



## TELE2 AB (PUBL)

DOCUMENTS FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS –  
1.00 P.M. CET, MONDAY 7 MAY 2012

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## **1. The Nomination Committee's account of how it has conducted its work and presentation and motivated opinion of the Nomination Committee's proposals**

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### **Background**

The principles for appointing members of the Nomination Committee were determined at the Annual General Meeting 2011. In accordance with these principles, Cristina Stenbeck convened a Nomination Committee during the autumn 2011 in preparation for the Annual General Meeting in 2012, consisting of the largest shareholders in Tele2 AB (publ) ("**Tele2**" or the "**Company**"). The Nomination Committee consists of Cristina Stenbeck, as representative for Investment AB Kinnevik, Åsa Nisell as representative for Swedbank Robur funds and Björn Lind as representative for AMF Pensionsförsäkring and AMF Fonder. The three shareholder representatives in the Nomination Committee jointly represented more than 50 percent of the voting rights in Tele2.

The Board member Cristina Stenbeck has been appointed as Chairman of the Nomination Committee, which is a deviation from what the Swedish Code of Corporate Governance (the "**Code**") prescribes. The other members of the Nomination Committee have explained their decision regarding the election of the Chairman as being in the Company's and shareholders' best interest and is a natural consequence of that Cristina Stenbeck is representing the Company's largest shareholder.

### **The Nomination Committee's proposals to the Annual General Meeting 2012 regarding the Board of Directors and auditor**

The Nomination Committee proposes the following:

- The Board of Directors shall consist of eight directors and no deputy directors.
- Re-election of the following persons as members of the Board of Directors:

Lars Berg	Mia Brunell Livfors
Jere Calmes	John Hepburn
Erik Mitteregger	Mike Parton
John Shakeshaft	Cristina Stenbeck
- Re-election of Mike Parton as Chairman of the Board.
- Re-election of the registered accounting firm Deloitte AB until the close of the Annual General Meeting 2016 (i.e. the auditor's term of office shall be four years). Deloitte AB will appoint the authorised public accountant Thomas Strömberg as auditor-in-charge.

### **Account of how the Nomination Committee has conducted its work**

The Nomination Committee has held three (3) meetings, with additional contact between meetings. As the basis for its work, the Nomination Committee has had, among other documents, an evaluation of the Board and its work. To assess the degree to which the present Board fulfils the requirements to be placed on the Board, given the Company's situation and future direction, discussion centred on Board composition with respect to experience and expertise.

The shareholders may submit proposals with respect to new members of the Board of Directors, however, no proposals have been received by the Nomination Committee.

### **Presentation and motivated opinion of the Nomination Committee's proposals**

The existing Board of Directors maintains a good balance of financial and operational expertise as well as shareholder representation. This Board of Directors provides a strong sense of continuity as well as telecom industry expertise. Such knowledge will benefit the Board's continued agenda for the Company.

The Nomination Committee is of the opinion that the proposed composition of the Board of Directors is balanced with respect to geographic and telecommunications knowledge as well as individual

specialised competence in order to strengthen the composition of the Board. The combination of operational expertise in the fields of telecommunications, technology and media will enable the Board to further drive strategic discussion. The Directors' broad geographic experiences of working within key Tele2 markets will also enable the Board to evaluate and grow Tele2's market positions as well as add to its geographic footprint where it sees relevant growth opportunities.

The proposal for the composition of Tele2's Board of Directors meets the requirements of the Code for independent members of the Board of Directors. Seven members of the Board of Directors are independent in relation to both the Company and Company Management. Five of the members are independent in relation to the Company's major shareholders.

**Information with respect to the proposed Directors of the Board**

Information with respect to the proposed Directors of the Board, including the Nomination Committee's assessment of each member's independence, may be found on the Company's website at [www.tele2.com](http://www.tele2.com).

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Stockholm, April 2012

TELE2 AB (PUBL)

THE NOMINATION COMMITTEE

## 2. Information on the proposed Directors of the Board

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**Lars Berg**, Non-Executive Director, elected in 2010

**Born:** 1947

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company, the company's management and in relation to the company's major shareholders.

**Ownership including related physical and legal persons:** 2,000 B shares

**Committee work:** Member of the Audit Committee.

Lars was a member of the executive board of Mannesmann AG as head of its telecommunications business from 1999 until the Vodafone takeover of Mannesmann in 2000. From 1994 until 1999, he was Chief Executive Officer of the TELIA Group and President of TELIA AB. Between 1970 and 1994 he held various executive positions in the Ericsson Group and was a member of the Ericsson Corporate Executive Committee for ten years, as well as president of the subsidiaries Ericsson Cables AB and Ericsson Business Networks AB.

Lars Berg is the European venture partner of Constellation Growth Capital since 2006. He is non-executive Chairman of Net Insight AB since 2001 and a board member since 2000, a non-executive board member of Ratos AB since 2000, a non-executive board member of KPN/OnePhone since 2009 and a non-executive supervisory board member of NORMA Group AG, Frankfurt since 2011.

Graduated from Gothenburg School of Economics.



**Mia Brunell Livfors**, Non-Executive Director, elected in 2006

**Born:** 1965

**Nationality:** Swedish citizen

**Independence:** Not independent in relation to the company and the company's management, nor in relation to the company's major shareholders. Mia Brunell Livfors is a Member of the Board of Transcom Worldwide SA, a major supplier of CRM services to Tele2 AB. As CEO of Investment AB Kinnevik, Mia Brunell Livfors represents a shareholder which owns more than 10 percent of Tele2.

**Ownership including related physical and legal persons:** 1,000 B shares.

**Committee work:** Member of the Remuneration Committee.

Mia is President and CEO of Investment AB Kinnevik since August 2006. Mia had several managerial positions within the Modern Times Group MTG AB from 1992–2001 and served as Chief Financial Officer between 2001 and 2006. She is the Chairman of the Board in Metro International S.A and Member of the Board of Korsnäs AB, Transcom Worldwide S.A, Millicom International Cellular S.A., Modern Times Group MTG AB, CDON Group AB and Hennes & Mauritz AB.

Studies in economics and business administration, Stockholm University.



**Jere Calmes**, Non-Executive Director, elected in 2008

**Born:** 1969

**Nationality:** American citizen

**Independence:** Independent in relation to the company and its management and in relation to the company's major shareholders. In addition to his board assignment, Jere Calmes is engaged as an advisor to Tele2 Russia as a member of an informal advisory board consisting of individuals with expert experience of relevance for Tele2 Russia. The members meet three - four times per year and have also additional contacts with Tele2 Russia in between and are remunerated with 25 000 USD for their work. The Nomination Committee does not deem that this engagement effects Jere Calmes' independence in relation to the company and its management.

**Ownership including related physical and legal persons:** 4,000 B shares.

**Committee work:** Member of the Audit Committee and member of the Remuneration Committee.

Jere is Managing Director of Adva Capital based in Moscow, Russia. From 2007 to 2009 he was president of Pharmacy Chain 36.6 and CEO of its management company. During 2006, he was COO at Wind Telecomunicazioni S.p.A, Italy. Prior to that, he was Executive Vice President and General Manager at Vimpelcom, a Russian telecom operator.

Between 1995 and 2001, he held various senior positions within Motorola Inc, in London, Cairo and St Petersburg. He was a member of the Board of Directors from 2007 to 2009 for Loyalty Partners Vostok, the leading coalition loyalty program in Russia.

Bachelor of Arts and International Relations, Bates College, Maine, USA. Completed the Executive Development Program at Wharton School of Business



**John Hepburn**, Non-Executive Director, elected in 2005

**Born:** 1949

**Nationality:** Canadian citizen

**Independence:** Independent in relation to the Company and its management as well as in relation to the Company's major shareholders.

**Ownership including related physical and legal persons:** 406,395 B shares.

**Committee work:** Chairman of the Remuneration Committee.

John has held a number of senior positions at Morgan Stanley since 1976, including, Managing Director, Morgan Stanley & Co. and Vice Chairman of Morgan Stanley Europe Limited. John is senior advisor to Morgan Stanley, Chairman of the Board of Sportfact Ltd., Vice Chairman of the Board of UKRD Ltd., Trustee of the Learning School Trust in England and member of the Board of Grand Hotel Holdings AB and Mölnlycke Health Care.

MBA, Harvard Business School and B.Sc. in Engineering Princeton University.



**Erik Mitteregger**, Non-Executive Director, elected in 2010

**Born:** 1960

**Nationality:** Swedish citizen

**Independence:** Independent in relation to the company and its management, not independent in relation to the company's major shareholders. As member of the Board of Investment AB Kinnevik, Erik Mitteregger represents major shareholders who own more than 10 percent of Tele2 AB.

**Ownership including related physical and legal persons:** 10,000 B shares

**Committee work:** Member of the Audit Committee.

Erik was founding partner and Fund Manager of Brummer & Partners Kapitalförvaltning AB 1995–2002. In 1989–1995, he was Head of Equity Research and member of the Management Board at Alfred Berg Fondkommission. Erik has been member of the Board of Investment AB Kinnevik since 2004. He also serves as Chairman of the Board of Wise Group AB and member of the Board of Firefly AB and Metro International S.A. since 2009. Previously member of the Board of Invik & Co. AB 2004–2007.

BSc in Economics and Business Administration at Stockholm School of Economics.



**Mike Parton**, Chairman of the Board, elected in 2007

**Born:** 1954

**Nationality:** British citizen

**Independence:** Independent in relation to the company and its management as well as in relation to the company's major shareholders.

**Ownership including related physical and legal persons:** 11,395 B shares.

**Committee work:** Member of the Remuneration Committee.

Mike is presently CEO and Chairman of Damovo Group Ltd, an international IT company, and member of the Chartered Institute of Management Accountants. Furthermore, he is a member of the Advisory Board of a UK charity called Youth at Risk. He was CEO and Executive member of Marconi plc between 2001 and 2006.

Trained as Chartered Management Accountant.



**John Shakeshaft**, Non-Executive Director, elected in 2003

**Born:** 1954

**Nationality:** British citizen

**Independence:** Independent in relation to the company and its management as well as in relation to the company's major shareholders.

**Ownership including related physical and legal persons:** 3,820 B shares.

**Committee work:** Chairman of the Audit Committee.

John has more than 25 years of experience as a banker. He was Managing Director of Financial Institutions, ABN AMRO, 2004– 2006, Managing Director and Partner, Cardona Lloyd, 2002–2004, Lazard, 2000–2002 and Barings Bank, 1995–2000. Chairman of Ludgate Environmental Fund Ltd and Investment Director of Corestone AG and of Valiance LLP. Member of the Board of TT Electronics plc, Xebec Inc. and Deputy Chairman of the Economy Bank NV. Also Director of The Alternative Theatre Company Ltd, Trustee, Institute of Historical Research, London University and an external member of the Council of Cambridge University.

MA Cambridge University, Harkness Fellow, Princeton University and School of Oriental and African Studies, London University.



**Cristina Stenbeck**, Non-Executive Director, elected in 2003

**Born:** 1977

**Nationality:** American and Swedish citizen

**Independence:** Independent in relation to the company and its management, not independent in relation to the company's major shareholders. As Chairman of the Board of Investment AB Kinnevik, Cristina Stenbeck represents major shareholders who own more than 10 percent of Tele2 AB.

**Ownership including related physical and legal persons:** 1,400 B shares. In addition to her own directly held shares, Cristina is via Verdere S.à.r.l. indirectly owner of a considerable shareholding in Tele2's major shareholder, Investment AB Kinnevik.

**Committee work:** -

Cristina is Chairman of the Board of Directors of Investment AB Kinnevik since 2007. She serves as a Non-Executive Director of Metro International S.A. and Modern Times Group MTG AB since 2003.

B.Sc. from Georgetown University in Washington DC.



### **3. The Board of Directors reasoned statement pursuant to Ch 18 Sec 4 and Ch 19 Sec 22 of the Companies Act (2005:551)**

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The Board of Directors hereby presents the following statement in accordance with Ch 18 Sec 4 and Ch 19, Sec 22 of the Companies Act (2005:551). The Board of Directors' reasons for the proposed dividend and the authorisations to repurchase the Company's own shares being in accordance with the provisions of Ch 17 Sec 3 paragraph 2 and 3 of the Companies Act (2005:551) are as follows:

#### **The Company's objects, scope and risks**

The Company's objects and scope of business are set out in the articles of association and the submitted Annual Report. The business run by the Company does not entail any risks in excess of those that exist or may be deemed to exist in the industry or those risks which are generally associated with operating a business.

#### **The financial position of the Parent Company and the Group**

The financial position of the Parent Company and the Group as per 31 December 2011 is stated in the Annual Report for 2011. The Annual Report also states which accounting principles are applied in the valuation of assets, allocations and liabilities.

The proposal on dividend states that the Board of Directors proposes an ordinary dividend of SEK 6.50 per share which corresponds to SEK 2,887 million and an extraordinary dividend of SEK 6.50 per share which corresponds to SEK 2,887 million with a total amount of SEK 13 per share, which corresponds to a total dividend of SEK 5,774 million. The proposed dividend constitutes 19.3 percent of the Parent Company's equity and 26.9 percent of the Group's equity. The non-restricted equity in the Parent Company and the Group's retained profits as of 31 December 2011 amounted to SEK 12,428 million and SEK 6,874 million respectively.

The Board of Directors proposes that the record day for the dividend is Thursday 10 May 2012.

As of 31 December 2011, the Group's equity/assets ratio was 46 percent. The proposed dividend and authorisation to repurchase the Company's own shares does not limit the Company's possibilities to complete ongoing, and further make value creating, investments. The Company's financial position does not give rise to any other conclusion than that the Company can continue its business and that the Company can be expected to fulfil its obligations on both a short and long-term basis.

#### **Justification for the proposals regarding dividend and repurchase**

With reference to the above and to what has otherwise come to the knowledge of the Board of Directors, the Board of Directors is of the opinion that after a comprehensive review of the financial position of the Parent Company and of the Group it follows that the proposed dividend and the authorisation to repurchase the Company's own shares to create flexibility in the work with the Company's capital structure and to secure the delivery of the shares under the proposed incentive programme is justified according to the provisions of Ch 17 Sec 3 paragraph 2 and 3 of the Companies Act (2005:551), i.e. with reference to the requirements that the objects of the business, its scope and risks place on the size of the Parent Company's and Group's equity and the Parent Company's and the Group's consolidating requirements, liquidity and financing needs in general.

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Stockholm, April 2012

TELE2 AB (PUBL)

THE BOARD OF DIRECTORS



**Auditors' report in accordance with Chapter 8, Section 54 of the Swedish Companies Act (2005:551), regarding compliance with the guidelines for remuneration to senior executives approved by the Annual General Meeting**

To the Annual General Meeting of the Shareholders in Tele2 AB (publ), Corporate Identity Number 556410-8917

We have audited whether the board of directors and the managing director of Tele2 AB (publ) have complied with the guidelines for remuneration to senior executives during the financial year 2011 which were approved by the Annual General Meeting on May 17, 2010 and by the Annual General Meeting on May 16, 2011.

*Responsibilities of the board of directors and the managing director*

The board of directors and the managing director are responsible for compliance with these guidelines and for such internal control as the board of directors and the managing director determine is necessary to enable compliance with these guidelines.

*Auditor's responsibility*

Our responsibility is to express an opinion, based on our audit, to the Annual General Meeting as to whether the guidelines have been complied with. We conducted our audit in accordance with Far's standard RevR 8 *Audit of Remuneration to Senior Executives in Listed Companies*. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the guidelines have, in all material aspects, been complied with.

Our audit has included a review of the organization for and the documentation supporting the remuneration to senior executives as well as new decisions related to compliance with the guidelines. Our procedures have also included testing a sample of payments during the year to senior executives. The procedures selected depend on the auditor's judgement, including the assessment of the risks of whether the guidelines have not, in all material aspects, been complied with. In making those risk assessments, the auditor considers internal control relevant to the compliance of the guidelines in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We believe that our audit procedures provide a reasonable basis for our opinion, as set out below.

*Opinion*

In our opinion, the board of directors and the managing director of Tele2 AB (publ) have, during the financial year 2011 complied with the guidelines for remuneration to senior executives which were approved by the Annual General Meeting on May 17, 2010 and by the Annual General Meeting on May 16, 2011.

Stockholm, March 16, 2012

Deloitte AB

*Signature on Swedish original*

Jan Berntsson  
Authorized Public Accountant

*\* This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*

## **5. Monitoring and evaluation of (i) the programmes for variable remuneration to the executive management, (ii) the application of guidelines on remuneration for the senior executives and (iii) the current remuneration structure and levels of remuneration in Tele2**

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### **Introduction**

The Remuneration Committee, of the Board of Directors of Tele2 AB (publ) ("Tele2"), comprises the Chairman of the Board Mike Parton and the Board Members Jere Calmes, John Hepburn and Mia Brunell Livfors. John Hepburn is the Chairman of the Remuneration Committee. In accordance with the Swedish Code of Corporate Governance (the "Code"), the Remuneration Committee has monitored and evaluated programmes for variable remuneration (both ongoing and those that have ended during the year), how the guidelines for remuneration to the senior executives adopted at the Annual General Meeting have been applied as well as the current remuneration structure and levels of remuneration in the Company. The following is the Board's report of the results of the evaluation.

According to the Code the members of the Remuneration Committee are to be independent of the Company and its executive management. Mia Brunell Livfors is not considered independent of the Company and its executive management. Nevertheless, the Board believes that her experience benefits the committee and the exercise of their responsibilities will be as free of conflict as if she was independent.

### **General information with respect to the remuneration to the executive management of Tele2<sup>1</sup>**

The remuneration to Tele2's executive management comprises an annual base salary and variable short-term incentive ("STI") and long-term incentive programs. The objective of the remuneration is to attract, motivate and retain key employees. The remuneration shall be competitive within the context of an international peer group and 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.

### **Variable remuneration**

The STI is based performance in relation to established objectives regarding Tele2's overall result and the individual performance. The maximum outcome of the STI is 100 percent of the annual base salary. Further information on the variable remuneration paid in cash is found in the Annual Report 2011.

Tele2 offers long-term share-based incentive programmes for the executive management and other key employees. Those programmes are performance based and require participants to own Tele2 shares and remain in Tele2 employment during the programme. Thus, the participants' remuneration are tied to the development of Tele2's result and value, which promotes continued loyalty with Tele2 and contributes to the long-term value growth of Tele2. Further information on the long-term incentive programmes such as outcome, participation ratio, number of issued and outstanding instruments etc. is found in the Annual Report 2011.

### **Evaluation of programmes for variable remuneration**

The development of the programmes for variable remuneration is evaluated by the Remuneration Committee on a continuous basis throughout the year and the programmes' expected outcome are reported to the Board of Directors and discussed at Board meetings. The Remuneration Committee also monitors in which extent the executive management participates in the programmes. The evaluation of the programmes for variable remuneration has shown that:

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<sup>1</sup> The executive management and the senior executives include the CEO and members of the Leadership Team. At present, eleven persons.

- the programmes are well aligned with the shareholders' interests,
- the programmes are important for attracting, motivating and retaining the competence needed in the executive management, and
- long-term equity based incentive programmes that are performance based and requires an own investment in Tele2's shares are well functioning and are achieving the sought results.

### **Evaluation of the guidelines for remuneration**

The evaluation has resulted in the conclusion that the guidelines for remuneration to senior executives that the Annual General Meeting 2011 established have been applied on such remunerations in the Company during the year.

The external auditor have given a statement to the Board of Directors on that Tele2 during 2011 has complied with the guidelines on salary and other remuneration to the senior executives adopted by the Annual General Meetings 2011 and 2010.

The Board of Director's view is that the remuneration for the CEO and the other members in the executive management strikes an appropriate balance between motivating the members of the executive management to execute strategic plans and deliver excellent operating results and achieving a competitive compensation that aligns the management's incentives with the interests of the shareholders.

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Stockholm, April 2012

TELE2 AB (PUBL)

THE BOARD OF DIRECTORS