

**Tele2**  
**Moderator: Lars-Johan Jarnheimer**  
**25<sup>th</sup> April 2007**  
**14:00 UK**

Operator: This is Premiere Global Services, please stand by we are about to begin. Good day ladies and gentlemen and welcome to today's Tele 2 first quarter 2007 conference call. For your information today's conference is being recorded. It is time for opening remarks and I would like to turn the call over to your host today, Mr Lars-Johan Jarnheimer. Please go ahead Mr Jarnheimer.

Mr. Lars-Johan Jarnheimer: Thank you operator. And a very good day and good morning to all of you from the States. And I will welcome you all who has called in today to participate in our conference call to discuss the results for the 4<sup>th</sup> quarter. With me today I have our new Executive Vice President, Corporate Finance and Treasury, Donna Cordner. And she will lead you through the financials. So I will follow the presentation which is available on the website. And I will start with the first page talking about the results of Q1.

We had an increase of revenue of roughly 6%, and the net Customary intake close to 300 000. The intake was divided, I would say roughly 1 million in mobile and broadband and we lost roughly 750 000 on the fixed line operation. The EBITDA increase was roughly 20% and I think it is also worth mentioning that in the figures from 2006 Q1 we had a French operation which contributed. So actually the EBITDA increase is better. The beauty here is, of course, that the mobile revenue in Q1 2007 increased by close to 30% to 5.2 billion. We also had, or continued our, strong broadband intake during the first quarter, adding 250 000 new broadband customers. I think it is worth mentioning here that when it comes to the direct access, that part, the intake there compared to the first quarter in 2006 was almost 300% higher. So it proves that the

processes we have to add on customers, even though it was in the first quarter are now working, much better at least.,

The fixed telephony improved to 14% in the first quarter. But of course I think the biggest disappointment there was related to the ARPU decline in primarily Germany and Austria. The customer base; obviously when it comes to the churn levels were quite stable. But we were not that aggressive when it comes to take on new customers in the first quarter.

On the strategic review, we will start to see results for the current strategic review here in the second quarter, and we hope to present the first transaction in the next couple of weeks. The transaction between Tele 2 and SFR; we hope to have some kind of preliminary indication from the European Competition Authorities here in the beginning of May, which hopefully will solve the solution when it comes to our fixed and broadband operation in France.

We have now a firm action plan for the MVNO businesses in place, and as I mentioned at the last quarterly results we said that we were looking into the MVNO, and we are not sure that we will continue that operation in all countries. And I think we have identified a couple of countries which we are going to pull out of. And well I think we also have the kind of mixed portfolios; some of these MVNOs are delivering satisfactory or good results, and those we will continue.

We continue to shift to more infrastructure-based services, and I think on the slide on page 4 you can clearly see that a year ago roughly 51% of the revenue came from the fixed-line operation. That has now shrunk down to 39% and the broadband has increased from 14 to 19, and the mobile from 35 to 42. And I would say this is, of course, contributing to the increase in the EBITDA that compared to the initial, or to the start of 2006 compared to 2007, we have a customer base representing much higher gross margin than a year before. So you can clearly see the shift there.

We have also said that right now we have roughly 41-42% of all the revenue on own infrastructure. We expect that part to exceed 50% by the end of the year, and that is of course related to the expansion of both the mobile, and specifically the broadband, which will increase that part.

On the EBITDA contribution on page 5; you can see that the contribution from the fixed-line is rather stable, and you can also see an increase, primarily driven by Russia, but also I would say the Baltics, where we see that part increases also. We are still generating losses on the broadband side due to the expansion I have mentioned to you before. And we will continue to go for, to reach the critical mass in fewer countries which we have announced before.

Moving on to the mobile telephony, which is of course very core to us, and the healthy development there and a top line growth of close to 30%. It is driven of course very much of Russia, but also in Sweden we saw a revenue growth of roughly 8%. I think it's worth mentioning that when it comes to the Baltics we saw a top line growth of close to 20%. At the same time an increase of EBITDA in the same level. And I think that's interesting to see that in a quite mature market, and it shows that our effort to increase our efforts into the corporate market is starting to pay off. And I also saw that in Estonia we are now the number 2 in that market clearly; both when it comes to number of subscribers and also when it comes to revenue. In the MVNO field that I mentioned before, we have a mixed development, and we have a plan in place and we will see hopefully us exiting some of these MVNO operations during the year.

Another remark is that we will clean up the customer base in the Nordic market area by approximately 900 000 subs in the second quarter. The reason for that is that the way we reported to the authority, the Post Teletilsynet; they consider a pre-paid customer to be active if they have made a call in the last 6 months. We will adopt the same rule for our reporting, so it won't have any effect on the revenue side. It will have an effect of course on the ARPU side but

besides that it will be the same; I mean financial figures, it's only that we will shrink the subscriber base by close to 900 000.

In the broadband field we still have negative EBITDA. The increase in the negative part is of course related to primarily two things. A year ago, or the quarters before, very much of the intake was initially taken on the indirect access and then moved into the direct access. In accordance to our increased footprint on the direct access part, we now take on more customers directly into our own network, which then increases the cost. And also that we launched the broadband operation in Portugal during this quarter which has affected EBITDA.

And we still have a very strong development, specifically in Italy. And trying to help you out; how it looks when it comes to the profitability we have shown on slide 8, the way the gross margin 2 has developed in Italy. We have not disclosed the number of subscribers, but we are still taking on roughly 18 to 20% of the new market in Italy. And you can see how nicely the gross margin is improving from the third quarter and going rapidly upwards up to 52%.

Our intention is that we will have capital markets there in June, where we will try to elaborate a little bit more on the broadband expansion that we are doing, so that you can get some more comfort in what we are doing there and trying to explain the course structure.

On the fixed-line operation on slide 9, the EBITDA levels were quite constant and the net customer intake was minus 720. As I said in the initial part of my speech, I would say that the churn level is despite this quite stable; it's more that the gross intake is reduced in some countries. And the reason for us not stressing, putting on new subscribers, is primarily two things. The first thing is that if we see a very heavy marketing load from other operators during the quarter, we hold back. The second thing is that in some countries during certain circumstances, we can't defend a standing to bring on new subscribers. But the biggest effect here is of course the drop on ARPU, primarily in Germany and Austria where the subscribers now

use their own net fee which is available also in Germany and Austria. So instead of using the fixed-line phoning another mobile, they use the mobile-to-mobile. And that has an effect on the ARPU.

So to summarise this, we saw a strong development in the mobile telephony, with a revenue growth of 29%. We continue to see a strong broadband intake in the first quarter, adding 260 000 subscribers, and more than 200 000 of these were on direct access. And on the fixed-line, I think I described a little bit of our disappointment when it comes to the ARPU growth we saw in Germany and Austria. The measurement we are taking now in these countries is that we try to get in more say flat fees into these markets. And we wait to see what kind of effect it will have.

Now I will move on or hand over to Donna, so please Donna go ahead and that will start on page 13.

Donna Cordner: Thank you Lars-Johan. As you can see for first quarter which through this seasonality is usually a slower quarter for us, we have had 5% year-on-year growth which is quite strong. 22% growth in EBITDA, and that was due to strong performance in our mobile operation, and improved margins in our fixed-lines despite revenue decrease. Our capex is flat and our Customer Net Adds at 281 is actually better than expected, because we have had strong growth in both broadband and mobile, but a decline in net intake in our fixed-line business as Lars-Johan mentioned, especially in Central Europe.

If you look at operating revenue per segment. Mobile continues to be strong; we will talk about Russia and Baltics, but Sweden also reported good revenue growth this quarter. You can see the fixed telephony business declining. We talked about that decline in previous quarters, but we are starting to see the trend accelerate. As Lars-Johan mentioned, we see migration from fixed to mobile, which is affecting our revenue, but we have done a good job keeping margins; we will talk about that. And obviously a strong quarter for direct access especially driven by Italy.

On EBITDA and net intake you can see mobile, our first quarter seasonality has kicked-in in terms of net intake, but we have done a good job at ensuring that we keep our margin up. And part of that has to do with a movement to more value-added customers, especially in Baltics where... we will talk a little bit about that; we had a lot of success in terms of adding business customers. You can see fixed telephony resale is, as we talked about, a declining intake but have done a very good job in terms of maintaining margin.

Direct access: a very big uptake this quarter; it has affected our margins. Part of that is because of taking on clients directly onto our network as opposed to migrating, which does affect our margins as well as some upfront costs in terms of launching broadband in Portugal. So if you look at the impact from broadband; our net intake again a strong quarter for our first quarter despite seasonality. Our acquisition cost on direct access is at 1.8 billion. Again that's because of taking clients directly onto our network, especially in Italy, and some upfront costs in terms of Portugal. We hope to see margin; we are going to focus on margin especially on the broadband, and we hope to see that improving over time significantly, as we talked about.

Mobile sales are, again a very strong quarter, up 29%. You can see our intake reflects seasonality, but we have had a strong quarter in terms of maintaining our margin. Russia; another fabulous quarter; up 135%, now at 7.1 million customers. We have actually increased ARPU over the last 12 months, so up [unclear] from first quarter '06, with a strong EBITDA margin of 28%, and that is again despite a lowering of intake.

Baltic which tends to sometimes get lost in Russia; a really strong performance. EBITDA grew 25% and revenue growth was up 19. And I think if you look at the EBITDA margin for the first quarter, despite lower intake we have taken on a large number of value-added customers which is reflected in the margin. And I think we have also done a very good job at controlling our marketing spend in terms of those acquisitions.

Swedish mobile sales; as Lars-Johan referred to 8% in a seasonally slow quarter. We have seen some margin pressure; part of that is because we are adding value-added clients, especially we are noting 48 000 post-paid clients in the first quarter. Those acquisition costs have pushed down our margin somewhat, but over the long term those are higher value clients. I think another strong showing that Nordic, excluding Sweden, has shown very good margins despite a significantly lower net intake. And I think that it's not just Sweden, but also the rest of the Nordics that are performing well. And a strong balance sheet; we are at about 2.7 times net debt to EBITDA. We expect that to improve over time as we focus more on our margin business and look to ensure improved margins on broadband.

That concludes our presentation on the results for 2007, and we would be happy to take any questions you may have. Operator can I have the first question please?

Lars-Johan Jarnheimer: I think we have lost the operator?

Operator: This is the operator.

Lars Torstensson: Yes could we please have the first question please?

Operator: The question and answer session will be conducted electronically. If you would like to ask a question please press \*1 on your telephone keypad. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. We take questions in order received and we will take as many as time permits. Once again please press \*1 to ask a question.

Lars-Johan Jarnheimer: So operator could I have the first question?

Operator: We will take the first question of Mr Graham Ruck of Merrill Lynch, please go ahead.

Graham Ruck: Yes hi it's Graham Ruck from Merrill Lynch. A couple of questions please. First of all I am trying to understand how successful your cross-selling strategy has been. And I guess could you give approximately what percentage of your broadband net adds were also fixed-telephony customers? I am just trying to understand if there's basically a cannibalisation effect which has sort of made the carrier pre-selection numbers slightly worse as your broadband has been more successful. I guess secondly in Swedish mobile; I am just trying to understand the ARPU development which, I mean 8% growth; I am just wondering is that mostly the post-paid mixed effect, as you add more post-paid subs or could you talk a little bit about the pricing environment for Tele2? And then also the third question on Russia; I mean what is the timeline for potentially adding to your licences outside the 17 regions that you are currently in? Thank you.

Lars-Johan Jarnheimer: Thank you very much. Let me just start with the cross selling. If I give you a kind of overall picture, I would say that the cross-selling opportunities is between 10 to 20%; it varies from country to country. Maybe I should add also, I think when it comes to Sweden and all the products, I think we have close to 60% who has more than one product. So that's the cross-selling part.

On the Swedish mobile: yes it's the primarily the mix effect, but I would also add on to the Swedish mobile a couple of things. One thing is that we started to meet other offers in the market at the end of the fourth quarter, which resulted in a price reduction; our intention was then to regain that through a minute setup fee. This minute setup fee was introduced around mid-February; I think it was the 15<sup>th</sup> of February. The reason for that is that we need to send the new conditions to the customer. So that was implemented. So I would say we took the hit a little bit in January, and we were not able to compensate for that fully out until mid-February; I would say then the half of the first quarter.

Of the 8% revenue growth in Sweden, I would say 3 to 4% is related to handset sales. These handset sales is a cost we are taking upfront, and it is then spread over 18-24 months when it comes to the customer paying back. So the customer will have then an increased monthly fee in 18-24 months, depending on what kind of handset they choose. So we take all that cost upfront. But 3-4% of this 8 could be explained by these handset sales.

When it comes to Russia, the step-by-step approach is still valid there, and as you rightly said we are currently in 17 regions. The Russian authorities have now said that they are going to hand out an additional 80 new regions; new licences in the 1800 spectrum. I think a couple of weeks ago they say 44, so let's assume that they will hand out an additional 40-50 regions. We think that we could add on definitely more regions. It is a lot of regions here which will be handed out which is very interesting for us. And it's going to be a beauty contest with a kind of administrative fee, which is estimated to be about \$1-3 per pop. And it's always hard to judge or predict these timelines in Russia. But I foresee, with the current management, and the current setup we have in Russia, we will be able to convert I would say 4-5 regions per annum. If we want to speed that up, that is of course possible, then we need to look into the organisation in Russia. Hopefully it answers most of your questions?

Graham Ruck: Ok yes thank you. And just a follow up; I mean in the 17 regions you are in, do you have an idea of the average penetration?

Lars-Johan Jarnheimer: Yes if you exclude St Petersburg, I would guess roughly 60%.

Graham Ruck: Thank you.

Lars-Johan Jarnheimer: So if your question then is for how long can you continue your growth in the existing footprint, I would say at least 1 and a half years from now, 07/08. May I have the next question please?

Operator: We take the next question from Chris Legg of Credit Suisse. Please go ahead sir.

Chris Legg: Hello there, I have got a question on your Russian mobile business. You achieved an EBITDA margin of 28% in the quarter. What should we look for the whole of 2007? Above this figure, or is 28% a good indication of where you will be? I think previously you talked about EBITDA margin in longer term of 35-40%. Do you still believe you can achieve that, or do you think it might be a little bit higher? And also what sort of timeframe do you think you can achieve that margin?

Lars-Johan Jarnheimer: We are still committed to this 35-40%; it's very much based on that we are already on these levels in some regions. We haven't disclosed any timeframe; it's very much related to when I mean the operations started up, but I could also say that this 28% we showed in January, is of course also affected by the very long holiday they have in Russia because they have a New Year's Eve on the 6<sup>th</sup> of January. So it means that you lose a couple of weeks there in the initial phase of the year. But we are still convinced, as convinced we could, to reach these kinds of levels based on where we are in the certain regions. But we haven't given any timeframe. We bought 4 additional regions last autumn, and two out of these four is already converted and the two last ones will be converted here in May. So that will, of course, in the initial phase not contribute that much to the EBITDA level. But our guidance remains 35-40%.

Chris Legg: Ok thank you.

Operator: We take your next Question from James Britton of Lehman Brothers. Please go ahead sir.

James Britton: Thanks very much, I've got a few questions still on [unclear]. First of all just to clarify on the revenue growth in Q1; you had permanent billing only really impacting for half a quarter. So

we should actually expect the revenue growth trend to improve further in the second quarter? Is that the right read? And my second question... do you want to answer that one first?

Lars-Johan Jarnheimer: I think normally the first quarter is slower than the second quarter. And I mean the other I would say, assessment you are doing, that's up to you. But normally the second quarter is more, I would say, active than the first quarter.

James Britton: Ok and following on from that, are we to take it that you are going to persist with your policy of targeting more contract customers; more sort of value-added customers for the next few quarters at least, and therefore we should expect the sort of EBITDA margin trend to continue as it has done in the first quarter? And then... ok please answer that question if you want.

Lars-Johan Jarnheimer: I think it is very much related to the market condition if you go for post-paid, and it's a little bit of fashion in the industry. I think we came from a period where we had a lot of focus on pre-paid and subscriptions forms in the pre-paid area. Now we are moving in more to a kind of post-paid time. And I would say that is of course the case if the Swedish market had been reluctant in subsidizing handsets; there is a big demand build-up. But I will also say that once again we are taking all these subsidies upfront, and I think we started the subsidizing in September last year. So I think after September we will have it quite stable. But we have also said that I think we demonstrated in the first quarter that we were able to increase our revenue, and despite that the increase, we managed to be above the 35%. We have said that if we maintain on the same steady or stable revenue we will expect it to trend against the 40s. I think yes it's up to [unclear].

James Britton: Sure, can you just clarify how much the higher customer investment has an impact on your margin in Q1? And how much is due to underlying margin decline relative to last year?

Lars-Johan Jarnheimer: I am handing over to Mr. Lars Torstensson our IR Man.

Lars Torstensson: One can say that with that the revenue has been inflated by the fact that we are taking on a lot of post-paid subscribers. And we have a larger amount of equipment sales i.e. handsets. So that means that our EBITDA margin is being negatively impacted because of that fact. But if you are looking at the underlying operation trend, I would say that we are seeing, if you look over the quarter as such, a very interesting trend because we've used both measures, both a market push and a marketing retraction as well. So we have seen that our EBITDA margin could even become plastic in more [contract] levels when we stand back from the market. So the underlying trend is still solid I would say, and it's been negatively impacted by the fact that we are having a large amount of equipment sales: handsets.

James Britton: Ok then, thank you very much.

Lars-Johan Jarnheimer: Next question please.

Operator: We take your next question from Ulrich Rathe from Dresdner Kleinwort, please go ahead.

Ulrich Rathe: Thank you, this is a question on the ARPU dilution that you attributed [essentially] to Germany and Austria in particular. I was wondering is there a mix effect also in particular in Germany where you have a large number of call-by-call customers. Is there a mix effect here or is it simply the overall decline in the volumes that is the primary effect? Thank you.

Lars-Johan Jarnheimer: You will get a simple answer, yes it is not the mix effect, it is clearly the ARPU decline related to the traffic pattern fixed to mobile.

Ulrich Rathe: Thank you.

Operator: Once again if you would like to ask a question please press \*1. We will take your next question, Ms [unclear] of Citigroup.

James Rivett: Hi, it's actually James Rivett here from Citigroup. I just wanted to come back to the Swedish mobile point; are there any signs yet that your strategy to raise subscriber acquisitions costs has actually led to a direct competitor response to do exactly the same thing, i.e. just drag the market down? Or does it look like everybody else is being relatively rational at this stage? My second point is just on asset disposals; you've updated us on where you stand on the MVNO project. Any change in your thinking views on some of the other European businesses? Thanks very much.

Lars-Johan Jarnheimer: I will start with the later part of your question; maybe Donna would like to elaborate a little bit on that. Before I let Donna in, I will say on the Swedish mobile, I think we were reluctant to go into this handset subsidy deal. But I think we are on a healthy level and it was primarily led by Telenor end of last year. And I think that was part of their launching of the new brand name, and a lot of marketing activities. The way I see the market right now is that it's quite rational and stable from that point of view. We are not pushing any subsidy level up. I would rather say it's the ARPU opposite, because we have the lowest price and that could very often compensate for a slightly lower subsidy. Now I will hand over to Donna.

Donna Cordner: In terms of asset disposals as Lars-Johan said, on MVNO we have done an analysis and we have categorised our assets by hurdle rate; so we understand that there are some assets that we would look to re-evaluate, and some which fit the portfolio. In terms of our other assets, we've announced that we will seek to be more mobile infrastructure and infrastructure based in general, and more focused. And what I would say to that is that we recognise that broadband especially is a scale game; that you have to have scale; it's a very granular scale it's an in-country scale. And so part of our analysis has been that we cannot be in all countries with all products, so that you will see us with a very focused approach in terms of our business going

forward. And Lars-Johan's referral to the strategic review; we will start to see results in the second quarter in terms of our processes on that.

James Rivett: Thanks Lars, thank you.

Lars-Johan Jarnheimer: Next one?

Operator: We take a follow-up question from Mr James Britton of Lehman Brothers, please go ahead.

James Britton: Thanks very much. I just wanted an update on Croatia, and what success you are having now in avoiding all the roaming fees, and when are you going push hard for customer growth in that market? And then again, just referring back to some comments you made in the presentation, you talked about pulling out of certain MVNOs. Does that mean a sale of those businesses, or just a withdrawal from the market to avoid loss making operations?

Lars-Johan Jarnheimer: If I start with the last part there: now of course I think if you have a subscriber base mostly I would say post-paid, that revenue is more or less the bottom line for a potential host operator. So definitely we are going to sell it, we are not going to give it away or milk it. I think the market for these kinds of assets are favourable for the moment, so we will definitely sell these operations.

When it comes to Croatia, the biggest difficulty there is, of course, as I mentioned before, the possibility to get building permits in place. And we are up; alternative antennas for the moment where we not need to have any building permits. It has also triggered a bilateral question between Sweden and Croatia. And I think we are maintaining a growth there, but I think we are not pushing as hard as we could in that market because we need to make sure that we have a sufficient footprint so that we don't get stuck on the national roaming agreement; the return on that is more or less a zero sum. That was Croatia, and the second question was?

James Britton: You pretty much answered it, it was on MVNOs. I do have a final question if that is ok?

Just on the cash flow from operations in the first quarter, it seems to be quite low relative to your EBITDA figure. Can you just help me with a reconciliation there?

Donna Cordner: Sorry I'm just trying to pull numbers in front. Our operating cash flow has been affected by our broadband acquisitions principally, and kind of our overall margin I guess, you know the [unclear] margin principally in that business generally.

James Britton: I understand that, but I just wanted to understand the difference between your EBITDA figure, which obviously reflects your operational margins, and the cash flow from operations figure in the cash flow statement; there's a difference of I suppose SEK900 million, which seems quite large. Is that all tax?

Donna Cordner: Go ahead.

Lars-Johan Jarnheimer: When you are looking at the operational pre-cash flow it's EBITDA minus Capex here or are you looking at...?

James Britton: Just the top line in your cash-flow statement.

Donna Cordner: Part of that has to do with tax payments in Sweden, so we make taxes in the first quarter of the year. So that includes a kind of significant tax payment for this year.

Lars-Johan Jarnheimer: I think it's during the 6<sup>th</sup> of February something like that.

Donna Cordner: Yes.

James Britton: Ok thanks.

Operator: We take a follow up question from Chris Legg of Credit Suisse. Please go ahead.

Chris Legg: Yes just a follow up question on Germany; I just wonder if you could give us an update on your German broadband plans, and when are you going to start un-bundling in that country? And secondly did I hear right, you say you are getting around 18 to 20% of net adds in Italy for broadband, is that right?

Lars-Johan Jarnheimer: Yes if I start with Germany. If you don't tell any of our competitors then it's going to be very soon; it will definitely take place in May. When it comes to Italy and the residential markets, the report I have from the Italian team says that they took on 18% of the net adds in the Italian market in the first quarter, yes.

Chris Legg: Thanks.

Operator: We take your next question from Dieter Nielsen from Cheuvreux.

Dieter Nielsen: Thank you it's Dieter Nielsen from Cheuvreux. A couple of questions please; firstly I have to return to the cash flow question here; the cash flow from operations has basically halved despite the fact that EBITDA has gone up. So could you perhaps elaborate a bit on these taxes? Why such a large cash tax payment this year? And perhaps how much this is? Thank you. And secondly I would be interested in the Swedish mobile business, has there been any change to your mobile termination rate in the quarter? And I don't mean your official rate, but the rate you are actually booking in this quarter? And thirdly the change in accounting definition of an active customer, a pre-paid customer in the Nordic region; I gather from your comments last year, it's all related 900 000 to this, to Sweden is that correct? Or is Norway and Denmark involved as well? And if I may, since I have had problems getting through on my questions, just to clarify the

significantly higher EBITDA expected this year; exactly what number are we comparing to for 2006? Thank you very much.

Lars-Johan Jarnheimer: I think when it comes to that question, we are comparing to the EBITDA we delivered in 2006.

Dieter Nielsen: The one you actually delivered, or the one excluding the French operation?

Lars-Johan Jarnheimer: Whatever you want, I think.

Lars Torstensson: It's the continued operations side.

Dieter Nielsen: So it's the 5.6?

Lars Torstensson: Yes.

Dieter Nielsen: Thank you.

Lars-Johan Jarnheimer: And when it comes to the subscriber base, and this 900; it is also applicable for Denmark, Norway and Sweden, we will have the same all over. And then I have your second question, I wrote no change here.

Dieter Nielsen: That was the one with the mobile termination rate then.

Lars-Johan Jarnheimer: Yes there has been no change there during the quarter. The next effective change is going to take place the 1<sup>st</sup> of July; and then I think we will go from 62 over to 52. When it comes to your first question, I think the booking has been the same for the last 1 and a half or even 2 years, or the principle for the booking of that has been the same.

Dieter Nielsen: Ok and may I again push the cash flow issue please, it would be helpful.

Donna Cordner: Yes I think it is about 600 million of tax payment in the first quarter February and that is...

Dieter Nielsen: Ok.

Donna Cordner: And then some negative working capital.

Lars-Johan Jarnheimer: Yes well it is actually before you get to working capital [unclear]. Ok thank you.

Lars Torstensson: It might be important, Peter, to see that we have taken a more aggressive stance on the tax situation in the first quarter compared to the same period last year. The down phase of course is very significant, but it's a more aggressive view from our side when it comes to taxes, so maybe it helps you to [unclear] when you compare it to that.

Lars-Johan Jarnheimer: Ok Lars, good answer thank you.

Dieter Nielsen: Thank you.

Operator: We take your next question from Bengt Molleryd of Standard & Poor's.

Bengt Molleryd: Thank you very much; just can you give us- what is the status there in Holland regarding the minority owners in the Netherlands there, and the way you did the deal there of the reverse takeover. Are there any court cases related to that? And secondly in your dialogue with Brussels here, have you got an indication that it will continue to prolong their examination of the deal with SFR?

Lars-Johan Jarnheimer: When it comes to SFR and Brussels, the information I have from our representatives and also people working with the case, says that they will probably give us some kind of indication and even a decision here in May. So hopefully we will see that being sorted out in May. When it comes to the minority shareholders in Versatel, they are there; I hope they are happy. When it comes to court cases; with respect of my memory and all the other court cases in 129 operations, maybe there is something there. But at most I can tell you that all the issues which have been raised to the Handelskammer Gericht, or the Handelskammer in Amsterdam, I don't see that we have any outstanding cases there. We are happy to have these minority shareholders on board. And it's not in the plan for the moment to come with an offer to them.

Bengt Molleryd: Thank you if I may have a follow up on the SFR there? How is the agreement looking, are there certain exit point there in case if you get a negative signal from Brussels, or how does the deal look now when it comes to the calendar, the timeline going forward?

Lars-Johan Jarnheimer: If you ask when it comes to pricing etcetera, number of subscribers and different values on broadband also on the fixed line, we are trying to keep that flat, that is the operational target for the moment. I think if worst comes to worst there are interests from other parties in France on this asset, I can assure you. But we will stick to SFR as long as we see these processes are progressing in the right direction, and that's our judgement right now.

Bengt Molleryd: Ok thank you very much.

Operator: Once again if you would like to ask a question, please press \*1. The next question is from Soomit Datta from New Street.

Soomit Datta: Hi it's Soomit Datta at New Street; just a quick question please on the Russian business.

I think that you mentioned that in 11 out of the 17 regions your EBITs are positive. Can you give an indication of what percentage of the 7.1 millions subs that corresponds to please?

Lars-Johan Jarnheimer: I am sorry I don't have that on the top of my mind. But I think you misread me when I said that in some operations we are already at the EBITDA level of 35-40%. In the newly acquired operations like Murmansk where we are launching, that will not contribute to the EBITDA. I think that's... Lars if you could?

Lars Torstensson: And it might also be good to know that we are launching three new regions in the second quarter there as well which of course will have a dilutary effect but still it is also a great opportunity for us to get a position in of [unclear].

Lars-Johan Jarnheimer: I think also the view we have on the ARPU development in Russia. And based on what we have seen in the Baltics, the Russian Economy, the increased footprint; I mean for each day we are putting up new antennas in the area, which means that the customer will stay longer in our network. So that is definitely a trend we foresee.

Soomit Datta: ok thanks.

Lars-Johan Jarnheimer: Thank you. I think that concludes the session, and we will release the results for the second quarter of 2007 July 25; that's exactly 3 months from now, and we look forward to keep you updated on the development of the group's operation over the next three months. Once again I would like to thank you all for participating in today's conference call, and for your continued interest and support with Tele2. If there are any further issues that you wish to discuss with either Lars, myself or Donna, we are available to deal with this on one-to-one basis and feel free to contact us and our IR team directly. Thank you very much and goodbye.

Operator: That will conclude today's conference call, thank you for your participation ladies and gentlemen, you may now disconnect.