



FOR IMMEDIATE RELEASE

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**TELE2 SELLS FRENCH FIXED AND BROADBAND BUSINESSES
TO SFR FOR APPROXIMATELY BSEK 3.3 AND MAKES A
REVALUATION OF GOODWILL**

Stockholm - Tele2 AB, (“Tele2”), (Stockholm Stock Exchange: TEL2 A and TEL2 B), Europe’s leading alternative telecoms operator, today announced that it has sold its fixed and broadband businesses in France to SFR. SFR will pay cash and will acquire these businesses on a debt free basis, for approximately BSEK 3.3. Tele2’s French mobile business is being retained by Tele2. The sale of the French fixed line and broadband business will result in a capital loss of BSEK 1. Meanwhile, Tele2 has made a valuation of the group’s remaining goodwill and has decided to book a loss related to that, of BSEK 3.0 to 3.5 in the third quarter, 2006. The reported losses will have no cash effect on Tele2 but are adjustments of the current values from the SEC acquisition in 2000.

The estimated acquisition price is based on Tele2’s fixed line and broadband customer numbers forecasted as at the end of October, 2006. However, the final acquisition price is dependent on the exact number of Tele2’s fixed line telephony and broadband customers at the time of closing, which is estimated to be by the end of October. The agreement is subject to clearance from the French competition authorities. The majority of Tele2 employees in France will transfer to SFR as part of the agreement.

SFR will operate the acquired customer base under the Tele2 brand name for a maximum period of three years. Tele2 will continue to operate its French Mobile business using the Tele2 Mobile brand name.

Tele2 has successfully marketed fixed line telephony in France since 1998, creating a very profitable business. As the French market is consolidating, Tele2 has decided that selling the fixed line and broadband business to SFR is the best way to maximize the value of these businesses. However, Tele2 still sees a great opportunity in its French mobile business where it had more than 300,000 customers at the end of June, 2006. Tele2 France is reported within Southern Europe and the financial performance of Tele2 France (excluding mobile telephony) for the first six months of 2006 to June 30th is set out below:

Tele2 France H1 2006 (MSEK)	Revenue	EBITDA	Capex	Customers 000’s
Indirect Access: Fixed Telephony and Broadband Resale, and Other Operations	2,306	265	6	3,393

In relation to the sale of Tele2’s French fixed and broadband businesses, Tele2 has made a valuation of the group’s remaining goodwill and decided to book a loss of 3.0 to 3.5 BSEK, which mainly relates to Southern and Central Europe, in the third quarter. The

goodwill charge has no impact on Tele2's cash flow and is an adjustment of the current value of its businesses from the acquisition of SEC in 2000.

Håkan Zadler, CFO of Tele2, commented "The main part of the group's goodwill is associated with the acquisition of SEC in 2000, which included businesses in countries that today are reported in Southern Europe, Central Europe and UK & Benelux. Payment was made in Tele2 shares at a time where both Tele2 and SEC, in common with most TMT companies at that time, had historically high valuations. Consequently, the goodwill amount was high but the strong earnings trend after the acquisition led to a high valuation in the annual cash flow analysis. Divesting parts of the French business has given us an indication of the market value of our other businesses in Continental Europe. Even though France, with a fiercely competitive telecoms market and with the impact of current consolidation, is not necessarily representative, we have decided to base the collective valuation on its value at disposal. The businesses in Southern Europe and Central Europe, areas with mainly fixed and broadband businesses, will be booked according to the above mentioned basis, at a value of about 19 to 20 BSEK before the disposal".

Lars-Johan Jarnheimer, President and CEO of Tele2, commented "Our French fixed line telephony business has been highly successful. However, France has become one of the most competitive markets in Europe and as the market consolidates, we have decided that selling to SFR is the best way to maximize the value. This will also enable Tele2 to focus more on other growth opportunities such as our mobile business, which continues to develop strongly.

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Tele2 is Europe's leading alternative telecom operator. Tele2's mission is to provide cheap and simple telecoms for everyone in Europe. Tele2 always strives to offer the market's best prices. We have 31 million customers in 22 countries. Tele2 offers fixed and mobile telephony, broadband, 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. Tele2 has been listed on Stockholmsbörsen since 1996. In 2005 we had operating revenue of SEK 50 billion and reported a profit (EBITDA) of SEK 6.6 billion.