



**THE SHAREHOLDERS OF TELE2 AB (publ) are hereby invited to the Annual General Meeting on Monday 16 May 2011 at 1 p.m. CET at the Hotel Rival, Mariatorget 3 in Stockholm.**

## **NOTIFICATION**

Shareholders who wish to participate at the Annual General Meeting shall:

- have their names entered in the register of shareholders maintained by Euroclear Sweden AB on Tuesday 10 May 2011, and
- notify the Company of their intention to participate by no later than 1.00 p.m. CET on Tuesday 10 May 2011. The notification can be made on the Company's website, [www.tele2.com](http://www.tele2.com), by telephone +46 (0) 771 246 400 or in writing to the Company at:

Tele2 AB  
C/o Computershare AB  
P.O. Box 610  
SE-182 16 Danderyd, Sweden

When giving notice of participation, the shareholders shall state their name, personal identification number (or company registration number), address, telephone number, shareholdings and any advisors attending. If participation is by way of proxy, such document shall be submitted in connection with the notice of participation of the Annual General Meeting. If the proxy is issued by a legal entity, a certified copy of the registration certificate or an equivalent certificate of authority, shall be attached to the proxy. Written notifications made by post should be marked "AGM".

Proxy forms are available at the Company's website [www.tele2.com](http://www.tele2.com). For ordering the proxy forms the same address and telephone number can be used as for the notification, see above. Distance participation and voting is not available.

Shareholders whose shares are registered in the names of nominees must temporarily re-register the shares in their own name in order to be entitled to participate at the Annual General Meeting. Shareholders wishing to re-register must inform the nominee well in advance of Tuesday 10 May 2011.

## **PROPOSED AGENDA**

1. Opening of the Meeting.
2. Election of Chairman of the Annual General Meeting.
3. Preparation and approval of the voting list.

4. Approval of the agenda.
5. Election of one or two persons to check and verify the minutes.
6. Determination of whether the Annual General Meeting has been duly convened.
7. Statement by the Chairman of the Board on the work of the Board of Directors.
8. Presentation by the Chief Executive Officer.
9. Presentation of Annual Report, Auditors' Report and the consolidated financial statements and the auditors' report on the consolidated financial statements.
10. Resolution on the adoption of the income statement and Balance Sheet and of the consolidated income statement and the consolidated Balance Sheet.
11. Resolution on the proposed treatment of the Company's unappropriated earnings or accumulated loss as stated in the adopted Balance Sheet.
12. Resolution on the discharge of liability of the directors of the Board and the Chief Executive Officer.
13. Determination of the number of directors of the Board.
14. Determination of the remuneration to the directors of the Board and the auditor.
15. Election of the directors of the Board and the Chairman of the Board.
16. Approval of the procedure of the Nomination Committee.
17. Resolution regarding Guidelines for remuneration to the senior executives.
18. Resolution regarding incentive programme comprising the following resolutions:
  - (a) adoption of an incentive programme;
  - (b) authorisation to resolve to issue Class C shares;
  - (c) authorisation to resolve to repurchase own Class C shares;
  - (d) transfer of own Class B shares.
19. Resolution to authorise the Board of Directors to resolve on repurchase of own shares.
20. Resolution on amendment of the Articles of Association.
21. Shareholder's proposal to resolve up on appointing an independent examiner to investigate the Company's customer policy in accordance with Chapter 10, Section 21 of the Companies Act.
22. Shareholder's proposal to resolve up on appointing an independent examiner to investigate the Company's investor relations policy in accordance with Chapter 10, Section 21 of the Companies Act.
23. Shareholder's proposal to establish a customer ombudsman function.

24. Shareholder's proposal regarding an annual evaluation of the Company's "work with gender equality and ethnicity".
25. Shareholder's proposal regarding "separate General Meetings".
26. Closing of the Meeting.

## **NOMINATION COMMITTEE PROPOSALS (Items 2 and 13-16)**

### *Election of Chairman of the Annual General Meeting (Item 2)*

The Nomination Committee proposes that the lawyer Wilhelm Luning is appointed to be the Chairman of the Annual General Meeting.

### *Determination of the number of directors of the Board and election of the directors of the Board and the Chairman of the Board (Item 13 and 15)*

The Nomination Committee proposes that the Board of Directors shall consist of eight directors and no deputy directors. The Nomination Committee proposes, for the period until the close of the next Annual General Meeting, the re-election of Mia Brunell Livfors, John Hepburn, Mike Parton, John Shakeshaft, Cristina Stenbeck, Lars Berg, Erik Mitteregger and Jere Calmes as directors of the Board. The Nomination Committee proposes that the Annual General Meeting shall re-elect Mike Parton as Chairman of the Board of Directors. Furthermore, it is proposed that the Board of Directors at the Constituent Board Meeting appoints an Audit Committee and a Remuneration Committee within the Board of Directors. The Nomination Committee's motivated opinion regarding proposal of the Board of Directors is available at the Company's website, [www.tele2.com](http://www.tele2.com).

### *Election of auditor*

It was noted that the accounting firm Deloitte AB was appointed as auditor, with the Authorised Public Accountant Jan Berntsson as auditor in charge, at the Annual General Meeting in 2008, for a period of four years. The task of appointing an auditor is not scheduled to occur until 2012, and will therefore not occur at this 2011 Annual General Meeting.

### *Determination of the remuneration to the directors of the Board and the auditor (Item 14)*

The Nomination Committee proposes that the Annual General Meeting resolves to increase the total Board remuneration from SEK 4,975,000 to SEK 5,425,000 for the period until the close of the next Annual General Meeting in 2012. The proposal includes SEK 1,300,000 to be allocated to the Chairman of the Board, SEK 500,000 to each of the directors of the Board and total SEK 625,000 for the work in the committees of the Board of Directors. The Nomination Committee proposes that for work within the Audit Committee SEK 200,000 shall be allocated to the Chairman and SEK 100,000 to each of the other three members. For work within the Remuneration Committee SEK 50,000 shall be allocated to the Chairman and SEK 25,000 to each of the other three members.

Furthermore, remuneration to the auditor shall be paid in accordance with approved invoices.

*Approval of the procedure of the Nomination Committee (Item 16)*

The Nomination Committee proposes that the Annual General Meeting approves the following procedure for preparation of the election of the Board of Directors and auditor. The work of preparing a proposal on the directors of the Board and auditor, in the case that an auditor should be elected, and their remuneration as well as the proposal on the Chairman of the Annual General Meeting of 2012 shall be performed by a Nomination Committee. The Nomination Committee will be formed during October 2011 in consultation with the largest shareholders of the Company as per 30 September 2011. The Nomination Committee will consist of at least three members representing the largest shareholders of the Company. The Nomination Committee is appointed for a term of office commencing at the time of the announcement of the third quarter report in 2011 and ending when a new Nomination Committee is formed. The majority of the members of the Committee may not be directors of the Board of Directors or employed by the Company. If a member of the Committee resigns before the work is concluded, a replacement member may be appointed after consultation with the largest shareholders of the Company. However, unless there are special circumstances, there shall not be changes in the composition of the Nomination Committee if there are only marginal changes in the number of votes, or if a change occurs less than three months prior to the Annual General Meeting. Cristina Stenbeck will be a member of the Committee and will also act as its convenor. The members of the Committee will appoint the Committee Chairman at their first meeting. The Nomination Committee shall have the right to upon request receive personnel resources such as secretarial services from the Company, and to charge the Company with costs for recruitment consultants if deemed necessary.

**DIVIDENDS (Item 11)**

The Board of Directors proposes an ordinary dividend of SEK 6 per share and an extra ordinary dividend of SEK 21 per share, in total SEK 27 per share. The record date is proposed to be on 19 May 2011. The dividend is estimated to be paid out by Euroclear Sweden on 24 May 2011.

**GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES (Item 17)**

The Board proposes the following guidelines for determining remuneration for senior executives for 2011, to be approved by the Annual General Meeting in May 2011.

The objectives of Tele2's remuneration guidelines are to offer competitive remuneration packages to attract, motivate, and retain key employees within the context of an international peer group. The aim is to create incentives for management to execute strategic plans and deliver excellent operating results and to align management's incentives with the interests of the shareholders. Senior executives covered by the proposed guidelines include the CEO and members of the Leadership Team ("**senior executives**"). At present, Tele2 has twelve senior executives.

Remuneration to the senior executives should comprise annual base salary and variable short-term incentive (STI) and long-term incentive (LTI) programs. The STI shall be based on the performance in relation to established objectives. The objectives shall be related to the company's overall result and the senior executives' individual performance. The STI can amount to a maximum of 100 percent of the annual base salary.

Over time, it is the intention of the Board to increase the proportion of variable performance based compensation as a component of the senior executives' total compensation.

The Board shall continually consider the need of imposing restrictions in the variable short-term incentive programs that are paid in cash, and make payments under such incentive programs or proportions of such payments, conditional on whether the performance on which it was based has proved to be sustainable over time, and/or allowing the company to reclaim components of such variable compensation that have been paid on the basis of information which later proves to be manifestly misstated.

Other benefits may include e.g. company cars and for expatriated senior executives e.g. housing benefits for a limited period of time. The senior executives may also be offered health care insurances.

The senior executives are offered premium based pension plans. Pension premiums for the CEO can amount to a maximum of 25 percent of the annual base salary. For the other senior executives pension premiums can amount to a maximum of 20 percent of the annual base salary.

The maximum period of notice of termination of employment shall be 12 months in the event of termination by the CEO and six months in the event of termination by any of the other senior executives. In the event of termination by the company, the maximum notice period during which compensation is payable is 18 months for the CEO and 12 months for any of the other senior executives.

In special circumstances, the Board may deviate from the above guidelines. In such a case, the Board is obligated to give account of the reason for the deviation on the following Annual General Meeting.

### **PROPOSAL TO IMPLEMENT AN INCENTIVE PROGRAMME (Item 18)**

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme for senior executives and other key employees within the Tele2 group in accordance with items 18(a) – 18(d) below. All resolutions are

proposed to be conditional upon each other and are therefore proposed to be adopted in connection with each other.

### **PROPOSAL TO ADOPT AN INCENTIVE PROGRAMME (Item 18(a))**

The Board of Directors proposes that the Annual General Meeting resolves to adopt a performance based incentive programme (the “**Plan**”). The Plan is proposed to include in total approximately 300 senior executives and other key employees within the Tele2 group. The participants in the Plan are required to own shares in Tele2. These shares can either be shares already held or shares purchased on the market in connection with notification to participate in the Plan. The proposed Plan has the same structure as the plan that was adopted at the 2010 Annual General Meeting.

For each share held under the Plan, the participants will be granted retention rights and performance rights by the Company. As a consequence of market conditions, employees in Russia and Kazakhstan will be offered to participate in the Plan without being required to hold shares in Tele2. In such cases, the number of allotted retention rights and performance rights under the Plan will be reduced, and correspond to 37.5 percent of the number of rights allotted for participation with a personal investment.

Subject to fulfilment of certain retention and performance based conditions during the period 1 April 2011 – 31 March 2014 (the “**Measurement Period**”), the participant maintaining the employment within the Tele2 group at the release of the interim report January – March 2014 and subject to the participant maintaining the invested shares (where applicable) during the vesting period ending at the release of the interim report for the period January – March 2014, each right entitles the employee to receive one Class B share in the Company. Dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to treat the shareholders and the participants equally.

The rights are divided into Series A; retention rights and Series B and C; performance rights. The number of Tele2-shares the participant will receive depends on which category the participant belongs to and on the fulfilment of the following defined retention and performance based conditions:

- Series A*      Tele2’s total shareholder return on the share (TSR) during the Measurement Period exceeding 0 percent as entry level.
- Series B*      Tele2’s average normalised return of capital employed (ROCE) during the Measurement Period being at least 20 percent as entry level and at least 24 percent as the stretch target.
- Series C*      Tele2’s total shareholder return on the shares (TSR) during the Measurement Period being equal to the average TSR for a peer group including Elisa, KPN, Millicom, Mobistar, MTS - Mobile TeleSystems, Telenor, Telia Sonera, Turkcell and Vodafone as entry level, and exceeding the average TSR for the peer group with 10 percentage points as the stretch target.

In total, the Plan is estimated to comprise up to 317,000 shares held by the employees entitling to allotment of up to 1,380,000 rights whereof 317,000 retention rights and 1,063,000 performance rights. The participants are divided into different categories and in accordance with the above, the Plan will comprise the following number of shares and maximum number of rights for the different categories:

- the CEO: may acquire up to 8,000 shares within the Plan, which entitles the holder to receive a maximum of 8,000 Series A rights and 24,000 rights each of Series B and C;
- senior executives and key employees (approx. 11 individuals): may acquire up to 4,000 shares within the Plan, entitling the holder to receive a maximum of 4,000 Series A rights and 10,000 rights each of Series B and C;
- category 1 (approx. 30 individuals in total, including 8 in Russia and Kazakhstan): may acquire up to 2,000 shares within the Plan, entitling the holder to receive a maximum of 2,000 Series A rights and 3,000 rights each of Series B and C;
- category 2 (approx. 40 individuals in total, including 14 in Russia and Kazakhstan): may acquire up to 1,500 shares within the Plan, entitling the holder to receive a maximum of 1,500 Series A rights and 2,250 rights each of Series B and C;
- category 3 (approx. 70 individuals in total, including 26 in Russia and Kazakhstan): may acquire up to 1,000 shares within the Plan, entitling the holder to receive a maximum of 1,000 Series A rights and 1,500 rights each of Series B and C; and
- category 4 (approx. 150 individuals in total, including 62 in Russia and Kazakhstan): may acquire up to 500 shares within the Plan, entitling the holder to receive a maximum of 500 Series A rights and 750 rights each of Series B and C.

The participant's maximum profit per right in the Plan is limited to SEK 591, five times the average closing share price of the Tele2 Class B shares during February 2011 with deduction for the proposed dividend. If the value of the Tele2 Class B shares exceeds SEK 591 at vesting, the number of shares that each right entitles the participant to receive will be reduced correspondingly. The maximum dilution is up to 0.38 percent in terms of shares outstanding, 0.27 percent in terms of votes and 0.13 percent in terms of costs for the Plan as defined in IFRS 2 divided by Tele2's market capitalisation, excluding the dividends proposed to the Annual General Meeting.

The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to meet foreign regulations or market conditions.

The objective of the proposed Plan is to create conditions for retaining competent employees in the group. The Plan has been designed based on the view that it is desirable

that senior executives and other key employees within the group are shareholders in the Company. Participation in the Plan requires a personal investment in Tele2 shares, be it shares already held or shares purchased on the market in connection with the Plan. As a consequence of market conditions, employees in Russia and Kazakhstan will be offered to participate in the Plan without being required to hold shares in Tele2.

By offering an allotment of retention rights and performance rights which are based on profits and other retention and performance based conditions the participants are rewarded for increased shareholder value. Further, the Plan rewards employees' loyalty and long-term growth in the Company. Against this background, the Board of Directors is of the opinion that the adoption of the Plan as set out above will have a positive effect on the Tele2 group's future development and thus be beneficial for both the Company and its shareholders.

To ensure the delivery of Class B shares under the Plan, the Board of Directors proposes that the General Meeting resolves to authorise the Board of Directors to resolve on a directed issue of Class C shares to Nordea Bank AB (publ) in accordance with item 18(b), and further to authorise the Board of Directors to subsequently resolve to repurchase the Class C shares from Nordea Bank AB (publ) in accordance with item 18(c). The Class C shares will then be held by the Company during the vesting period, where after the appropriate number of Class C shares will be reclassified into Class B shares and subsequently be delivered to the participants under the Plan.

The above proposal is supported by major shareholders.

#### **AUTHORISATION TO RESOLVE TO ISSUE CLASS C SHARES (Item 18(b))**

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the next Annual General Meeting, to increase the Company's share capital by not more than SEK 2,125,000 by the issue of not more than 1,700,000 Class C shares, each with a ratio value of SEK 1.25. With disapplication of the shareholders' preferential rights, Nordea Bank AB (publ) shall be entitled to subscribe for the new Class C shares at a subscription price corresponding to the ratio value of the shares. The purpose of the authorisation and the reason for the disapplication of the shareholders' preferential rights in connection with the issue of shares is to ensure delivery of Class B shares to participants under the Plan.

#### **AUTHORISATION TO RESOLVE TO REPURCHASE OWN CLASS C SHARES (Item 18(c))**

The Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors, during the period until the next Annual General Meeting, to repurchase its own Class C shares. The repurchase may only be effected through a public offer directed to all holders of Class C shares and shall comprise all outstanding Class C shares. The purchase may be effected at a purchase price corresponding to not less than SEK 1.25 and not more than SEK 1.35. Payment for the Class C shares shall be made in cash. The purpose of the repurchase is to ensure the delivery of Class B shares under the Plan.

### **TRANSFER OF OWN CLASS B SHARES (Item 18(d))**

The Board of Directors proposes that the Annual General Meeting resolves that Class C shares that the Company purchases by virtue of the authorisation to repurchase its own shares in accordance with item 18(c) above, following reclassification into Class B shares, may be transferred to participants in accordance with the terms of the Plan.

### **AUTHORISATION FOR THE BOARD OF DIRECTORS TO RESOLVE ON REPURCHASE OF OWN SHARES (Item 19)**

The Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to pass a resolution on one or more occasions for the period up until the next Annual General Meeting on repurchasing so many Class A and/or Class B shares that the Company's holding does not at any time exceed 10 percent of the total number of shares in the Company. The repurchase of shares shall take place on the NASDAQ OMX Stockholm and may only occur at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and lowest selling price.

The purpose of the authorisation is to give the Board of Directors flexibility to continuously decide on changes to the capital structure during the year and thereby contribute to increased shareholder value.

### **AMENDMENT OF THE ARTICLES OF ASSOCIATION (Item 20)**

Due to amendments to the Swedish Companies Act the Board of Directors proposes that the Annual General Meeting resolves on additions and alterations of Sections 7 and 9 of the Articles of Association.

The Board of Directors proposes an addition to Section 7 involving that the term of office of the auditor shall last until the end of the Annual General Meeting which is held during the fourth financial year after the election. The Board of Directors proposes that Section 7 shall have the following wording.

*“The Company shall have no more than three Auditors, with no more than the same number of Deputy Auditors, or a registered accounting firm. The Auditors term of office shall last until the end of the Annual General Meeting which is held during the fourth financial year after the Auditor was elected.”*

Regarding Section 9 the Board of Directors proposes that the rules regarding the timetable for the notice convening General Meetings, in Section 9 first paragraph of the Articles of Association, be deleted from the Articles of Association.

### **SHAREHOLDER'S PROPOSAL TO RESOLVE UP ON APPOINTING AN INDEPENDENT EXAMINER TO INVESTIGATE THE COMPANY'S CUSTOMER POLICY IN ACCORDANCE WITH CHAPTER 10, SECTION 21 OF THE COMPANIES ACT (Item 21)**

The shareholder Thorwald Arvidsson proposes that the Annual General Meeting resolves up on an appointment of an independent examiner to investigate the Company's customer policy.

**SHAREHOLDER'S PROPOSAL TO RESOLVE UP ON APPOINTING AN INDEPENDENT EXAMINER TO INVESTIGATE THE COMPANY'S INVESTOR RELATIONS POLICY IN ACCORDANCE WITH CHAPTER 10, SECTION 21 OF THE COMPANIES ACT (Item 22)**

The shareholder Thorwald Arvidsson proposes that the Annual General Meeting resolves up on an appointment of an independent examiner to investigate the Company's investor relations policy.

**SHAREHOLDER'S PROPOSAL TO ESTABLISH A CUSTOMER OMBUDSMAN FUNCTION (Item 23)**

The shareholder Thorwald Arvidsson proposes that the Annual General Meeting resolves to establish a customer ombudsman function.

**SHAREHOLDER'S PROPOSAL REGARDING AN ANNUAL EVALUATION OF THE COMPANY'S "WORK WITH GENDER EQUALITY AND ETHNICITY" (Item 24)**

Shareholder Thorwald Arvidsson proposes that the Annual General Meeting should assign to the Board of Directors to annually commission an evaluation of the Company's "work with gender equality and ethnicity", and to present the results in the Annual Report.

**SHAREHOLDER'S PROPOSAL REGARDING "SEPARATE GENERAL MEETINGS" (Item 25)**

Shareholder Thorwald Arvidsson proposes that the Annual General Meeting resolves that Tele2's General Meetings hereafter must be held separately from the General Meetings of Investment AB Kinnevik, Modern Times Group MTG AB and CDON Group AB.

**SHARES AND VOTES**

There are a total number of 447,083,339 shares in the Company, whereof 20,990,050 Class A shares, 422,824,289 Class B shares and 3,269,000 Class C shares, corresponding to a total of 635,993,789 votes. The Company currently holds 3,269,000 of its own Class C shares corresponding to 3,269,000 votes which cannot be represented at the Annual General Meeting.

**OTHER INFORMATION**

Valid resolutions under items 18(b), 18(c), 19 and 20 above require approval of shareholders representing at least two-thirds of the shares and number of votes represented at the Annual General Meeting. Valid resolutions under items 18(a) and 18(d) above require approval of shareholders representing at least nine-tenth of the shares and the numbers of votes represented at the Annual General Meeting. Items 18(a) – 18(d) are conditional upon each other. In order for the resolution under item 21 and 22 to result in an appointment of a special investigator according to the announced proposal it is required

that the Annual General Meetings's resolution is supported by shareholders representing either at least one tenth of all shares in the Bank or at least one third of the shares represented at the meeting.

From Thursday 21 April 2011 at the latest, the accounting documents, the Auditor's Report, the statements of the Board of directors, the auditor's statement pursuant to Chapter 8 Section 54 of the Swedish Companies Act, the complete text of the proposals of the Board of Directors as well as the complete text of the proposals under items 21-25 will be made available at the Company's website at [www.tele2.com](http://www.tele2.com), and at the Company's premises at Skeppsbron 18 in Stockholm. Shareholders who wish to receive these documents may notify the Company, whereupon the documents will be sent by post or by e-mail.

The Board of Directors and the CEO shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that can affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to other companies within the group and the consolidated accounts.

The Annual General Meeting will mainly be held in Swedish. As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided.

### **Schedule for the Meeting**

12 noon. The doors open for shareholders.

1 p.m. The Annual General Meeting commences.

Stockholm, April 2011

Tele2 AB (publ) the Board of Directors