

July 23, 2008

Tele2 Netherlands Announces Second Quarter 2008 Results

- **Revenue** for 2Q08 amounts to € 168 million, an increase of 13% compared to 2Q07.
- **Gross margin** for 2Q08 amounts to € 83 million, an increase of 24% compared to 2Q07.
- **EBITDA** for 2Q08 amounts to € 34 million, an increase of 64% compared to 2Q07.
- **Net result** for 2Q08 amounts to a loss of € 3 million, compared to a loss of € 24 million for 2Q07.
- **Free Cash Flow (FCF)** for 2Q08 amounts to positive € 13 million, compared with negative € 3 million for 2Q07.

(EURm)	2Q08	2Q07 ⁽¹⁾	Growth
Revenue	167.5	148.2	13.1%
Gross Margin	83.0	66.8	24.3%
<i>as % of revenue</i>	49.6%	45.1%	<i>n/m</i>
EBITDA	34.0	20.7	63.9%
<i>as % of revenue</i>	20.3%	14.0%	<i>n/m</i>
Net Result	(3.2)	(23.5)	<i>n/m</i>
Net Result (Continued)	(3.2)	(17.6)	<i>n/m</i>
Capex	21.0	24.1	-13.0%
EBITDA - Capex (FCF)	13.0	(3.4)	<i>n/m</i>

(1) *Note: The income statement data as presented above relates to continued operations. The 2007 comparative income statement data has been re-presented in order to reflect the operations of Tele2 Netherlands in Belgium as discontinued due to the sale of the Belgian activities in October 2007. The 2007 revenue and expense lines now include intercompany amounts that were eliminated in the presentation of prior press releases and therefore may differ from prior financial disclosures.*

FINANCIAL HIGHLIGHTS:

- Second quarter 2008 **revenues** increased by 13 percent to € 168 million from second quarter 2007 revenues of € 148 million.
- **Gross margin** as a percentage of revenues in the second quarter of 2008 was 50 percent, up from 45 percent in the second quarter of 2007.
- **EBITDA** for the second quarter 2008 was € 34 million, compared with € 21 million for the second quarter 2007, up 64 percent.
- Tele2 Netherlands' **net result** for the second quarter of 2008 was a loss of € 3 million compared with a net loss of € 24 million in the second quarter of 2007.
- **Capital expenditures** (Capex) from continued operations during the second quarter of 2008 amounts to € 21 million, compared with € 24 million in the second quarter of 2007.

OTHER HIGHLIGHTS 2Q08:

- On April 22, 2008, Tele2 Netherlands announced that it had applied for, and obtained, approval for a de-listing of its ordinary shares (ISIN: NL0006129264) and convertible bonds due 2011 (ISIN: XS0201750014) from NYSE Euronext ("Euronext Amsterdam"). The last day of trading for Tele2 Netherlands' ordinary shares and convertible bonds was May 20, 2008. Effective May 21, 2008, Tele2 Netherlands' ordinary shares and convertible bonds were de-listed.
- On April 25, 2008, Tele2 Netherlands announced that Mr. Svedberg resigned from the Board of Supervisory Directors.
- On May 19, 2008, Tele2 Netherlands announced that its shareholders had approved all resolutions proposed to the annual general meeting of shareholders, which resolutions included, amongst others, the adoption of the annual accounts 2007 and the appointment of Ms. Cordner as member of the Board of Supervisory Directors.
- On May 21, 2008, Tele2 Netherlands announced that the de-listing of its ordinary shares and convertible bond had taken effect. Tele2 Netherlands further announced that it had repurchased 5,134,107 ordinary shares in the period between 22 April 2008 and 20 May 2008 against € 0.79 per share. The number of repurchased shares includes 1,945,098 ordinary shares issued (and repurchased) as a result of the exercise of 46,710 warrants that expired on 15 May 2008. Tele2 AB currently owns, through its subsidiaries, approximately 99.5% of Tele2 Netherlands' issued and outstanding share capital on a non diluted basis.

Amsterdam, July 23, 2008 – Tele2 Netherlands Holding N.V. (“Tele2 Netherlands”), today reports its second quarter 2008 financial and operating results.

For the quarter ended June 30, 2008, **revenues** were € 167.5 million, up 13.1 percent from second quarter 2007 revenues of € 148.2 million and up 1.5 percent from first quarter 2008 revenues of € 165.1 million.

The quarter over quarter increase in revenue is the result of the strategy to focus on onnet products. In the residential segment, revenue increased primarily as a result of increased minutes of use both within the mobile and multiplay subscriber base.

On June 30, 2008, Tele2 Netherlands had approximately 318,500 **residential DSL customers** (including ADSL2+). During the quarter Tele2 Netherlands continued to upgrade existing residential DSL customers to higher-end ADSL 2+ services.

With regards to our **Multi Play Products**, as per the end of the second quarter of 2008, Tele2 Netherlands recorded approximately 10,000 orders during the quarter. At the end of the second quarter of 2008, Tele2 Netherlands had provisioned approximately 247,000 orders over ADSL 2+.

The quarter over quarter **Mobile** subscriber base decreased 4.9 percent to approximately 497,000 subscribers at the end of the second quarter of 2008. Within the mobile segment, Tele2 Netherlands continues to focus on high value postpaid subscriptions.

Compared to the first quarter of 2008, the **CPS (Carrier Pre Select)** subscriber base declined with approximately 21,500 subscribers to a total of approximately 410,000 subscribers at the end of the second quarter of 2008. As a result of WLR (Wholesale Line Rental), the decline in the CPS customer base slowed down.

Tele2 Netherlands' **gross margin as a percentage of revenue** in the second quarter of 2008, was 49.6 percent compared with 45.1 percent in second quarter of 2007 and 47.1 percent in the first quarter 2008. The increase compared to 2007 is primarily the result of the continued focus to sell on-net products, mainly multiplay products in the residential market as well as on-net voice and data services in the business market.

Selling, general and administrative expenses (SG&A) in the second quarter of 2008 were € 49.1 million compared with € 46.1 million in the second quarter of 2007 and € 51.9 million in the first quarter of 2008.

Tele2 Netherlands' **marketing expenditures** for the second quarter of 2008 were € 8.7 million compared with € 13.8 million in the second quarter of 2007 and € 11.8 million in the first quarter of 2008. The first quarter of 2008 includes € 4.6 million of marketing cost related to laptop campaigns of the previous year.

For the second quarter of 2008, Tele2 Netherlands' **earnings before interest, tax, depreciation and amortization (EBITDA)** were € 34.0 million compared with € 20.7 for the second quarter of 2007 and € 25.9 million in the first quarter of 2008.

Tele2 Netherlands' **net result** for continued operations in the second quarter of 2008 amounted to a loss of € 3.2 million compared with a loss of € 17.6 million in the second quarter of 2007 and a loss of € 10.8 million in the first quarter of 2008.

Capital expenditures (“Capex”) from continued operations in the first quarter of 2008 were € 21.0 million, versus € 24.1 million and € 22.3 in the second quarter of 2007 and in the first quarter of 2008 respectively.

Free Cash Flow ("FCF", calculated as EBITDA less Capex) for continued operations for the second quarter of 2008 was positive € 13.0 million compared with negative € 3.4 million in the same quarter of 2007 and positive € 3.6 million in the first quarter of 2008.

As per June 30, 2008, Tele2 Netherlands had € 31.2 million in **cash** on its balance sheet compared with € 78.7 million at the end of the second quarter of 2007 and € 40.4 million at the end of the first quarter of 2008. To optimize the interest return on its cash position, Tele2 Netherlands has joined the zero balance cash pool of Tele2 Sverige AB. The positive balance in the cash pool, which amounts to € 21.5 million for the second quarter 2008 and € 29.9 million for the first quarter 2008, is included in cash and cash equivalents, as presented on the balance sheet.

Tele2 Netherlands had a **shareholders' equity** position of € 229.9 million as at June 30, 2008 compared with € 265.7 million at June 30, 2007 and € 236.6 million at March 31, 2008. The net result (loss) of the second quarter of 2008 for continued operations decreased the shareholders' equity with € 3.2 million. The issuance of shares as a result of exercised warrants increased the equity with € 0.7 million (see other highlights). Shareholders equity also includes an amount of € 4.1 million which relates to the purchase of own shares.

Un-audited Accounts:

The interim consolidated financial information for the period ended June 30, 2008, is un-audited.

Accounting policies:

The consolidated financial information for the period ended June 30, 2008 has been prepared using International Financial Reporting Standards (IFRS), except for the cashflow statement of the comparative period in 2007 which includes the Belgian operations as if they were continued. Note that EBITDA is not an IFRS measurement. Accounting policies and methods used in the consolidated financial information are the same as those used in the consolidated financial statements for the year ended 31 December 2007. Further disclosures as required under IFRS for a complete set of consolidated financial statements are not included in the interim consolidated financial information.

- END -

Tele2 Netherlands Holding N.V. ("Tele2 Netherlands"). Tele2 Netherlands, based in Amsterdam, is a competitive communications network operator and a leading alternative to the former monopoly telecommunications carriers in its target market of the Netherlands. Founded in October 1995, Tele2 Netherlands holds full telecommunication licenses in The Netherlands. Tele2 Netherlands operates a facilities-based local access broadband network that uses the latest network technologies to provide residential, business and wholesale customers with high bandwidth voice, data and Internet services. News and information are available at <http://www.tele2.nl/corporate>

This release may include “forward-looking statements” relating to our business. Such forward looking statements can often be identified by the use of forward-looking terminology such as “believe”, “expect”, “may”, “are expected to”, “should”, “would be”, “seek”, or “anticipate” or similar expressions or comparable terminology, or by discussions of strategy, plans or intentions. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties, and assumptions about us, including, among other things:

- Anticipated trends and conditions in our industry, including regulatory reforms and the liberalization of telecommunications services across Europe;*
- The impact of the recent slowdown in economic activity generally, and in the telecommunications industry in particular, on our business;*
- Our ability to compete, both nationally and internationally;*
- Our intention to introduce new products and services;*
- Our expectation of the competitiveness of our services;*
- The anticipated development of our network;*
- Changes in regulations or interpretations related to the implementation and reporting under IFRS, decisions to apply a different option of presentation permitted by IFRS; and*
- Our expectation of the impact of this development on our revenue potential, cost basis and margins.*

In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this presentation might not occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Note to Editors: The Tele2 name/logo is a registered trademark in The Netherlands, Belgium, Luxembourg and several other European countries.

Contact: Tele2 Netherlands is available to answer additional questions you might have concerning the quarterly results. We refer to our investor relations email address or to the contact details mentioned below:

Cilesta van Doorn
Director Corporate Communications
Tel: +31-20-750-1318
E-mail: ir-netherlands@tele2.com

FINANCIAL TABLES FOLLOW

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS

	<u>December 31, 2007</u>	<u>June 30, 2008</u>
Non current assets:		
Intangible assets:		
Goodwill	EUR 109,216	EUR 109,216
Other Intangible Assets	97,287	72,004
Total intangible assets	<u>206,503</u>	<u>181,220</u>
Property, plant and equipment		
Property, plant and equipment, net	273,945	255,787
Construction in progress	15,162	17,674
Total tangible assets	<u>289,107</u>	<u>273,461</u>
Financial assets:		
Other non-current assets	1,062	1,062
Total Financial Assets	<u>1,062</u>	<u>1,062</u>
Current assets:		
Inventories	1,648	4,285
Trade and other receivables	75,652	70,813
Other current assets	46,826	49,960
Cash and cash equivalents (2)	38,676	31,219
Total current assets	<u>162,802</u>	<u>156,277</u>
Total assets	<u>EUR 659,474</u>	<u>EUR 612,020</u>

SHAREHOLDERS' EQUITY AND LIABILITIES

	<u>December 31, 2007</u>	<u>June 30, 2008</u>
Shareholders' equity:		
Common stock, euro 0.02 par value	EUR 18,848	EUR 18,887
Additional paid-in capital	1,998,781	1,999,462
Repurchased shares (3)	-	(4,143)
Accumulated deficit	(1,770,148)	(1,784,213)
Total shareholders' equity	<u>247,481</u>	<u>229,992</u>
Non current liabilities		
Related party long-term senior notes	105,787	108,143
Related party long-term loan	61,035	58,970
Provisions	415	313
Other non current liabilities	22,762	21,727
Total long-term liabilities	<u>189,999</u>	<u>189,153</u>
Deferred income tax	25,318	22,175
Current liabilities		
Unearned revenue	37,802	37,266
Accounts payable	69,616	66,166
Accrued liabilities	84,723	61,190
Related party current account	4,535	6,077
Total short-term liabilities	<u>196,676</u>	<u>170,700</u>
Total shareholders' equity and liabilities	<u>EUR 659,474</u>	<u>EUR 612,020</u>

Notes:

- 1 All financial data presented is unaudited and in accordance with IFRS.
- 2 Cash and cash equivalents include(s) an amount of €21.5 million which is part of the zero balance cash pool with Tele2 Sverige AB.
- 3 Shareholders equity include(s) an amount of €4.1 million which relates to the purchase of own shares.

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share data)

	Three months ended		Six months ended	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
Revenues:				
Third party revenues	EUR 146,058	EUR 164,776	EUR 256,090	EUR 328,467
Related party revenues	2,121	2,753	2,708	4,179
Total revenues	<u>148,179</u>	<u>167,530</u>	<u>258,798</u>	<u>332,647</u>
Direct cost of revenue:	81,379	84,501	135,234	171,805
Gross margin	66,800	83,028	123,564	160,841
Operating expenses:				
Selling general and administrative	46,085	49,072	82,585	101,001
Depreciation/amortisation	<u>32,686</u>	<u>34,826</u>	<u>65,070</u>	<u>68,972</u>
Total operating expenses	78,771	83,897	147,655	169,972
Operating result	(11,971)	(869)	(24,091)	(9,131)
Interest- and other income	79	63	1,112	332
Interest- and other expense	3,223	560	6,897	1,715
Interest expense related party	1,822	3,453	4,063	6,858
Currency exchange (gain)/loss	<u>(128)</u>	<u>(15)</u>	<u>(774)</u>	<u>(164)</u>
Result before income taxes	(16,809)	(4,805)	(33,165)	(17,209)
Income tax credit (charge)	<u>(764)</u>	<u>1,571</u>	<u>(1,017)</u>	<u>3,142</u>
Result for the period from continuing operations	(17,573)	(3,234)	(34,182)	(14,067)
Result for the period from discontinued operations	<u>(5,930)</u>	<u>-</u>	<u>(12,096)</u>	<u>-</u>
Result for the period	<u><u>(23,503)</u></u>	<u><u>(3,234)</u></u>	<u><u>(46,278)</u></u>	<u><u>(14,067)</u></u>
Other data:				
EBITDA from continuing operations	EUR 20,715	EUR 33,957	EUR 40,979	EUR 59,841
Net result after income taxes per common share:				
Basic	EUR (0.03)	EUR (0.00)	EUR (0.06)	EUR (0.01)
Diluted	<u>EUR (0.03)</u>	<u>EUR (0.00)</u>	<u>EUR (0.06)</u>	<u>EUR (0.01)</u>
Weighted average shares outstanding:				
Basic	794,291	942,837	794,291	942,837
Diluted	<u>794,291</u>	<u>942,837</u>	<u>794,291</u>	<u>942,837</u>
Total Shares outstanding				
Basic	<u>942,388</u>	<u>944,334</u>	<u>942,388</u>	<u>944,334</u>

Notes:

- 1 All financial data presented is unaudited and in accordance with IFRS.
- 2 Due to the cumulative net loss for 2007 and 2008, the number of weighted average shares is identical for the basic and diluted earnings per share calculation as inclusion of potential common shares would be anti-dilutive.

TELE2 NETHERLANDS HOLDING N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended		Six months ended	
	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008
cash flows from operating activities:				
Net result for the period from continuing operations	EUR (17,573)	EUR (3,234)	EUR (34,182)	EUR (14,067)
Net result for the period from discontinued operations	(5,930)	-	(12,096)	-
Net result	EUR (23,503)	EUR (3,234)	EUR (46,278)	EUR (14,067)
Depreciation and amortization	37,129	34,826	74,152	68,972
Other non-cash from operating activities	867	(964)	1,735	(1,924)
Changes in working capital	10,176	(2,378)	(38,112)	(11,657)
Net cash provided by operating activities	<u>24,669</u>	<u>28,250</u>	<u>(8,503)</u>	<u>41,324</u>
cash flows from investing activities:				
Capital expenditures	(27,528)	(20,962)	(53,524)	(43,293)
Acquisition of Business, net of cash	-	-	(196,486)	-
Net cash used in investing activities	<u>(27,528)</u>	<u>(20,962)</u>	<u>(250,010)</u>	<u>(43,293)</u>
cash flows from financing activities:				
Redemption of loans	9,462	-	(6,548)	-
Proceeds from share offering, net of expenses	-	720	251,391	720
Repurchased shares	-	-	-	(4,143)
Proceeds from loans from related parties	2,357	(13,078)	4,548	(2,065)
Net cash (used in)/provided by financing activities	<u>11,819</u>	<u>(12,358)</u>	<u>249,391</u>	<u>(5,488)</u>
Free cash flows (used)/provided	<u>EUR 8,960</u>	<u>EUR (5,070)</u>	<u>EUR (9,122)</u>	<u>EUR (7,457)</u>

Notes:

- 1 All financial data presented is unaudited and prepared in accordance with IFRS except for the comparative financial information of 1Q07 which includes the Belgian operations as if they were continued.

TELE2 NETHERLANDS HOLDING N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Issued and paid in capital	Additional paid in capital	Repurchased shares	Accumulated deficit	Total
Balance at January 1, 2008	EUR 18,848	EUR 1,998,781	EUR -	EUR (1,770,148)	EUR 247,481
Repurchased shares			(4,143)		(4,143)
Net result for the period	39	681		(14,067)	(13,347)
Balance at June 30, 2008	<u>18,887</u>	<u>1,999,462</u>	<u>(4,143)</u>	<u>(1,784,214)</u>	<u>229,992</u>

Notes:

- 1 All financial data presented is unaudited and in accordance with IFRS

TELE2 NETHERLANDS HOLDING N.V.

Operating Statistics: Q2 2008

(Euro 000s)

	2007	2007	2007	2007	2007	2008	2008
	Q1	Q2	Q3	Q4	FY	Q1	Q2
<u>The Netherlands</u>							
Revenue	110,619	148,180	154,063	169,544	582,405	165,117	167,530
Gross Margin	56,764	66,800	68,715	86,155	278,434	77,813	83,028
GM%	51.3%	45.1%	44.6%	50.8%	47.8%	47.1%	49.6%
EBITDA	20,264	20,715	24,534	15,098	80,611	25,884	33,957
Capex	(23,198)	(24,084)	(21,676)	(21,965)	(90,923)	(22,331)	(20,962)
<u>The Netherlands</u>							
Revenue							
Business	49,293	47,181	45,796	48,335	190,605	45,226	45,349
Residential	45,330	83,573	92,468	103,991	325,363	98,625	99,814
Carrier	15,996	17,426	15,799	17,218	66,439	21,266	22,367
Total	110,619	148,180	154,063	169,544	582,407	165,117	167,530
<u>The Netherlands</u>							
Customers							
Business	56,379	54,955	54,519	53,881		52,869	52,214
Residential	1,525,523	1,447,062	1,400,935	1,359,625		1,289,812	1,244,918
Carrier	185	183	183	183		183	183
Total	1,582,087	1,502,200	1,455,637	1,413,689		1,342,864	1,297,315
<u>The Netherlands</u>							
Residential Customers							
Mobile	589,034	589,614	588,634	566,309		522,737	496,917
Fixed	627,259	549,886	500,479	465,626		431,652	410,087
Narrow & Broadband	309,230	307,562	311,822	327,690		335,423	337,914
Total	1,525,523	1,447,062	1,400,935	1,359,625		1,289,812	1,244,918

Note

As a result of the acquisition of Tele2 (Netherlands) B.V., the company acquired a residential customer base. As of March 31, 2007, the acquired customer base consisted of 589,000 mobile customers, 613,000 carrier pre-select customers and 41,000 narrow- and broadband customers in the Netherlands.

For the purposes of above mentioned residential customer numbers, it is noted that Tele2 Netherlands defines a "customer" as anyone who purchased a product and still is an active customer.

The income statement data as presented above relates to continued operations. The 2007 comparative income statement data has been re-presented in order to reflect the operations of Tele2 Netherlands in Belgium as discontinued due to the sale of the Belgian activities in October 2007. The 2007 revenue and expense lines now include intercompany amounts that were eliminated in the presentation of prior press releases and therefore may differ from prior year disclosure.