operational performance.

Significant subsequent events

- On October 3, 2011 Tele2 Sverige AB acquired Network Norway (see Note 9).
- Tele2 Sweden was awarded a mobile license of 2x10 MHz in the 1800 MHz frequency band through the network company Net4Mobility for approximately SEK 430 million.

SEK million	Q3 2011	Q3 2010	9M 2011	9M 2010	FY 2010
Mobile¹⁾					
Net customer intake (thousands)	1,325	1,404	3,067	3,584	4,443
Net sales	7,539	7,020	21,320	20,032	26,985
EBITDA	2,156	2,034	6,003	5,716	7,532
EBIT	1,546	1,503	4,244	4,205	5,451
CAPEX	897	552	2,584	1,252	2,223
Fixed broadband¹⁾					
Net customer intake (thousands)	-34	15	-53	22	32
Net sales	1,503	1,471	4,530	4,524	6,120
EBITDA	395	264	1,088	828	1,131
EBIT	170	21	397	62	99
CAPEX	141	215	466	537	722
Fixed telephony¹⁾					
Net customer intake (thousands)	-75	-122	-347	-402	-543
Net sales	890	1,129	2,801	3,651	4,741
EBITDA	270	372	814	1,097	1,400
EBIT	223	325	676	944	1,196
CAPEX	17	23	47	70	94
Total					
Net customer intake (thousands)	1,216	1,297	2,667	3,204	3,932
Net sales ²⁾	10,340	9,989	29,911	30,055	40,164
EBITDA	2,893	2,751	8,061	7,796	10,284
EBIT ³⁾	1,950	1,892	5,328	5,732	7,088
CAPEX	1,199	956	3,600	2,331	3,651
EBT	1,687	1,876	4,789	5,534	6,735
Net profit	1,259	2,484	3,593	5,382	6,481
Cash flow from operating activities	2,675	2,620	6,933	7,833	9,610
Cash flow after CAPEX	1,602	1,697	3,666	5,393	6,007

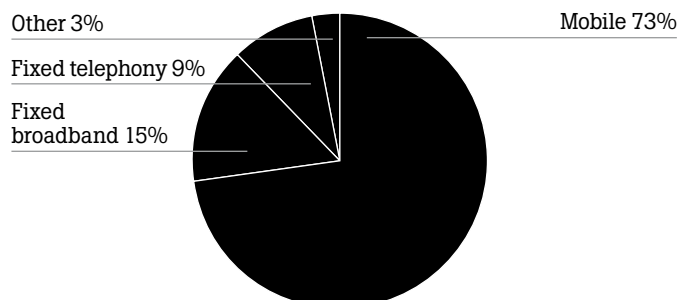
¹⁾ Less one-off items (see sections Net sales and EBIT on pages 16 and 20).

²⁾ Including one-off items (see Note 1).

³⁾ Total EBIT includes result from sale of operations and other one-off items stated under the segment reporting section of EBIT (page 20).

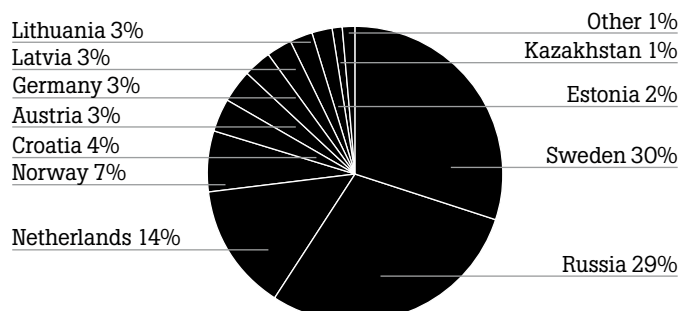
Net sales per product area, Q3 2011

Percent



Net sales per country, Q3 2011

Percent



Overview by region

REPORT FOR EXTERNAL SALES LESS EXCHANGE RATE FLUCTUATIONS

External sales Total

	2011 Q3	2010 Q3*	Growth	2011 YTD	2010 YTD*	Growth
Sweden	3,124	3,058	2%	9,255	8,792	5%
Norway	694	735	-6%	2,029	2,178	-7%
Russia	3,015	2,503	20%	8,475	6,874	23%
Estonia	221	206	7%	619	617	0%
Lithuania	333	330	1%	918	928	-1%
Latvia	288	303	-5%	821	897	-8%
Croatia	382	360	6%	982	921	7%
Kazakhstan	115	34	238%	185	71	N/A
Netherlands	1,430	1,334	7%	4,368	3,987	10%
Germany	265	352	-25%	824	1,092	-25%
Austria	346	373	-7%	1,034	1,132	-9%
Other	127	143	-11%	401	552	-27%
	10,340	9,731	6%	29,911	28,041	7%
FX effects		258	-2%		1,472	-7%
One off items	-	-		-	542	
Total	10,340	9,989	4%	29,911	30,055	0%

* Adjusted for fluctuations in exchange rates including acquisitions.

NORDIC

The Nordic market area delivers strong cash flow to the Tele2 group and is the test bed for new services.

Sweden

In the quarter, Tele2 Sweden was affected by a cost related to a restructuring program. The total cost of the program was SEK 45 million and the full amount was booked in Q3 2011. Tele2 Sweden is aiming for an annual saving of SEK 100 million in personnel costs as a result of the program.

Mobile Tele2 Sweden's net sales in the quarter increased by 7 percent to SEK 2,368 (2,219) million and the underlying service revenue growth was 4 percent. The total mobile net intake was 95,000 (103,000) and the growth of customers in the mobile postpaid segment was 34,000 (56,000), driven primarily by smartphones sales. The installed postpaid smartphone base continued to grow and reached 49 percent of the total postpaid residential base at the end of the quarter.

Tele2 Sweden added 16,000 (36,000) mobile broadband customers during the quarter and reached a total mobile broadband customer base of 396,000 (358,000). Mobile broadband ARPU amounted to 139 (127) SEK.

The mobile EBITDA margin reached 32 (34) percent in the quarter excluding the cost from the organizational restructuring, amounting to SEK 34 million. The restructuring aims to make the organization leaner and faster and enable Tele2 Sweden to strengthen its position as the challenger in the market.

Tele2 Sweden maintained its market-leading position in the prepaid mobile voice segment, despite a strong price pressure in the market. Due to a successful summer campaign in the prepaid mobile voice segment, Tele2 added 46,000 (28,000) customers in the quarter.

REPORT FOR EBITDA LESS EXCHANGE RATE FLUCTUATIONS

EBITDA Total

	2011 Q3	2010 Q3*	Growth	2011 YTD	2010 YTD*	Growth
Sweden	861	872	-1%	2,518	2,491	1%
Norway	-19	23	-182%	32	146	-78%
Russia	1,214	944	29%	3,271	2,452	33%
Estonia	68	51	33%	176	158	11%
Lithuania	123	121	2%	328	334	-2%
Latvia	98	97	1%	286	290	-1%
Croatia	43	12	258%	54	-22	
Kazakhstan	-101	-48	-110%	-291	-86	N/A
Netherlands	465	392	19%	1,305	1,216	7%
Germany	86	89	-3%	248	235	6%
Austria	80	91	-12%	233	229	2%
Other	-25	24	-204%	-99	-35	-183%
	2,893	2,668	8%	8,061	7,408	9%
FX effects		83	-3%		388	-6%
One off items	-	-		-	-	
Total	2,893	2,751	5%	8,061	7,796	3%

MoU for the mobile operations in Sweden increased to 242 (236) and a blended ARPU of SEK 183 (187) was reported in the quarter. MoU in the postpaid segment was 288 (281) and ARPU amounted to SEK 232 (238).

Tele2 Sweden continued the roll-out of the combined 2G and 4G networks in the joint venture Net4Mobility. 28 municipalities were added to the list of what will become the network with the best coverage in Sweden.

In the business segment, the continued focus on integrated services led to the acquisition of a number of customers for whom the product Communication as a Service is particularly important. The customer base continued to grow as the domestic economy remained strong.

Fixed Broadband Tele2 Sweden experienced a growth in profitability during the quarter, mainly driven by higher revenue per customer and reduced cost in the TV segment. The EBITDA margin was 11 (4) percent. The EBITDA result was negatively impacted by SEK 5 million related to the organizational restructuring.

Fixed Telephony Tele2 Sweden reported an EBITDA margin of 23 (24) percent during the third quarter, and had a continued decrease in demand for fixed telephony. The EBITDA result was negatively impacted by SEK 6 million related to the organizational restructuring.

Norway

Mobile In the quarter, Tele2 Norway reported revenue of SEK 612 (640) million, impacted by lower termination rates of SEK 81 million. Termination price per minute for Tele2 Norway was deregulated from 0.65 NOK to 0.50 NOK from July 1, 2011 according to a resolution adopted by The Ministry of Transport in May 2011.

In the residential market, sales campaigns have focused on

bundling smartphones together with best price subscriptions. The fierce competition in the market resulted in a negative customer net intake of –1,000 (10,000) for the quarter. In order to meet the increasing demand of smartphones, Tele2 Norway signed an agreement with Apple enabling Tele2 Norway to start selling iPhones from late June 2011 onwards. Sales of iPhones supported revenue in Q3 because of higher ARPU subscriptions.

Tele2 Norway reached an EBITDA result of SEK –37 (4) million in Q3 2011, mainly due to change in termination price and cost, increased price competition and the cost towards Mobile Norway. During the quarter, Mobile Norway, Tele2 Norway's joint venture with Network Norway, invoiced Tele2 Norway SEK 27 (14) million for unused capacity. The EBIT result of SEK –42 (0) million was positively impacted by Tele2 Norway's share of the result from Mobile Norway with SEK 0 (2) million in Q3 2011.

Fixed Telephony Fixed telephony showed stable development of revenue and profitability for Q3 2011. Fixed telephony had an EBITDA contribution of SEK 16 (15) million in the third quarter.

RUSSIA

The Russian operation is Tele2's most significant growth engine. The company has GSM licences in 43 regions covering approximately 62 million inhabitants. Tele2 Russia's strategy is to have a balanced approach to rolling out new regions, while maintaining a stable profitability in the more mature regions.

Mobile The overall operational development in the quarter has been above Tele2's expectations, and Tele2 Russia continued to deliver solid financial performance. The EBITDA margin development was robust, driven by improving operational trends in the more mature regions and scale benefits in the new regions. EBITDA amounted to SEK 1,214 (1,011) million, equivalent to a margin of 40 (38) percent. The investment level in 2011 is expected to be in line with Tele2 Russia's forward looking statement.

The total customer base grew by 681,000 (1,170,000). Over the last 12 months, Tele2 Russia's customer base has grown by 2.7 million new users, proving that there is a continued solid demand for the group's services despite competitors' introduction of 3G services. The total customer base amounted to 20,386,000 (17,683,000) at the end of Q3 2011. The churn level of the total customer base was stable during the quarter despite continued high competitive pressure. Tele2 Russia will maintain its effort to be best in class in customer retention and continue to work with a commission structure to the retail channels in order to further enhance the quality of the customer intake.

Despite an impact from customer base growth in new regions with lower initial service usage, and generally high competitive pressure throughout Tele2 Russia's footprint, MoU for the total operations increased by 4 percent compared to the year-earlier period, amounting to 239 (229). ARPU was SEK 50 (52) or RUB 225 (219).

Tele2 Russia will keep looking for possibilities to carefully expand its operations through new licences as well as by complementary acquisitions.

CENTRAL EUROPE AND EURASIA

Tele2's Baltic operations will remain focused on generating a strong cash flow contribution as the economies in the region stabilize. Tele2 Croatia's operation is a strong challenger, as it offers the Best Deal in both mobile telephony and mobile broadband. Tele2 Kazakhstan's operation is the latest growth opportunity for the group.

Estonia

Mobile The economic situation in the country is currently working in favor of low cost operators, such as Tele2. Despite solid GDP growth in Estonia, the consumer as well as business customers remain price sensitive.

During Q3, organizational changes brought about positive outcome on the company's financial performance and EBITDA showed a strong recovery.

The customer intake in the postpaid segment was strong, showing that Tele2's price leadership position ensures long-term customer relationships, revenue and profitability growth.

Lithuania

Mobile The Lithuanian economy had a robust development during the quarter and Tele2 Lithuania kept demonstrating solid customer intake. Thanks to successful sales and marketing activities Tele2 Lithuania maintained a positive prepaid and postpaid intake during the quarter. Revenue increased compared to the same period last year, despite the fact that it was negatively impacted by lower interconnect rates.

In Q3 2011, EBITDA was stable and amounted to SEK 123 (124) million, helped by better cost control.

Capex increased to SEK 31 (22) million due to planned network expansion.

Tele2 Lithuania will keep focusing on growing its market share in the business segment, benefiting from general price sensitivity among private companies and state-owned organizations. Furthermore, Tele2 will continue to capitalize on the mobile broadband sales growth momentum.

Latvia

Mobile The Latvian mobile market continued to experience tight competition across all customer segments in Q3 2011. Despite the tough market situation Tele2 Latvia delivered good financial performance, leading to a stable EBITDA contribution of SEK 98 (99) million and a growing customer base.

Tele2 Latvia focused on sales performance and new products, while further developing infrastructure in terms of coverage, capacity and data capabilities.

Tele2 Latvia aims to strengthen its position in the market by maintaining its price leadership position and concentrating efforts on gaining market share in the postpaid and B2B customer segments.

Croatia

Mobile Tele2 Croatia achieved its positive free cash flow milestone a quarter ahead of own market guidance.

EBITDA for Q3 2011 amounted to SEK 43 (14) million. The improved EBITDA contribution was driven by continued momentum in domestic revenue market share combined with strong growth in visitor roaming revenue market share over the peak summer period.

During the quarter, the gross margin continued to improve from the network rollout reducing Tele2 Croatia's reliance on national roaming.

Tele2 achieved positive net customer growth of 45,000 (81,000) resulting from growth in demand for postpaid smartphone bundles, B2B market share growth and increased share of the visitor roaming summer season.

Retail performance has also improved from the Q2 2011 launch of a new brand and communications platform, a new retail store concept and a revitalized product portfolio with a focus on smartphones and data.

Kazakhstan

Mobile In Q3 2011, Tele2 continued to launch new regions and develop operations in existing regions.

During the summer, Tele2 started operating under its own brand in Karaganda and in Aktau. At the same time, the company prepared for the launches in Pavlodar, Petropavlovsk and Ust-Kamenogorsk (planned for October 2011), among others. The prime goal is to launch the Tele2 brand in all regions in Kazakhstan by year-end, by building regional distribution networks and brand awareness as well as a cellular network with good quality, 3G services and wide coverage.

In Q3 2011, competition on the market strengthened as new aggressive offers from other operators appeared. Despite this, the net intake amounted to more than 459,000 (1,000) customers, taking the total customer base to 1.1 million. This is proof that Tele2 services are highly demanded in Kazakhstan.

Another good indicator is that the growth rate of VAS services is higher than the growth rate of voice services as Tele2, with its 3G capabilities, can offer attractively priced data products.

WESTERN EUROPE

Tele2's operations in Western Europe lead the group in business to business services and consumer fixed broadband.

Netherlands

Tele2 Netherlands improved its EBITDA during Q3 2011 and the summer months showed for the first time the full financial benefits of the integration of BBNed with lower operational costs.

Mobile Tele2 Netherlands successfully approached consumers during Q3 2011 with smartphone offerings distributed in cost efficient sales channels. As noted in previous quarters, Tele2 still sees a decline in prepaid customers in favour of postpaid.

A decision of the European Commission resulted in a lowering of Mobile terminating rates which caused a cost reduction for Tele2 Netherlands.

Fixed Broadband The decline of voice usage puts the revenue of fixed broadband under pressure both in the business and the consumer markets. Additionally, an increasing number of residential customers opted for bundled services, resulting in higher ARPU. New customer intake of triple play prevailed over dual play during the third quarter.

Tele2 Business consolidated its product portfolio and improved its ability to cross-sell its services throughout the acquired customer base.

Fixed Telephony The fixed telephony market continued to decline in favour of bundled broadband offerings. Tele2 Netherlands pursued its efforts to up- and cross-sell its own bundled offerings to its fixed telephony customer base.

Germany

During the third quarter, Tele2 Germany continued to focus on operational excellence and customer base management, which resulted in the stabilization of the customer base and an overall improved profitability.

Mobile Tele2 Germany successfully introduced a home telephony product which operates via a mobile network. This product addresses the voice only segment and offers a cost effective solution to substitute the existing fixed line access. The new product showed positive results during the quarter.

Fixed Broadband Based on the wholesale agreement with QSC, further network optimizations could be realized during the quarter, leading to an improved cost structure. Tele2 Germany focused its activities on retaining the existing customer base. This combination resulted in an improved profitability of our installed base in the broadband segment.

Fixed Telephony Thanks to its continuous focus on retention and customer base management, Tele2 Germany kept its leading position in the Carrier-Pre-Select segment. The high brand awareness of its prefix "01013" ensured a solid profit contribution from the "Call by Call" segment, although the entire "Call by Call" market continued to decline.

Austria

The focus on growing the B2B segment of Tele2 Austria continued in the third quarter of 2011, during which several major customer contracts were successfully closed. The continued healthy financial development is the result of the build-up of a sound operational platform aimed at B2B growth in combination with across-the-line stringent cost focus.

Fixed Broadband Tele2 Austria kept focusing on growth within the business segment, while delivering cash returns to the group. Profitability in the business segment improved during the quarter. This development is supported by a strong intake in the data business. Data revenue growth has slightly increased due to newly won contracts and higher usage of existing customers.

Following the strategy to move from volume to value in the residential segment, new retention offers based on value segmentation have been introduced in the broadband segment.

Fixed Telephony Due to an increase in the fixed to mobile substitution, the voice revenues in the business segment were lower, as expected. In the residential segment, a positive intake effect was clearly visible due to successful up- and cross-selling activities with strong focus on voice packages, as well as binding prolongation. Therefore, voice revenues stayed on a stable level during the quarter.

OTHER ITEMS

Risks and uncertainty factors

Tele2's operations are affected by a number of external factors. The risk factors considered to be most significant to Tele2's future development are operating risks such as the availability of frequencies and telecom licences, operations in Russia and Kazakhstan, network sharing with other parties, integration of new business models, changes in regulatory legislation, legal proceedings and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in Tele2's annual report for 2010 (see Directors' report and Note 2 of the report for a detailed description of Tele2's risk exposure and risk management), no additional significant risks are estimated to have developed.

COMPANY DISCLOSURE

Tele2 AB (publ) Annual General Meeting 2012

The 2012 Annual General Meeting will be held on May 7, 2012 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@tele2.com or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE-164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting for the proposal to 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.

Nomination committee for the 2012 Annual General Meeting

A Nomination Committee of major shareholders in Tele2 AB (publ) has been formed in accordance with the resolution of the 2011 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik; Åsa Nisell on behalf of Swedbank Robur funds; and Björn Lind on behalf of AMF and AMF Funds. Information about the work of the Nomination Committee can be found on Tele2's corporate website at www.tele2.com. Shareholders wishing to propose candidates for election to the Board of Directors of Tele2 AB (publ) should submit their proposal in writing to agm@tele2.com or to the Company Secretary, Tele2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

Other

Tele2 will release the financial and operating results for the period ending December 31, 2011 on February 7, 2012.

Stockholm, October 19, 2011

Tele2 AB

Mats Granryd
President and CEO

Review Report

This interim report has not been subject to review by the Company's auditors.

TELEPHONE CONFERENCE

Tele2 will host a conference call, with an interactive presentation, for the global financial community at 10.45 am CET (09.45 am UK time/04.45 am NY time) on Wednesday, October 19, 2011. The conference call will be held in English and will also be made available as an audiocast on Tele2's dedicated Q3 2011 website, reports.tele2.com/2011/Q3.

Dial-in information

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

Dial-in numbers

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US: +1 866 458 40 87

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TELE2 IS ONE OF EUROPE'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL. We have 34 million customers in 11 countries. Tele2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. Tele2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2010, we had net sales of SEK 40.2 billion and reported an operating profit (EBITDA) of SEK 10.3 billion.

Income statement

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2010 Q3
CONTINUING OPERATIONS						
Net sales		29,911	30,055	40,164	10,340	9,989
Operating expenses		-24,748	-24,456	-33,053	-8,399	-8,139
Result from shares in associated companies and joint ventures	3	19	75	-74	-	40
Other operating income	4	286	163	207	56	38
Other operating expenses		-140	-105	-156	-47	-36
Operating profit, EBIT		5,328	5,732	7,088	1,950	1,892
Interest income/costs	2	-256	-307	-497	-156	-89
Exchange rate differences, external		-53	33	104	-11	56
Exchange rate differences, intragroup		-92	166	178	-53	57
Other financial items		-138	-90	-138	-43	-40
Profit after financial items, EBT		4,789	5,534	6,735	1,687	1,876
Tax on profit	1, 5	-1,196	-152	-254	-428	608
NET PROFIT FROM CONTINUING OPERATIONS		3,593	5,382	6,481	1,259	2,484
DISCONTINUED OPERATIONS						
Net profit from discontinued operations	9	-7	43	447	1	29
NET PROFIT		3,586	5,425	6,928	1,260	2,513
ATTRIBUTABLE TO						
Equity holders of the parent company		3,586	5,422	6,926	1,260	2,513
Minority interest		-	3	2	-	-
NET PROFIT		3,586	5,425	6,928	1,260	2,513
Earnings per share (SEK)	8	8.08	12.30	15.70	2.84	5.70
Earnings per share, after dilution (SEK)	8	8.04	12.26	15.64	2.82	5.68
FROM CONTINUING OPERATIONS						
Earnings per share (SEK)	8	8.10	12.20	14.69	2.84	5.63
Earnings per share, after dilution (SEK)	8	8.06	12.16	14.63	2.82	5.61

Comprehensive income

SEK million	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2010 Q3
Net profit	3,586	5,425	6,928	1,260	2,513
OTHER COMPREHENSIVE INCOME					
Exchange rate differences	354	-2,577	-2,780	-49	-1,477
Exchange rate differences, tax effect	500	-1,275	-1,504	198	-381
Reversed cumulative exchange rate differences from divested companies	4	-43	-50	-	-43
Withholding tax	-152	-9	-12	9	-9
Cash flow hedges	-107	21	46	-107	27
Cash flow hedges, tax effect	28	-6	-12	28	-7
Other comprehensive income for the period, net of tax	627	-3,889	-4,312	79	-1,890
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,213	1,536	2,616	1,339	623
ATTRIBUTABLE TO					
Equity holders of the parent company	4,213	1,533	2,614	1,339	623
Minority interest	-	3	2	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,213	1,536	2,616	1,339	623

Change in shareholders' equity

SEK million	Note	Sep 30, 2011			Sep 30, 2010			Dec 31, 2010		
		Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity
		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Shareholders' equity, January 1		28,872	3	28,875	28,760	63	28,823	28,760	63	28,823
Costs for stock options	8	28	-	28	24	-	24	54	-	54
New share issues	8	11	-	11	74	-	74	74	-	74
Sale of own shares	8	42	-	42	115	-	115	256	-	256
Dividends	8	-11,991	-	-11,991	-2,580	-	-2,580	-2,580	-	-2,580
Purchase of minority		-	-	-	-306	-62	-368	-306	-62	-368
Comprehensive income for the period		4,213	-	4,213	1,533	3	1,536	2,614	2	2,616
SHAREHOLDERS' EQUITY, END OF PERIOD		21,175	3	21,178	27,620	4	27,624	28,872	3	28,875

Balance sheet

SEK million	Note	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
ASSETS				
FIXED ASSETS				
Goodwill	9	10,195	10,108	10,010
Other intangible assets	11	3,520	3,004	3,191
Intangible assets		13,715	13,112	13,201
Tangible assets		15,169	14,571	15,130
Financial assets	3, 7	2,601	850	1,141
Deferred tax assets	5	3,248	3,344	3,200
FIXED ASSETS		34,733	31,877	32,672
CURRENT ASSETS				
Materials and supplies		354	214	273
Current receivables		7,640	6,109	6,478
Short-term investments		59	101	112
Cash and cash equivalents		2,786	1,513	834
CURRENT ASSETS		10,839	7,937	7,697
ASSETS		45,572	39,814	40,369
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
Attributable to equity holders of the parent company		21,175	27,620	28,872
Minority interests		3	4	3
SHAREHOLDERS' EQUITY		21,178	27,624	28,875
LONG-TERM LIABILITIES				
Interest-bearing liabilities	10	13,027	1,992	1,692
Non-interest-bearing liabilities		966	790	851
LONG-TERM LIABILITIES		13,993	2,782	2,543
SHORT-TERM LIABILITIES				
Interest-bearing liabilities		1,699	1,964	1,256
Non-interest-bearing liabilities		8,702	7,444	7,695
SHORT-TERM LIABILITIES		10,401	9,408	8,951
EQUITY AND LIABILITIES		45,572	39,814	40,369

Cash flow statement

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
OPERATING ACTIVITIES										
Cash flow from operations, less paid taxes	1	8,026	8,139	10,450	2,833	2,604	2,589	2,311	2,733	3,065
Taxes paid		-785	-580	-740	-235	-325	-225	-160	-152	-195
Changes in working capital		-308	274	-100	77	-75	-310	-374	39	52
CASH FLOW FROM OPERATING ACTIVITIES		6,933	7,833	9,610	2,675	2,204	2,054	1,777	2,620	2,922
INVESTING ACTIVITIES										
Capital expenditure in intangible and tangible assets, CAPEX	11	-3,267	-2,440	-3,603	-1,073	-1,261	-933	-1,163	-923	-909
Cash flow after CAPEX		3,666	5,393	6,007	1,602	943	1,121	614	1,697	2,013
Acquisition of shares and participations	9	324	-1,041	-1,510	376	-37	-15	-469	-95	-136
Sale of shares and participations	9	15	-93	53	36	-21	-	146	-1	-83
Changes of long-term receivables from joint ventures	7	-1,723	-	-200	-1,487	-234	-2	-200	15	-15
Other financial assets		18	-	-	14	1	3	-	-	-
Cash flow from investing activities		-4,633	-3,574	-5,260	-2,134	-1,552	-947	-1,686	-1,004	-1,143
CASH FLOW AFTER INVESTING ACTIVITIES		2,300	4,259	4,350	541	652	1,107	91	1,616	1,779
FINANCING ACTIVITIES										
Change of loans, net		11,426	-1,711	-2,806	330	11,726	-630	-1,095	-1,290	746
Dividends	8	-11,991	-2,580	-2,580	-	-11,991	-	-	-	-2,580
New share issues	8	11	74	74	-	-	11	-	19	53
Sale of own shares	8	42	115	256	-	20	22	141	115	-
Shareholders contribution from minority	9	104	141	241	-	-2	106	100	51	90
Cash flow from financing activities		-408	-3,961	-4,815	330	-247	-491	-854	-1,105	-1,691
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,892	298	-465	871	405	616	-763	511	88
Cash and cash equivalents at beginning of period		834	1,312	1,312	1,920	1,443	834	1,513	1,072	993
Exchange rate differences in cash		60	-97	-13	-5	72	-7	84	-70	-9
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		2,786	1,513	834	2,786	1,920	1,443	834	1,513	1,072

Number of customers

by thousands	Note	Number of customers			Net intake							
		2011 Sep 30	2010 Sep 30	2011 Jan 1– Sep 30	2010 Jan 1– Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden												
Mobile		3,749	3,587	142	192	212	95	39	8	20	103	74
Fixed broadband		472	468	-14	24	42	-11	-7	4	18	15	-3
Fixed telephony		571	672	-80	-74	-95	-26	-26	-28	-21	-20	-13
		4,792	4,727	48	142	159	58	6	-16	17	98	58
Norway												
Mobile		512	487	15	21	31	-1	8	8	10	10	7
Fixed telephony		94	108	-9	-12	-17	-3	-3	-3	-5	-4	-4
		606	595	6	9	14	-4	5	5	5	6	3
Russia												
Mobile		20,386	17,683	1,948	3,232	3,987	681	720	547	755	1,170	1,113
		20,386	17,683	1,948	3,232	3,987	681	720	547	755	1,170	1,113
Estonia												
Mobile		489	472	21	25	21	1	21	-1	-4	7	7
Fixed telephony		9	11	-2	-2	-2	-1	-	-1	-	-1	-1
		498	483	19	23	19	-	21	-2	-4	6	6
Lithuania												
Mobile		1,723	1,684	38	76	77	22	34	-18	1	40	34
Fixed broadband	9	-	44	-	-	-	-	-	-	-	-	-
Fixed telephony		2	2	-	-1	-1	-	-	-	-	-1	-
		1,725	1,730	38	75	76	22	34	-18	1	39	34
Latvia												
Mobile		1,050	1,052	23	-6	-31	14	20	-11	-25	8	5
Fixed telephony		-	-	-	-1	-1	-	-	-	-	-	-1
		1,050	1,052	23	-7	-32	14	20	-11	-25	8	4
Croatia												
Mobile		827	737	89	139	140	45	27	17	1	81	32
		827	737	89	139	140	45	27	17	1	81	32
Kazakhstan												
Mobile		1,122	218	790	-47	67	459	355	-24	114	1	-48
		1,122	218	790	-47	67	459	355	-24	114	1	-48
Netherlands												
Mobile		325	351	-13	-48	-61	-5	-4	-4	-13	-16	-16
Fixed broadband		487	438	-23	20	17	-16	-4	-3	-3	4	3
Fixed telephony		193	250	-40	-57	-74	-15	-13	-12	-17	-19	-20
		1,005	1,039	-76	-85	-118	-36	-21	-19	-33	-31	-33
Germany												
Mobile		14	-	14	-	-	14	-	-	-	-	-
Fixed broadband		105	121	-11	-18	-23	-5	-2	-4	-5	-4	-6
Fixed telephony		1,009	1,265	-173	-203	-286	-16	-101	-56	-83	-60	-50
		1,128	1,386	-170	-221	-309	-7	-103	-60	-88	-64	-56
Austria												
Fixed broadband		125	130	-5	-4	-4	-2	-2	-1	-	-	4
Fixed telephony		242	300	-43	-52	-67	-14	-10	-19	-15	-17	-21
		367	430	-48	-56	-71	-16	-12	-20	-15	-17	-17
TOTAL												
Mobile		30,197	26,271	3,067	3,584	4,443	1,325	1,220	522	859	1,404	1,208
Fixed broadband		1,189	1,201	-53	22	32	-34	-15	-4	10	15	-2
Fixed telephony		2,120	2,608	-347	-402	-543	-75	-153	-119	-141	-122	-110
TOTAL NET INTAKE		33,506	30,080	2,667	3,204	3,932	1,216	1,052	399	728	1,297	1,096
Acquired companies				-	297	372	-	-	-	75	32	-
Divested companies	9			-44	-	-	-	-	-44	-	-	-
TOTAL NUMBER OF CUSTOMERS		33,506	30,080	2,623	3,501	4,304	1,216	1,052	355	803	1,329	1,096

Net sales

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden										
Mobile		7,171	6,390	8,701	2,461	2,395	2,315	2,311	2,297	2,137
Fixed broadband		1,163	1,139	1,531	381	399	383	392	379	379
Fixed telephony		1,085	1,350	1,773	342	364	379	423	437	453
Other operations		109	104	140	38	44	27	36	25	37
		9,528	8,983	12,145	3,222	3,202	3,104	3,162	3,138	3,006
Norway										
Mobile		1,779	1,971	2,618	612	593	574	647	640	672
Fixed broadband		5	6	8	2	1	2	2	2	2
Fixed telephony		275	319	413	91	92	92	94	98	105
		2,059	2,296	3,039	705	686	668	743	740	779
Russia										
Mobile		8,632	7,611	10,296	3,081	2,922	2,629	2,685	2,720	2,654
		8,632	7,611	10,296	3,081	2,922	2,629	2,685	2,720	2,654
Estonia										
Mobile	1	615	655	872	220	207	188	217	212	230
Fixed telephony		4	6	8	1	2	1	2	2	2
Other operations		28	39	51	7	10	11	12	15	13
		647	700	931	228	219	200	231	229	245
Lithuania										
Mobile		924	984	1,306	336	305	283	322	336	329
Fixed broadband	9	2	18	24	–	–	2	6	5	7
Fixed telephony		–	1	1	–	–	–	–	1	–
		926	1,003	1,331	336	305	285	328	342	336
Latvia										
Mobile		829	967	1,270	291	276	262	303	313	317
		829	967	1,270	291	276	262	303	313	317
Croatia										
Mobile		982	1,011	1,346	382	323	277	335	383	331
		982	1,011	1,346	382	323	277	335	383	331
Kazakhstan										
Mobile		185	82	119	115	41	29	37	38	44
		185	82	119	115	41	29	37	38	44
Netherlands										
Mobile		629	649	859	201	213	215	210	206	218
Fixed broadband		2,553	2,429	3,340	852	851	850	911	788	795
Fixed telephony		631	825	1,064	197	214	220	239	248	271
Other operations		598	379	595	196	199	203	216	123	125
		4,411	4,282	5,858	1,446	1,477	1,488	1,576	1,365	1,409
Germany										
Mobile		5	–	–	5	–	–	–	–	–
Fixed broadband		193	242	313	63	64	66	71	75	79
Fixed telephony		612	877	1,132	198	201	213	255	261	285
Other operations		14	50	70	–1	3	12	20	22	15
		824	1,169	1,515	265	268	291	346	358	379
Austria										
Fixed broadband		629	711	930	210	209	210	219	226	235
Fixed telephony		224	290	373	72	74	78	83	88	97
Other operations		181	211	277	64	61	56	66	67	73
		1,034	1,212	1,580	346	344	344	368	381	405
Other										
Other operations		512	739	931	158	166	188	192	202	245
		512	739	931	158	166	188	192	202	245
TOTAL										
Mobile		21,751	20,320	27,387	7,704	7,275	6,772	7,067	7,145	6,932
Fixed broadband		4,545	4,545	6,146	1,508	1,524	1,513	1,601	1,475	1,497
Fixed telephony		2,831	3,668	4,764	901	947	983	1,096	1,135	1,213
Other operations		1,442	1,522	2,064	462	483	497	542	454	508
		30,569	30,055	40,361	10,575	10,229	9,765	10,306	10,209	10,150
Internal sales, elimination		–658	–579	–770	–235	–231	–192	–191	–211	–199
		29,911	29,476	39,591	10,340	9,998	9,573	10,115	9,998	9,951
One-off items	1	–	579	573	–	–	–	–6	–9	588
TOTAL		29,911	30,055	40,164	10,340	9,998	9,573	10,109	9,989	10,539

Internal sales

SEK million	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden									
Mobile	258	157	227	93	87	78	70	78	42
Fixed broadband	9	12	14	4	4	1	2	2	3
Other operations	6	22	23	1	3	2	1	-	7
	273	191	264	98	94	81	73	80	52
Norway									
Fixed telephony	30	17	23	11	10	9	6	6	5
	30	17	23	11	10	9	6	6	5
Russia									
Mobile	157	115	154	66	60	31	39	42	55
	157	115	154	66	60	31	39	42	55
Estonia									
Other operations	28	39	51	7	10	11	12	15	13
	28	39	51	7	10	11	12	15	13
Lithuania									
Mobile	8	9	12	3	2	3	3	3	3
	8	9	12	3	2	3	3	3	3
Latvia									
Mobile	8	7	9	3	3	2	2	2	3
	8	7	9	3	3	2	2	2	3
Netherlands									
Fixed broadband	6	9	12	1	3	2	3	2	4
Other operations	37	5	8	15	12	10	3	2	2
	43	14	20	16	15	12	6	4	6
Other									
Other operations	111	187	237	31	37	43	50	59	62
	111	187	237	31	37	43	50	59	62
TOTAL									
Mobile	431	288	402	165	152	114	114	125	103
Fixed broadband	15	21	26	5	7	3	5	4	7
Fixed telephony	30	17	23	11	10	9	6	6	5
Other operations	182	253	319	54	62	66	66	76	84
TOTAL	658	579	770	235	231	192	191	211	199

EBITDA

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden										
Mobile	2	2,126	2,134	2,803	723	734	669	669	748	722
Fixed broadband	2	97	26	24	43	43	11	-2	16	-1
Fixed telephony	2	259	318	416	80	96	83	98	106	105
Other operations		36	13	29	15	19	2	16	2	3
		2,518	2,491	3,272	861	892	765	781	872	829
Norway										
Mobile		-22	94	122	-37	6	9	28	4	51
Fixed broadband		2	10	10	2	-	-	-	3	6
Fixed telephony		52	50	64	16	18	18	14	15	17
		32	154	196	-19	24	27	42	22	74
Russia										
Mobile		3,271	2,674	3,573	1,214	1,115	942	899	1,011	944
		3,271	2,674	3,573	1,214	1,115	942	899	1,011	944
Estonia										
Mobile	1	176	168	218	68	57	51	50	52	60
Other operations		-	-	1	-	-	-	1	-	1
		176	168	219	68	57	51	51	52	61
Lithuania										
Mobile		328	354	450	123	92	113	96	124	118
Fixed broadband	9	-	4	5	-	-	-	1	1	2
		328	358	455	123	92	113	97	125	120
Latvia										
Mobile		286	310	398	98	103	85	88	99	102
		286	310	398	98	103	85	88	99	102
Croatia										
Mobile		54	-24	-21	43	10	1	3	14	3
		54	-24	-21	43	10	1	3	14	3
Kazakhstan										
Mobile		-291	-99	-173	-101	-119	-71	-74	-54	-45
		-291	-99	-173	-101	-119	-71	-74	-54	-45
Netherlands										
Mobile	2	94	105	162	37	36	21	57	36	38
Fixed broadband	2	826	777	1,037	295	270	261	260	233	283
Fixed telephony	2	172	259	307	55	56	61	48	81	89
Other operations	2	213	161	229	78	62	73	68	50	58
		1,305	1,302	1,735	465	424	416	433	400	468
Germany										
Mobile		-19	-	-	-12	-7	-	-	-	-
Fixed broadband		32	-89	-89	12	7	13	-	-28	-29
Fixed telephony		235	342	449	86	78	71	107	121	103
Other operations		-	-1	-3	-	-	-	-2	-1	-
		248	252	357	86	78	84	105	92	74
Austria										
Fixed broadband		131	100	144	43	41	47	44	39	25
Fixed telephony		96	128	164	33	31	32	36	49	39
Other operations		6	17	20	4	-	2	3	6	2
		233	245	328	80	72	81	83	94	66
Other										
Other operations		-99	-35	-55	-25	-37	-37	-20	24	-9
		-99	-35	-55	-25	-37	-37	-20	24	-9
TOTAL										
Mobile		6,003	5,716	7,532	2,156	2,027	1,820	1,816	2,034	1,993
Fixed broadband		1,088	828	1,131	395	361	332	303	264	286
Fixed telephony		814	1,097	1,400	270	279	265	303	372	353
Other operations		156	155	221	72	44	40	66	81	55
TOTAL		8,061	7,796	10,284	2,893	2,711	2,457	2,488	2,751	2,687

EBIT

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden										
Mobile	2	1,500	1,676	2,137	502	527	471	461	581	581
Fixed broadband	2	-149	-214	-293	-36	-51	-62	-79	-61	-82
Fixed telephony	2	223	290	376	67	84	72	86	97	95
Other operations		7	-26	-19	4	10	-7	7	-11	-10
		1,581	1,726	2,201	537	570	474	475	606	584
Norway										
Mobile		-36	75	87	-42	2	4	12	-	42
Fixed broadband		2	10	10	2	-	-	-	3	6
Fixed telephony		49	47	60	16	15	18	13	13	17
		15	132	157	-24	17	22	25	16	65
Russia										
Mobile		2,618	2,082	2,770	994	894	730	688	822	720
		2,618	2,082	2,770	994	894	730	688	822	720
Estonia										
Mobile	1	126	119	151	49	41	36	32	37	43
Other operations		-	-	1	-	-	-	1	-	1
		126	119	152	49	41	36	33	37	44
Lithuania										
Mobile		265	283	357	102	71	92	74	99	96
Fixed broadband	9	-	1	1	-	-	-	-	-	1
		265	284	358	102	71	92	74	99	97
Latvia										
Mobile		224	246	313	77	82	65	67	79	79
		224	246	313	77	82	65	67	79	79
Croatia										
Mobile		-35	-109	-134	12	-20	-27	-25	-13	-26
		-35	-109	-134	12	-20	-27	-25	-13	-26
Kazakhstan										
Mobile		-481	-262	-376	-168	-181	-132	-114	-134	-128
		-481	-262	-376	-168	-181	-132	-114	-134	-128
Netherlands										
Mobile	2	82	95	146	32	32	18	51	32	35
Fixed broadband	2	450	335	436	170	147	133	101	95	135
Fixed telephony	2	132	208	237	41	43	48	29	65	70
Other operations	2	138	129	159	55	37	46	30	39	49
		802	767	978	298	259	245	211	231	289
Germany										
Mobile		-19	-	-	-12	-7	-	-	-	-
Fixed broadband		23	-97	-101	9	4	10	-4	-31	-32
Fixed telephony		204	307	404	76	68	60	97	112	91
Other operations		-	-1	-3	-	-	-	-2	-1	-
		208	209	300	73	65	70	91	80	59
Austria										
Fixed broadband		71	27	46	25	20	26	19	15	1
Fixed telephony		68	92	119	23	23	22	27	38	27
Other operations		-13	-6	-10	-2	-6	-5	-4	-2	-5
		126	113	155	46	37	43	42	51	23
Other										
Other operations		-143	-116	-170	-26	-59	-58	-54	1	-39
		-143	-116	-170	-26	-59	-58	-54	1	-39
TOTAL										
Mobile		4,244	4,205	5,451	1,546	1,441	1,257	1,246	1,503	1,442
Fixed broadband		397	62	99	170	120	107	37	21	29
Fixed telephony		676	944	1,196	223	233	220	252	325	300
Other operations		-11	-20	-42	31	-18	-24	-22	26	-4
		5,306	5,191	6,704	1,970	1,776	1,560	1,513	1,875	1,767
One-off items		22	541	384	-20	-57	99	-157	17	527
TOTAL		5,328	5,732	7,088	1,950	1,719	1,659	1,356	1,892	2,294

EBIT, cont.

		SPECIFICATION OF ITEMS BETWEEN EBITDA AND EBIT								
SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
EBITDA		8,061	7,796	10,284	2,893	2,711	2,457	2,488	2,751	2,687
Sale of operations		-42	-2	-2	-2	-2	-38	-	-2	-
Acquisition costs	9	-21	-16	-16	-18	-1	-2	-	-3	-10
Sale of shares in joint ventures	3	-	-	-247	-	-	-	-247	-	-
Other one-off items in result from shares in joint ventures	3	-	31	127	-	-	-	96	31	-
Other one-off items	1, 2, 4	85	528	522	-	-54	139	-6	-9	537
Total one-off items		22	541	384	-20	-57	99	-157	17	527
Depreciation/amortization and other impairment		-2,774	-2,649	-3,626	-923	-944	-907	-977	-885	-941
Result from shares in associated companies and joint ventures		19	44	46	-	9	10	2	9	21
EBIT		5,328	5,732	7,088	1,950	1,719	1,659	1,356	1,892	2,294

CAPEX

SEK million	Note	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
Sweden										
Mobile		166	138	158	60	51	55	20	38	28
Fixed broadband		178	134	210	43	67	68	76	54	49
Fixed telephony		2	13	14	2	–	–	1	2	3
Other operations		17	9	15	6	–1	12	6	–	3
		363	294	397	111	117	135	103	94	83
Norway										
Mobile		14	12	14	5	5	4	2	4	6
Fixed telephony		4	1	2	1	1	2	1	–	1
		18	13	16	6	6	6	3	4	7
Russia										
Mobile		1,435	863	1,495	662	511	262	632	429	332
		1,435	863	1,495	662	511	262	632	429	332
Estonia										
Mobile		66	44	59	21	18	27	15	12	19
		66	44	59	21	18	27	15	12	19
Lithuania										
Mobile		75	78	110	31	24	20	32	22	35
Fixed broadband	9	–	1	2	–	–	–	1	–	–
		75	79	112	31	24	20	33	22	35
Latvia										
Mobile		71	59	94	20	21	30	35	24	16
		71	59	94	20	21	30	35	24	16
Croatia										
Mobile		83	51	115	24	28	31	64	21	14
		83	51	115	24	28	31	64	21	14
Kazakhstan										
Mobile	11	640	1	169	52	463	125	168	–	1
		640	1	169	52	463	125	168	–	1
Netherlands										
Mobile		5	6	9	2	1	2	3	2	2
Fixed broadband		268	378	472	90	89	89	94	155	109
Fixed telephony		28	41	55	9	9	10	14	17	12
Other operations		33	32	42	9	11	13	10	12	12
		334	457	578	110	110	114	121	186	135
Germany										
Mobile		29	–	–	20	9	–	–	–	–
Fixed broadband		1	2	4	–	1	–	2	1	1
Fixed telephony		–	2	3	–	–	–	1	1	1
		30	4	7	20	10	–	3	2	2
Austria										
Fixed broadband		19	22	34	8	5	6	12	5	9
Fixed telephony		13	13	20	5	3	5	7	3	5
Other operations		7	7	11	3	2	2	4	1	3
		39	42	65	16	10	13	23	9	17
Other										
Other operations		446	424	544	126	144	176	120	153	132
		446	424	544	126	144	176	120	153	132
TOTAL										
Mobile		2,584	1,252	2,223	897	1,131	556	971	552	453
Fixed broadband		466	537	722	141	162	163	185	215	168
Fixed telephony		47	70	94	17	13	17	24	23	22
Other operations		503	472	612	144	156	203	140	166	150
TOTAL		3,600	2,331	3,651	1,199	1,462	939	1,320	956	793

CAPEX, cont.

SEK million	ADDITIONAL CASH FLOW INFORMATION								
	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3	2010 Q2
CAPEX according to cash flow statement	3,267	2,440	3,603	1,073	1,261	933	1,163	923	909
This year unpaid CAPEX and paid CAPEX from previous year	93	-156	12	51	41	1	168	11	-142
Sales price in cash flow statement	240	47	36	75	160	5	-11	22	26
CAPEX according to balance sheet	3,600	2,331	3,651	1,199	1,462	939	1,320	956	793

Key ratios

SEK million	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30	2010	2009	2008	2007
CONTINUING OPERATIONS						
Net sales	29,911	30,055	40,164	39,436	38,330	39,082
Number of customers (by thousands)	33,506	30,080	30,883	26,579	24,018	22,768
EBITDA	8,061	7,796	10,284	9,394	8,227	6,721
EBIT	5,328	5,732	7,088	5,736	2,906	1,740
EBT	4,789	5,534	6,735	5,236	1,893	1,009
Net profit/loss	3,593	5,382	6,481	4,755	1,758	-78
Key ratios						
EBITDA margin, %	26.9	26.4	26.0	23.8	21.4	17.1
EBIT margin, %	17.8	19.1	17.6	14.5	7.6	4.5
Value per share (SEK)						
Earnings	8.10	12.20	14.69	10.72	3.91	0.05
Earnings after dilution	8.06	12.16	14.63	10.70	3.91	0.05
TOTAL						
Shareholders' equity	21,178	27,624	28,875	28,823	28,405	27,010
Shareholders' equity after dilution	21,182	27,637	28,894	28,823	28,415	27,054
Total assets	45,572	39,814	40,369	40,737	47,337	48,809
Cash flow from operating activities	6,933	7,833	9,610	9,118	7,896	4,350
Cash flow after CAPEX	3,666	5,393	6,007	4,778	3,288	-819
Available liquidity	9,708	13,996	12,814	12,410	17,248	25,901
Net debt	9,843	2,311	1,691	2,171	4,952	5,198
Investments in intangible and tangible assets, CAPEX	3,600	2,331	3,651	4,439	4,623	5,198
Investments in shares, short-term investments etc	1,366	1,219	1,742	-3,357	-2,255	-11,444
Key ratios						
Equity/assets ratio, %	47	69	72	71	60	55
Debt/equity ratio, multiple	0.46	0.08	0.06	0.08	0.17	0.19
Return on shareholders' equity, %	19.1	25.6	24.0	16.4	8.9	-5.6
Return on shareholders' equity after dilution, %	19.1	25.6	24.0	16.4	8.9	-5.6
Return on capital employed, %	21.2	24.1	23.6	17.6	12.9	2.0
Average interest rate, %	7.8	9.7	10.0	6.9	6.2	5.2
Value per share (SEK)						
Earnings	8.08	12.30	15.70	10.61	5.53	-3.50
Earnings after dilution	8.04	12.26	15.64	10.59	5.53	-3.50
Shareholders' equity	47.72	62.66	65.44	65.31	63.93	60.67
Shareholders' equity after dilution	47.50	62.47	65.23	65.18	63.90	60.70
Cash flow from operating activities	15.62	17.77	21.78	20.71	17.80	9.78
Dividend, ordinary			6.00	3.85	3.50	3.15
Extraordinary dividend			21.00	2.00	1.50	4.70
Market price at closing day	126.20	141.50	139.60	110.20	69.00	129.50

Parent company

INCOME STATEMENT

SEK million	2011 Jan 1–Sep 30	2010 Jan 1–Sep 30
Net sales	40	34
Administrative expenses	-79	-94
Operating loss, EBIT	-39	-60
Exchange rate difference on financial items	-1	45
Net interest expenses and other financial items	41	-240
Profit/loss after financial items, EBT	1	-255
Tax on profit/loss	-2	57
NET LOSS	-1	-198

BALANCE SHEET

SEK million	Note	Sep 30, 2011	Dec 31, 2010
ASSETS			
FIXED ASSETS			
Financial assets		34,779	23,414
FIXED ASSETS		34,779	23,414
CURRENT ASSETS			
Current receivables		21	14,601
Cash and cash equivalents		10	3
CURRENT ASSETS		31	14,604
ASSETS		34,810	38,018
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,544	17,533
Unrestricted equity	8	7,950	19,978
SHAREHOLDERS' EQUITY		25,494	37,511
LONG-TERM LIABILITIES			
Interest-bearing liabilities		9,129	426
LONG-TERM LIABILITIES		9,129	426
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		146	39
Non-interest-bearing liabilities		41	42
SHORT-TERM LIABILITIES		187	81
EQUITY AND LIABILITIES		34,810	38,018

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim report for the group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and the interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 Reporting for legal entities and its statements (September 2011).

New and amended IFRS standards and IFRIC interpretations

The new or amended IFRS standards and IFRIC interpretations, which became effective January 1, 2011, have had no material effect on the consolidated financial statements.

In all other respects, Tele2 has presented its interim report in accordance with the accounting principles and calculation methods used in the 2010 Annual Report. Definitions are found in the 2010 Annual Report.

NOTE 1 NET SALES

In Q3 2010, net sales in Estonia decreased by SEK 18 million due to the settlement of a court dispute regarding excessive mobile termination fees during the years 2006-2007.

In Q2 2010, net sales and cash flow in Germany increased by SEK 588 million due to a reached settlement with Deutsche Telekom regarding several legal disputes dating back to 2003 (e.g. regarding verbal ordering procedures). The positive effect was reported as a one-off item. Income tax regarding this settlement affected the income statement negatively in Q2 2010 by SEK 73 million.

NOTE 2 OPERATING AND FINANCIAL EXPENSES

In Q3 2011, Sweden was negatively affected by SEK 45 million due to restructuring costs, of which SEK 34 million related to mobile, SEK 6 million to fixed broadband and SEK 5 million to fixed telephony.

In Q2 2011, Sweden was negatively affected by SEK 54 million concerning future rental costs for mobile sites to be dismantled. The negative effect has been reported as a one-off item. In the quarter, Netherlands was negatively affected by SEK 48 million due to restructuring costs related to the acquisition of BBned in 2010.

In Q4 2010, the USD 220 million bond issued on the US market was repaid, which resulted in a termination fee of SEK 116 million reported as an interest expense.

In Q2 2010, Sweden was negatively affected by SEK 51 million, due to the ruling from the Administrative Court of Appeal in June 2010 regarding price on whole and split copper cable. The negative effect has been reported as a one-off item.

Due to telecom regulatory changes, Netherlands was positively affected by SEK 79 million in Q2 2010, mainly in the fixed broadband and fixed telephony businesses.

NOTE 3 RESULT FROM SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	2011 Q3	2011 Q2	2011 Q1	2010 Full year	2010 Q4	2010 Q3
Valuation of loss carry forward in Svenska UMTS-nät	-	-	-	96	96	-
Valuation of previously held shares in Spring Mobil in connection to acquisition of remaining shares	-	-	-	31	-	31
Sale of shares in Plusnet	-	-	-	-247	-247	-
Other	-	9	10	46	2	9
Total	-	9	10	-74	-149	40

NOTE 4 OTHER OPERATING INCOME

In Q1 2011, other operating income in Sweden increased by SEK 139 million relating to compensations in connection with the transferring and disposal of assets related to the 4G net co-operation. The positive effect has been reported as a one-off item.

NOTE 5 TAXES

In Q1 2011, net taxes were positively affected by a revaluation of the deferred tax assets in Netherlands of SEK 62 million, and negatively affected by SEK 35 million as a result of a reassessment of the deferred tax liability in Estonia.

In Q4 2010, net taxes were positively affected by SEK 175 million as a result of a valuation of deferred tax assets in Germany.

In Q3 2010, net taxes were positively affected by SEK 1,049 million as a result of a valuation of deferred tax assets related to holding companies in Luxembourg of SEK 895 million and in Netherlands of SEK 154 million.

NOTE 6 CONTINGENT LIABILITIES

SEK million	2011 Sep 30	2010 Dec 31
Other disputes	261	258
Guarantee related to joint ventures		
-Svenska UMTS-nät, Sweden (Note 7)	-	1,260
-Mobile Norway, Norway	303	199
-Net4Mobility, Sweden	5	-
Total contingent liabilities	569	1,717

Tele2 is the defendant in an arbitration regarding a dispute relating to a Share Option Agreement and related issues where the claimant has put forward claims of USD 38 (SEK 261) million. We estimate that the arbitration award will be announced at the end of 2011 or beginning of 2012. Based on current information, our assessment is that it is more likely than not that we will win.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 30 in the Annual Report for 2010.

NOTE 7 TRANSACTIONS WITH RELATED PARTIES

In Q3 2011, the guarantees in favor of the joint venture Svenska UMTS-nät AB were replaced with loans from the owners, of which Tele2's part was SEK 1,484 million.

Apart from transactions with Transcom and joint ventures no other significant related party transactions have been carried out during 2011. Related parties are presented in Note 38 of the 2010 Annual Report.

NOTE 8 SHARES AND INCENTIVE PROGRAMS (LTI)

	Sep 30, 2011	Sep 30, 2010	Dec 31, 2010
Number of shares			
- outstanding, basic	444,117,959	442,109,339	443,262,339
-in own custody	2,965,380	4,854,000	3,701,000
-weighted average	443,759,759	440,821,261	441,229,755
-after dilution	446,524,049	444,030,622	445,120,571
-after dilution, weighted average	445,882,299	442,379,738	442,929,325

DIVIDEND

In Q2 2011, Tele2 paid to its shareholders a dividend for 2010 of SEK 27 (5.85) per share, of which the ordinary dividend amounted to SEK 6.00 (3.85) per share and the extraordinary dividend amounted to SEK 21.00 (2.00) per share. This corresponded to a total of SEK 11,991 (2,580) million, of which an ordinary dividend of SEK 2,665 (1,698) million and extraordinary dividend SEK 9,326 (882) million.

NEW SHARE ISSUE AND SALE OF SHARES

As a result of share rights in the LTI 2008 being exercised during Q2 2011, Tele2 sold shares in own custody of 394,620.

As a result of stock options in the LTI 2007 being exercised during Q1 and Q2 2011, Tele2 sold shares in own custody of 179,500 and 161,500 respectively, resulting in an increase of shareholders' equity of SEK 22 and 20 million respectively.

As a result of 120,000 stock options in the LTI 2006 being exercised during Q1 2011, Tele2 issued new shares bringing an increase of shareholders' equity of SEK 11 million.

RECLASSIFICATION

In Q2 2011, 410,000 class C shares in own custody were reclassified into class B shares in Tele2. In Q1 2011, 100 class A shares were reclassified into class B shares in Tele2.

INCENTIVE PROGRAM (LTI)

LTI 2011

	2011 Jun 17– Sep 30	Cumulative from start
Number of share rights		
Allocated June 17, 2011	1,057,616	
Forfeited	-35,500	
Total outstanding share rights	1,022,116	

During the Annual General Meeting held on May 16, 2011, the shareholders approved a performance-based incentive programme for senior executives and other key employees in the Tele2 group. The Plan has the same structure as last year's incentive program. Detailed information of the Plan has been disclosed in the interim report January – June 2011.

LTI 2010

	2011 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 9, 2010		873,120
Outstanding as of January 1, 2011	869,120	
Allocated, compensation for dividend	123,089	123,089
Forfeited	-122,612	-126,612
Total outstanding share rights	869,597	869,597

LTI 2009

	2011 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated June 1, 2009		656,160
Outstanding as of January 1, 2011	545,372	
Allocated, compensation for dividend	71,912	92,096
Forfeited	-114,812	-245,784
Total outstanding share rights	502,472	502,472

LTI 2008

	2011 Jan 1–Sep 30	Cumulative from start
Number of share rights		
Allocated May 30, 2008		384,400
Allocated October 24, 2008		56,000
Allocated December 19, 2008		194,872
Allocated Q2 2009, compensation for dividend		25,533
Allocated Q2 2010, compensation for dividend		14,672
		675,477
Outstanding as of January 1, 2011	401,120	
Forfeited	-6,500	-280,857
Exercised	-394,620	-394,620
Total outstanding share rights	-	-

The exercise of the share rights in LTI 2008 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2008 until March 31, 2011. The outcome of these decided performance conditions was in accordance with below:

	Retention and performance based conditions	Minimum hurdle (20%)	Stretch target (100%)	Performance outcome	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		≥ 0%	53.5%	100%
Series B	Average normalised Return on Capital Employed (ROCE)	12%	15%	19.5%	100%
Series C	Total Shareholder Return Tele2 (TSR) compared to a peer group	> 0%	≥ 10%	51.1%	100%

Weighted average share price at date of exercise for share rights amounted to SEK 152.53 during 2011.

LTI 2007

	2011 Jan 1–Sep 30	Cumulative from start
Number of options		
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2011	432,000	
Forfeited	-	-1,023,000
Exercised	-341,000	-2,438,000
Total outstanding stock options	91,000	91,000

Weighted average share price at date of exercise for stock options amounted to SEK 150.34 (139.21) during 2011.

Stock options in LTI 2007 can be exercised until August 2012. The exercise price has been adjusted from SEK 122 to SEK 116.60 due to a compensation for the extraordinary dividend paid during 2011.

LTI 2006

	Stock options		Warrants	
	2011 Jan 1– Sep 30	Cumulative from start	2011 Jan 1– Sep 30	Cumulative from start
Number of options				
Allocated March 7, 2006		1,504,000		752,000
Outstanding as of January 1, 2011	120,000		-	
Forfeited	-	-570,000	-	-752,000
Exercised	-120,000	-934,000	-	-
Total outstanding	-	-	-	-

Weighted average share price at date of exercise for stock options amounted to SEK 144.91 (121.69) during 2011.

A total bonus of SEK 6 million was paid in connection with the exercise during 2009–2011, as a compensation for the extraordinary dividend of SEK 6.20 and 8.20 paid 2008–2010.

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of shares and participations affecting cash flow were as follows:

SEK million	2011 Jan 1 –Sep 30
Acquisitions	
Connect Data Solutions, Netherlands	-36
	-36
Capital contribution to joint venture companies	-15
Dividend from joint venture companies	375
	360
Total acquisitions	324
Divestments	
Datamatrix Outsourcing, Sweden	-4
KRT, Lithuania	34
Settlements of previous years' divestments	-18
Settlements of previous years' discontinued operations	3
Total divestments	15
TOTAL CASH FLOW EFFECT	339

ACQUISITIONS

Connect Data Solutions, Netherlands

On June 1, 2011 Tele2 acquired 100 percent of the Dutch operator Connect Data Solutions (CDS) for SEK 42 million.

CDS is an independent network service provider of integrated data communications (VPN), IP-telephony, internet and co-location services. CDS provides advice, implementation and management of these services, with a focus on the SME segment. CDS operates under the brand Connect.

Goodwill in connection with the acquisition is related to Tele2's expectation that CDS will strengthen Tele2's position in the Dutch market and help improve Tele2's distribution capabilities in the SME market. Tele2 will benefit from the synergies that exist between Tele2 and CDS given the similarity between CDS's and Tele2's operations. Tele2's expectation is that the transaction will contribute positively to the company's growth opportunities.

Total acquisition costs of SEK 1 million have been reported in the income statement.

Acquisitions after closing date

On October 3, 2011 Tele2 acquired 99.85 percent of the Norwegian mobile operator Network Norway for SEK 1,724 million.

Network Norway is Tele2's 50/50 joint venture partner in Mobile Norway, the company established to roll out the third mobile network in Norway and which operates 900 MHz and 2100 MHz licenses in the country. The acquisition of Network Norway makes Tele2 the number three mobile operator in the Norwegian telecom market with more than 1 million customers and gives the operational leverage that is needed to complete Norway's third mobile network.

In Q3 2011, acquisition costs regarding Network Norway of SEK 17 million were reported in the income statement.

Previous year acquisitions

During 2010, Tele2 acquired the remaining 50 percent of the shares in the Swedish company Spring Mobil. During Q1 2011, Tele2 obtained new information about facts and circumstances that existed as of the acquisition date relating to the losses carried forward in Spring Mobil. The effect of the new information resulted in a decrease of the deferred tax asset and an increase of goodwill in the purchase price allocation of SEK 19 million.

During 2010, Tele2 acquired 51 percent of the mobile operator NEO in Kazakhstan, where Tele2 committed to a capital injection of SEK 360 million. During 2011, SEK 108 (251) million was paid by Tele2 and SEK 104 (241) million by the minority owner. Total acquisition costs for Tele2 Kazakhstan of SEK 38 million were reported in the income statement, whereof SEK 29 million were reported in 2009, SEK 6 million in 2010 and SEK 3 million in 2011.

Net assets at the time of acquisition

Fair value of assets, liabilities and contingent liabilities included in the operations acquired before September 30, 2011, are stated below:

SEK million	CDS, Neth	Total
Customer contracts	42	42
Tangible assets	5	5
Current receivables	3	3
Cash and cash equivalents	6	6
Deferred tax liabilities	-11	-11
Short-term liabilities	-9	-9
Acquired net assets	36	36
Goodwill	6	6
Purchase price shares	42	42
Less: cash in acquired companies	-6	-6
NET EFFECT ON GROUP CASH ASSETS	36	36

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

Disclosures on the acquired assets and liabilities in Network Norway will be presented in the full year and fourth quarter 2011 report.

DIVESTMENTS

Datamatrix Outsourcing, Sweden

On March 27, 2011 Tele2 signed an agreement for the sale of its IT outsourcing operation in Sweden. The sale was completed in April, 2011 and resulted in a capital loss of SEK 39 million. The operation affected Tele2's net sales year-to-date 2011 and full year 2010 by SEK 33 (109) million and SEK 147 million respectively, and EBITDA year-to-date 2011 and full year 2010 by SEK 7 (21) million and SEK 33 million, respectively.

KRT, Lithuania

On December 15, 2010 Tele2 sold its cable TV operation in Lithuania for SEK 41 million. The sale was approved by the regulatory authorities on February 3, 2011 with a capital gain of SEK 4 million, of which SEK 2 million were related to reversed exchange rate differences which previously were reported directly in equity. The operation affected Tele2's net sales year-to-date 2011 and full year 2010 by SEK 2 (11) million and SEK 17 million respectively, and EBITDA year-to-date 2011 and full year 2010 by SEK - (2) million and SEK 3 million respectively.

Other divestments

Other cash flow changes include settlements of price adjustments and disputes in the amount of SEK 18 million for divestments which have not been classified as discontinued operations.

CONT. NOTE 9

Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations at the time of divestment are stated below:

SEK million	Datam Out, Sweden	KRT, Lithuania	Total
Intangible assets	8	-	8
Tangible assets	23	34	57
Material and supplies	-	1	1
Current receivables	-	1	1
Cash and cash equivalents	-	5	5
Exchange rate differences	-	-2	-2
Short-term liabilities	-2	-4	-6
Divested net assets	29	35	64
Capital gain/loss	-39	4	-35
Sales price, net sales costs	-10	39	29
Sales costs etc, unpaid	6	-	6
Less: cash in divested operations	-	-5	-5
EFFECT ON GROUP CASH ASSETS	-4	34	30

PRO FORMA

The table below shows how the acquired and divested companies and operations on September 30, 2011 should have affected Tele2's net sales and result if they had been acquired or divested before January 1, 2011.

SEK million	Jan 1 – Sep 30, 2011				Tele2-group, proforma
	Tele2-group ¹⁾	CDS, Neth	Datam Out, Sweden	KRT, Lithuania	
Net sales	29,911	21	-33	-2	29,897
EBITDA	8,061	-	-7	-	8,054
Net profit	3,593	-1	28	-	3,620

1) Continued operation

DISCONTINUED OPERATIONS

Discontinued operations include settlements of sales costs and price adjustments for discontinued operations sold during the past years.

SEK million	Discontinued operation							
	2011 Jan 1 – Sep 30	2010 Jan 1 – Sep 30	2010 Full year	2011 Q3	2011 Q2	2011 Q1	2010 Q4	2010 Q3
Income statement								
Net sales	-	-	-	-	-	-	-	-
Profit/loss before tax	-7	43	453	1	5	-13	410	29
Taxes	-	-	-6	-	-	-	-6	-
Net profit/loss	-7	43	447	1	5	-13	404	29
Cash flow statement								
Operating activities	-	-	-	-	-	-	-	-
Investing activities	3	-95	323	39	-16	-20	418	-9
Change in cash and cash equivalents	3	-95	323	39	-16	-20	418	-9

NOTE 10 FINANCING

In Q2 2011, Tele2 Russia issued a 13 billion rouble bond (with 3 tranches). The bond has a final maturity of 10 years and a put option providing for an effective tenor of 5 years. The coupon rate for the 5-year period is 8.40 percent per annum with semi-annual coupon payments. The reported value of the bond amounted on June 30, 2011 to SEK 2.9 billion, and the other borrowings in Q2 2011 consisted of existing credit facility.

NOTE 11 CAPEX

In Q2, 2011, Kazakhstan acquired additional frequencies in the 2100 MHz band which affected CAPEX and the cash flow statement by SEK 218 million.