



PRESS-RELEASE

TELE2 FULL YEAR 2008 RESULTS: ANOTHER SUCCESSFUL YEAR FOR RUSSIAN OPERATIONS

February 12th, 2009, Moscow – Today «TELE2 Russia», Russian subdivision of one of Europe's leading alternative telecom operator, announced its consolidated results for the fourth quarter and the full year 2008 and plans for further development of its operation. The results and plans has been presented by Donna Cordner, TELE2 Russia CEO, and Yuri Dombrovsky, TELE2 Russia Chairman, in the framework of special press-conference.

The Russian operation is TELE2's most important growth engine. The result of year 2008 is that TELE2 Russia has GSM licenses in 35 regions with approximately 61 million inhabitants. TELE2 is operating now in 17 regions with customers' base of more than 10.4 million people and will launch at least 18 new operations during 2009-2010.

IN FULL YEAR 2008 customer net intake amounted to 1 858 000 (2 541 000 in full year 2007) despite the weakening economy. Operating revenue in Y2008 reached RUR 25 773 million (RUR 18 262 million - in Y2007). The EBITDA reached RUR 8 956 million (RUR 5 793 million in Y2007). During 2008 TELE2 has invested RUR 6 584 million as CAPEX (RUR 5 820 million in 2007) which is connected with regional expansion of TELE2 Russia and necessity to roll out networks in new regions.

As of 31st of December 2008 TELE2 Russia customer base exceeded 10 422 000 customers, and it's almost 54 percent of TELE2 Group mobile subscribers. Operating revenue in Russia are about 28 percents of TELE2 Group mobile operations (as it stated in Y2008 report).

During the 2008 the Krasnodar region was successfully launched and an operation in the Kaliningrad region was acquired (28th and 27th of November 2008 respectively). Also the preparatory work of rolling out the 17 new GSM licenses was done during the year.

Customer development was strong **IN THE FOURTH QUARTER 2008** and TELE2 Russia added 484 000 (554 000 – in Q4 2007) new users. The positive minutes of use trend continued in Q4 2008 and ARPU grew to RUR 231 (RUR 217 in Q4 2007). The EBITDA margin was to some extent hampered in the quarter by an intensified roll-out of the 17 new GSM licenses, commercial launch of the Krasnodar region and also one-off costs related to software license and exchange losses. In the quarter TELE2 was able to further improve its market position by emphasizing its price leadership and improve network quality by the introduction of EDGE technology.

In Q4 2008 operating revenue reached RUR 7 026 million (RUR 5 421 million - in Q4 2007) and EBITDA reached RUR 2 268 million (RUR 1 697 million in Q4 2007).

AS FOR FURTHER DEVELOPMENT PLANS, TELE2 Russia is still expecting that we can reach 11 million customers. As for the new regions, we expect that up to 12 out of 18 regions will be launched in 2009. In 2009 OPEX are estimated at USD 65-90 millions and CAPEX – at USD142-167 million (for 17 new licenses). The base plan is that an infrastructure-based operation should be able to reach EBITDA breakeven three years after commercial launch date. However, there might be regional differences, moving the breakeven date either forward or backwards. The longer-term market share in the 17 new regions should not deviate significantly from the historic market share of TELE2 Russia. The market strategy in new regions will not differ from the strategy in existing regions: low prices, good quality of connection and services, aggressive marketing communication.

Donna Cordner, TELE2 Russia CEO, comments: «In Russia, TELE2 had more than 10.4 million customers, which is a strong achievement and the proof that our business plan works. We have also continued our selective expansion during 2008 with the launch of the Krasnodar region and the acquisition of an operation in the Kaliningrad region. Our expansion in Russia is set to continue and in the current economic environment we see opportunity to hire new top talent. We consider the hard economic situation as a challenge and



excellent opportunity for us to become stronger. We provide Russians with cheap and quality telecom with high-class service. In time people wants to reduce their expenses they can turn to low prices of TELE2.

Besides that we need to further develop our mobile services. We need to constantly ask ourselves how we can compose a product portfolio that goes in line with the needs of our customers. I believe that we can announce some of our new products and services in a short time.

As for further expansion, TELE2 Russia will continue to look for possibilities to carefully expand its operations in Russia and CIS-countries through new licenses as well as by complementary acquisitions which fit with its corporate culture.

Yuri Dombrovsky, TELE2 Russia Chairman: «I would like to note positive changes in telecom industry regulations that have occurred recently. The sector is undergoing changes in such important spheres of regulation as allocation and use of spectrum, licensing, and network registration. At the end of 2008 the Telecom ministry approved MVNO licensing, which gives a lot of market opportunities. It's obvious that mobile telephony has become a basic need for Russians, and that this will support our industry during the crisis period»

Further information can be obtained from:

Sergey Andriyashkin

TELE2 Russia PR-manager

Tel.: +7 (495) 229-84-00, ext. 18611

Mob.: +7 (909) 942-29-86

E-mail: Sergey.Andriyashkin@tele2.com

TELE2 in brief

TELE2

TELE2 is one of Europe's leading alternative telecom operators. TELE2's mission is to provide price leading and easy to use communication services. TELE2 always strives to offer the market's best prices. We have 24 million customers in 11 countries. TELE2 offers mobile services, fixed broadband and telephony, data network services, cable TV and content services. Ever since Jan Stenbeck founded the company in 1993, it has been a tough challenger to the former government monopolies and other established providers. TELE2 has been listed on the OMX Nordic Exchange since 1996. In 2008, we had net sales of SEK 39.5 billion and reported an operating profit (EBITDA) of SEK 8.2 billion.

Please visit us at www.tele2.com

The company has been operating in Russia since 2003. Now "TELE2 Russia" provides GSM mobile telecom services in 17 regions: Saint-Petersburg and Leningrad region, as well as in Arkhangelsk, Murmansk, Novgorod, Republic of Komi, Smolensk, Kursk, Voronezh, Belgorod, Lipetsk, Nizhny Novgorod, Rostov regions, Krasnodar Territory and Republic of Adygei, Republic of Udmurtia, Chelyabinsk, Kemerovo, Omsk regions. At present TELE2 customer base in Russia exceeds 10 422 000 subscribers (as of 31st of December 2008). TELE2 Russia has a cellular telecom networks in Kalinin-grad region and licenses for GSM mobile telecom services in 17 regions of the RF which will be launched in 2008—2010. The total number of citizens on the territories where TELE2 has licenses exceeds 61 million people.

Please visit TELE2 Russia web-site at www.tele2.ru