

Interim Report January–December 2009

Q4

IN Q4 2009 t2 'S NET SALES AMOUNTED TO SEK 9,889 MILLION AND EBITDA AMOUNTED TO SEK 2,188 MILLION.

SEK million	Q4			FY		
	2009	2008	%	2009	2008	%
Net sales	9,889	9,986	-1%	39,265	38,272	3%
EBITDA	2,188	2,162	1%	9,185	8,169	12%
EBIT excluding one-off items	1,300	1,198	9%	5,538	4,490	23%
EBIT	1,236	1,179	5%	5,527	2,848	94%
Net profit/loss	865	690	25%	4,601	1,715	168%
Earnings per share, after dilution (SEK)	1.95	1.57	24%	10.35	3.81	172%

The figures presented in this report correspond to Q4 2009 and continued operations unless otherwise stated. The figures shown in parentheses correspond to the comparable periods in 2008.

THE BOARD OF DIRECTORS PROPOSES A TOTAL DIVIDEND FOR 2009 AMOUNTING TO SEK 5.85

- THE BOARD OF t2 B has decided to recommend an increase in the ordinary dividend of 10 percent to SEK 3.85 (3.50) per share in respect of the financial year 2009. The Board has also decided to recommend an extraordinary dividend of SEK 2.00 (1.50) per share.

RECORD HIGH EBITDA CONTRIBUTION FROM MARKET AREA RUSSIA

- IN Q4 2009, t2 RUSSIA'S EBITDA amounted to SEK 695 million, driven by strong development in the more mature regions. 1,149,000 new customers were added in the quarter, continuing the success of the roll-out of new regions.

SOLID POSTPAID CUSTOMER INTAKE IN MARKET AREA NORDIC

- Market area NORDIC HAD A STRONG CUSTOMER INTAKE IN THE QUARTER, LED BY t2 Sweden that added 51,000 (29,000) new postpaid customers including mobile internet.

IMPROVED CASHFLOW FROM MARKET AREA CENTRAL EUROPE

- Through improved efficiency measures addressing operational and capital expenditures, t2'S BALtIC OPERATIONS wERE ABLE TO IMPROVE THEIR CASH Ow CONTRIBUTION TO THE GROUP despite the current economic climate.

STRONG OPERATIONAL CONTRIBUTION FROM MARKET AREA WESTERN EUROPE

- Throughout 2009, the focus of market area Western European operations has been to manage their operations more effectively, focusing on business performance rather than market share. In Q4 2009, EBITDA amounted to SEK 584 (509) million, proving that the strategy is working.

BACK TO OUR ROOTS:

Renewed focus on mobile: Paying off



OUR COMPANY HAS NEVER BEEN IN BETTER FINANCIAL SHAPE.”

When summarizing 2009 we can conclude that our strategy to focus on mobile is paying off. As a matter of fact, our company has never been in better financial shape. It is of course the consequence of hard work and 2010 will be a year when we push our limits further, investing in both newly acquired licenses and next generation mobile technology.

Nordic

The Swedish mobile operation has once again returned to positive revenue growth, Mainly thanks to our increased focus on the postpaid segment. We are closely monitoring this progress to ensure that we do not deviate from our plan.

During the quarter we closed two significant procurement processes for mobile infrastructure in Norway and Sweden. I am happy with the outcome and together with our vendors we can now move on to create a new competitive network in Norway and start offering next generation, internet-based services in Sweden.

Russia

We have turned our Russian operations into an efficient machine when it comes to building out and launching new regions. During Q4 2009, we launched ten of them. The next step in these regions is to move from a newcomer position to a challenger position where we can increase our focus on ARPU development and retention activities beside our strong focus on subscriber acquisition. The Q4 2009 result is proof that we can balance improved profitability in our more mature regions while aggressively launching mobile services in our new regions.

Central Europe

We focus, as in earlier quarters, on maintaining our market share in the Baltic region. The market is still experiencing tough times and we are creating a foundation from which we can expand when the economy recovers. In Croatia we are working hard to increase our market share, which we believe is mandatory to be able to turn the operation into black figures during 2H 2010.

During the year, we have communicated our ambition to selectively expand our footprint in Russia and in the CIS, as long as it fits our corporate DNA. We have also concluded throughout 2009 that such a transaction should be either Greenfield or a smaller operator with not yet realized but promising future prospects. During the quarter, we announced our intention to acquire the number three operator NEO in Kazakhstan, which is in line with our ambition.

Western Europe

In Western Europe we have delivered yet another solid quarter. We are about to finalize the restructuring of Austria and when moving to the next phase we will leverage on our experience and expertise in the Netherlands. In Germany, the solid cash contribution continues.

t2 always provides the Best Deal. To be able to promise this to our customers we have to make sure that we are the perceived price leader and at the same time deliver expected quality. This promise is my top priority in 2010!

Going forward – the strategy is simple – t2 always offers the best deal.

Harri Koponen
President and CEO, t2 AB



Financial overview

t2'S FINANCIAL PERFORMANCE IS A FUNCTION OF A CONTINUED focus on mobile services on our own infrastructure, complemented in some countries by fixed broadband services and business to business offerings. Mobile sales, which continued to grow compared to the same period last year, and a greater focus on mobile services on own infrastructure have led to a prolonged expansion in the EBITDA margin. The decline in the fixed telephony customer base is expected to persist. The company will work on maximizing the return from fixed-line operations.

FINANCIAL OVERVIEW

Net customer intake amounted to 887,000 (298,000) in Q4 2009. The customer intake in mobile services almost doubled to 1,045,000 (574,000), of which 25,000 (21,000) were mobile internet users. The good intake in mobile services resulted from a solid performance mainly in t2 Russia. In Q4 2009, t2 Russia commercially launched ten new regions. During the period, t2 Russia had a total customer intake of 1,149,000 (484,000), of which 944,000 (105,000) were derived from new operations. Fixed broadband customer intake amounted to -10,000 (-2,000) customers in Q4 2009, due to -14,000 (-4,000) in Austria related to a reclassification of the customer base. Fixed telephony had an expected outflow of customers in the quarter. However the churn rate in the fixed telephony customer base improved in the quarter. In Q4 2009, the total customer base increased to 26,579,000 (24,018,000) due to further success in mobile services.

Net sales in Q4 2009 amounted to SEK 9,889 (9,986) million, a decrease of -1 percent. The negative revenue development was mainly a result of the divestment of t2 Norway's xed broadband operations in Q2 2009.

EBITDA in Q4 2009 amounted to SEK 2,188 (2,162) million, equivalent to an EBITDA margin of 22 (22) percent. The EBITDA development was positively affected by strong operational development in fixed broadband services and to some extent was hampered by an increased push in mobile marketing spend with an emphasis on the roll-out of new regions in Russia. The EBITDA result was also negatively impacted by several temporary effects of approximately SEK -60 million in Other operations.

EBIT in Q4 2009 amounted to SEK 1,300 (1,198) million excluding one-off items of SEK -64 (-19) million ¹⁾. Including one-off items, EBIT amounted to SEK 1,236 (1,179) million.

Profit/loss before tax amounted to SEK 1,112 (586) million.

Net profit/loss amounted to SEK 865 (690) million. Reported tax for Q4 2009 amounted to SEK -247 (104) million affected by one-off items amounting to SEK 20 (518) million ²⁾. Tax payment affecting cash flow amounted to SEK -205 (-120) million.

Cash flow after Capex amounted to SEK 1,653 (704) million. **CAPEX** amounted to SEK 1,017 (1,328) million, mainly driven by expansion in Russia.

Net debt amounted to SEK 2,171 (4,952) million on December 31, 2009, or 0.2 times full-year 2009 EBITDA. Including guarantees to joint ventures, the net debt to full-year 2009 EBITDA amounted to 0.4 times. t2's available liquidity amounted to SEK 12,410 (17,248) million.

FINANCIAL COMMENTS

The market

2009 proved to be a very difficult year for the global economy. However, signs of a general recovery in business and consumer activity were noticed in the final months of the period. Despite this demanding environment, t2 has had a strong operational development in 2009, driven mainly by prolonged underlying growth in its mobile assets and a successful turn around its Western European fixed line operations. Measures were taken throughout the year to offset the impact of economic weakness on the operational performance, such as scrutinizing capital investments and reviewing operational expenditures to avoid any unnecessary friction in the t2 organization. t2 will continue to secure best in class cost structure by prolonging the efficiency measures into 2010.

The following points should be considered when estimating 2010 for the group:

- > t2 forecasts a corporate tax rate of approximately 20 percent excluding one-off items. The tax payment will affect cash flow by approximately SEK 700 million.
- > t2 forecasts a CAPEX level in the range of SEK 4,600-4,800 million.

The following assumptions should also be taken into account when estimating the longer term operational performance of the group:

- > A mobile operation based on own infrastructure should have the ambition to reach at least 35 percent EBITDA margin.
- > A ROCE target of 20 percent for the total operation of t2.

¹⁾ See Notes 1-4 and page 21

²⁾ See Note 7

Financial overview, cont.

t2 has GSM licenses in 37 regions in Russia covering 61 million inhabitants. The Russian operations have been divided into 17 old regions and 20 new regions. In Q4 2009, 10 of the new regions were commercially launched and the market's response has been in line with or even better than expected compared to the business plan. The following assumptions should be taken into account when estimating the operational performance of the total operations in Russia between 2010-2011:

- > Subscriber base should be able to reach 18-19 million by YE 2011.
- > Accumulated ARPU growth should amount to 5 percent in local currency.
- > EBITDA margin in the old regions should evolve in the range of 40-45 percent. EBITDA contribution in 2010 from new regions should be in the range of SEK -700 to -900 million. New regions' EBITDA margin should break even 2 years from commercial launch. t2 Russia's total EBITDA margin should evolve in the range of 25-30 percent.
- > Accumulated Capex in Russia should be in the range of SEK 4,500-5,000 million by YE 2011.

The following assumptions should be taken into account when estimating the Swedish mobile operations in 2010:

- > t2 will continue to target higher market share in the postpaid segment resulting in a full year EBITDA margin trending towards 30 percent.

t2 expects to close the acquisition of NEO in Kazakhstan during Q1 2010.

SHAREHOLDER REMUNERATION

t2's intention over the medium term is to pay a progressive ordinary dividend to its shareholders. The Board of t2 AB has decided to recommend an increase of the ordinary dividend of 10 percent to SEK 3.85 (3.50) per share in respect of the financial year 2009 to the Annual General Meeting (AGM) in May 2010. The board has also decided to recommend an extra ordinary dividend of SEK 2.00 (1.50) per share related to divestments made during the year.

BALANCE SHEET

t2's longer term financial leverage, denoted as net debt / EBITDA ratio, should be in line with the industry and the markets in which it operates and reflect the status of its operations, future strategic opportunities and contingent liabilities.

Financial overview, cont.

SEK million	2009 Q4	2008 Q4	2009 FY	2008 FY
Mobile¹⁾				
Net customer intake (thousands)	1,045	574	3,139	2,372
Net sales	6,315	6,166	24,410	23,224
EBITDA	1,571	1,577	6,319	6,419
EBIT	1,101	1,206	4,601	4,988
CAPEX	628	908	3,119	3,171
Fixed broadband¹⁾				
Net customer intake (thousands)	-10	-2	-11	71
Net sales	1,607	1,632	6,691	6,098
EBITDA	271	91	1,086	36
EBIT	-14	-319	-339	-1,538
CAPEX	191	221	661	735
Fixed telephony¹⁾				
Net customer intake (thousands)	-148	-274	-801	-1,292
Net sales	1,406	1,664	5,986	6,869
EBITDA	370	463	1,636	1,730
EBIT	303	396	1,378	1,432
CAPEX	27	53	82	116
Total				
Net customer intake (thousands)	887	298	2,327	1,141
Net sales ²⁾	9,889	9,986	39,265	38,272
EBITDA	2,188	2,162	9,185	8,169
EBIT ³⁾	1,236	1,179	5,527	2,848
CAPEX	1,017	1,328	4,439	4,481
EBT				
Net profit/loss	865	690	4,601	1,715
Cash flow from operating activities	2,701	1,937	9,118	7,896
Cash flow after CAPEX	1,653	704	4,778	3,288

¹⁾ Less one-off items (see Notes 1-4)

²⁾ Including one-off items (see Note 1)

³⁾ Total EBIT includes result from sale of operations, impairment and other one-off items stated under the segment reporting section of EBIT (page 21 and Notes 1-4)

SIGNIFICANT EVENTS IN THE QUARTER

- t2 Agreed to acquire the majority share in mobile operator in Kazakhstan for approximately SEK 550 million (Note 9).
- t2's Board of Directors intended to propose a total dividend of SEK 5.85 for 2009.
- t2 to acquire the majority share in mobile operator in Kazakhstan for SEK 644 million (Note 9).
- t2 and Telenor selected equipment vendor to deploy 2G/4G networks in Norway.
- t2 and network Norway selected equipment vendor to deploy 2G/3G network in Norway.
- t2 entered into settlement agreement with Telstra concerning interconnect (Note 1).

SIGNIFICANT SUBSEQUENT EVENTS

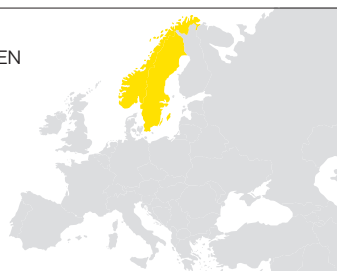
- t2 to acquire minority stakes in its Russian mobile operation in Rostov for SEK 368 million (Note 9).

Overview by region

NORDIC SWEDEN AND NORWAY

THE MOBILE POSTPAID
CUSTOMER BASE IN SWEDEN
INCREASED IN Q4 2009 BY

51,000



The Nordic market area is a strong cash-flow generator to the t2 Organization and also the test bed for new services.

SWEDEN

> **Mobile** In Q4 2009, t2 Sweden had a strong quarter in the postpaid segment adding 51,000 (29,000) new customers, of which 15,000 (15,000) were mobile internet users. The continued push within the postpaid segment resulted in an increasing share of net customers with monthly installment plans. Within the total postpaid voice consumer segment 25 (20) percent of the customer base had monthly installment plans in Q4 2009. As a consequence, the acquisition costs in the quarter increased.

The total mobile internet customer base amounted to 274,000 (170,000) in the quarter and t2 Sweden secured the number one position in the prepaid mobile internet market.

The total net intake amounted to 20,000 (28,000) in Q4 2009. As a consequence of the changed principle of calculating the number of active customers in Q2 2009 (Note 10), the total net intake in the quarter was lower compared to the same period last year.

Net sales for mobile services grew by 2 percent to SEK 1,927 (1,889) million. EBITDA contribution was SEK 560 (611) million in Q4 2009 affected by an increased amount of subscriptions being sold with monthly installments. t2 Sweden showed prolonged profitability within the prepaid voice segment with an EBITDA margin of 50 (48) percent thanks to a strong ARPU development.

In the quarter the business segment leverage on its best deal position, winning several major contracts from municipalities and enterprises. The business segment also progressed positively in an independent survey measuring customer expectations, experienced quality and customer loyalty.

The mobile operations in Sweden reported an ARPU of SEK 192 (200). ARPU for mobile internet increased in the quarter to 128 (103) SEK. MoU per customer, excluding mobile internet, increased to 235 (226) in Q4 2009.

The t2 Stores continued to deliver good operational results as well as improved sales in value-added services. t2 Stores are a good match to the existing distribution channels with the aim of reaching and serving the t2 customer base.

Costs associated with SUNAB joint venture amounted to SEK -105 (-123) million in Q4 2009.

During the quarter t2 Sweden's joint venture company Net 4Mobility chose vendor for the build out of new 2G/4G network.

> **Fixed Broadband** In Q4 2009 t2 Sweden had a high pace of LAN sales towards real-estate owners. LAN is the foundation for continued end customer growth on broadband-, voice- and TV-products. t2 Sweden has a clear price position in the fixed broadband market and has focused on cross selling products to existing customers.

The fixed broadband segment showed a stable profitability in Q4 2009 and reached an EBITDA margin of 5 (6) percent.

> **Fixed Telephony** The scope of the fixed telephony market is slowly decreasing and activities are highly linked with the fixed broadband sales in order to increase the number of products per customer.

In the quarter, t2 Sweden has seen a continued demand from customers in low tariff fixed price plans and VoIP subscriptions. The fixed telephony segment showed a stable profitability in the quarter.

NORWAY

> **Mobile** t2 Norway was able to deliver a stable revenue and EBITDA result compared to Q3 2009. The net intake in Q4 2009 amounted to 3,000 (19,000). The competition was fierce in the quarter, but t2 Norway succeeded in attracting high ARPU customers.

EBITDA contribution was SEK 46 (27) million in Q4 2009. EBITDA improvement was achieved through cost reductions and improved churn in the customer base. The termination price was lowered by the authorities from NOK 1.15 to NOK 1.00 from February 10, 2009, negatively affecting EBITDA with SEK -30 million in the quarter.

The EBIT result was negatively impacted by t2 Norway's share of the result from the Mobile Norway joint venture of SEK -24 (-16) million in Q4 2009.

t2 Norway kept delivering on the best deal concept focusing on strengthening price position and increased quality perception. According to an independent survey t2 Norway had the best development in customer satisfaction within the Norwegian telecom market.

During the quarter t2 Norway's joint venture company Mobile Norway chose vendor for the build out of new 2G/3G network.

The business segment progressed positively in Q4 with good initial market traction.

> **Fixed Telephony** t2 Norway was able to deliver stable revenues and EBITDA compared to previous quarter. EBITDA contribution was SEK 20 (13) million in Q4 2009. This was achieved through intensified efforts to bring costs down and keep improving the quality of the overall customer stock.

Overview by region, cont.

RUSSIA

THE MOBILE CUSTOMER BASE
INCREASED IN Q4 2009 BY

1,149,000



THE RUSSIAN OPERATION IS t2'S MOST IMPORTANT growth engine. The company has GSM licenses in 37 regions with approximately 61 million inhabitants.

> **Mobile** t2 Russia's strategy to balance costs associated with the build out of new regions with improved profitability in the more mature regions continued to reap good results in Q4 2009. In the quarter, ten new regions were launched commercially. The market's response has been in line with or even better than expected compared to the business plan. The customer base of the new regions grew by 944,000 (105,000) customers (some of the new licences offered to operators have been challenged in court due to alleged noncompliance with license terms).

t2 Russia had an overall robust customer intake and added 1,149,000 (484,000) new users in the quarter. The customer intake was also supported by improved churn in the total base. Despite an impact from customer base growth in new regions MoU for the total operations increased by 8 percent compared to Q4 2008, amounting to 227 (211). ARPU amounted to 51 (59), despite a strong customer intake in new regions. The general pricing environment remained highly competitive throughout the t2 Russia footprint.

Supported by customer growth, t2 Russia carried on demonstrating good financial performance in the quarter. Revenue grew by 8 percent in Q4 2009 compared to the same period last year. The EBITDA margin development was robust driven by strong operational performance in the more mature regions, focusing more on customer retention measures and stimulating usage rather than market share. EBITDA in the 17 mature regions amounted to SEK 889 (708) million, equivalent to a margin of 45 (36) percent. EBITDA in the new regions amounted to SEK -194 (-63) million.

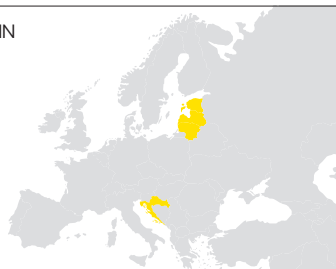
t2 Russia will continue to look for possibilities to carefully expand its operations through new licenses as well as complementary acquisitions which fit with its corporate culture.

Overview by region, cont.

CENTRAL EUROPE ESTONIA, LATVIA, LITHUANIA AND CROATIA

THE MOBILE EBITDA MARGIN
IN LITHUANIA AMOUNTED
IN Q4 2009 TO

31%



t2'S BALTIC OPERATIONS WILL REMAIN FOCUSED ON CREATING a strong operational platform it can leverage on once ECONOMIC STABILITY RE-EMERGES IN THE REGION. t2's Estonian operation is a strong challenger as it offers the best deal in both voice services and mobile internet.

ESTONIA

> **Mobile** Q4 was marked in Estonia by an enduring economic downturn, a decline in consumer confidence, and a high price pressure in all customer segments. This challenging economical situation affected the overall operational performance.

More and more customers having reviewed their telecom service provider during the year, t2 Estonia managed to utilize its clear price-leader position to acquire both private and corporate customers. Price competition intensified to become very fierce during the quarter, particularly in the corporate segment. However, through improved efficiency measures of both operational and capital expenditures, t2 Estonia was able to expand its EBITDA margin and improve cash flow contribution.

t2 will keep on building out 3G network in Estonia and strengthen its competitive position on the mobile internet market by generalizing mobile internet prepaid services.

LATVIA

> **Mobile** Managing the economic turmoil has kept being the toughest challenge of t2 Latvia during Q4 2009.

Fallen trade exports and weak domestic demand had considerable negative effects on economic performance. Besides, intense competition caused the mobile market to be constrained by a very tough pricing environment.

All those factors affected the operational result of t2 Latvia during the quarter, in both the prepaid and the postpaid segments. In the quarter a new marketing concept, referred to as the Meteorite campaign, was launched with good market traction.

Nevertheless, the postpaid segment suffered as a consequence of the deteriorating economic context, higher bad debt, and marketing costs (related to the Meteorite campaign), which was reflected in the EBITDA for Q4 2009. However, through scrutinizing capital expenditures, t2 Latvia was able to stabilize cash flow contribution.

t2 Latvia will continue to actively work on expanding market share in the corporate segment, including state-owned companies, as business customers tend to become more price-sensitive.

LITHUANIA

> **Mobile** In a period of persistent market slowdown, t2 Lithuania has managed to benefit from a sustained price leadership position, supported by effective sales and marketing campaigns. During Q4, t2 Lithuania experienced good operational development and kept gaining market shares in both the postpaid consumer and corporate segments, confirming its position as market leader. Although the company showed a very strong postpaid intake, the prepaid market declined significantly, accounting for t2 Lithuania's overall negative net intake.

The economic downturn has continued to negatively affect ARPU during Q4, leading to decreasing revenue. Nevertheless, t2 was able to successfully increase profitability by managing to keep reducing acquisition costs. Consequently, the EBITDA margin reached 31 (27) percent at the end of Q4 2009. By means of reducing capital expenditures, cash flow contribution improved in the quarter.

t2 Lithuania will continue to focus on growing its market share in the corporate segment, to benefit from general price-sensitivity among private companies and state-owned organizations. It will also pursue its penetration of the mobile internet market, which started showing early signs of interest for that product.

CROATIA

> **Mobile** t2 Croatia has been experiencing a healthy customer intake trend, especially across all segments. As a consequence of the changed principle of calculating the number of active customers in Q2 2009 (Note 10), the total net intake in the quarter was lower compared to the same period last year.

As an effect of the economic turmoil, price competition kept increasing in the market during the year. However, t2 Croatia maintained its price leading position, by generalizing the saving guarantee concepts it had introduced at the beginning of 2009. t2 means to utilize the current economical downturn to prompt customers to save on mobile telecommunications.

t2 Croatia will carry on laying emphasis on profitability and reach EBITDA break-even by 2H 2010 with the objective to double its market share in the medium term.

Overview by region, cont.

WESTERN EUROPE THE NETHERLANDS, GERMANY AND AUSTRIA

THE EBITDA MARGIN IN THE NETHERLANDS AMOUNTED IN Q4 2009 TO

24%



t2'S OPERATIONS IN WESTERN EUROPE is the gold standard for the Group in Business to Business services and consumer fixed broadband.

THE NETHERLANDS

> **Mobile** Due to the competitive environment in the Dutch mobile market, t2 Netherlands decided to move its customer base to the T-Mobile network in order to capture on more competitive rates. The migration was completed at the end of Q3 2009. As a result, t2 Netherlands was able to realize a significant improvement in the gross margins of its residential mobile (MVNO) operations during the fourth quarter. Based on the new MVNO with T-Mobile, t2 Netherlands launched new campaigns with innovative postpaid propositions, which halted the declining trend and showed a net increase in the postpaid customer base during December 2009. As t2 Netherlands continues to focus on high value postpaid subscriptions, the prepaid base and associated revenues showed a decline. During the fourth quarter, t2 Netherlands also launched – as one of the few operators in the Dutch market- a bundled fixed and mobile internet proposition, allowing customers to access the internet both at home and when travelling.

> **Fixed Broadband** The Dutch fixed broadband market showed an increase in competition from cable operators that offer high speed offerings based on the latest Docsis 3.0 technology during the quarter. t2 Netherlands countered this offer with the newly launched VDSL product "Fiberspeed", which offers customers download speeds of up to 60 Mbps. The roll-out of the VDSL technology is expected to be completed during the first half of 2010. During Q4 2009, t2 Netherlands continued to materialize on its price leading position in the market which resulted in a continued growth of the residential fixed broadband base. During the quarter t2 Netherlands also launched a new triple play offer based on HD TV.

During Q4 2009, t2 Netherlands was successful in prolonging existing contracts with corporate customers and in acquiring large new accounts (such as the three largest Technical Universities in The Netherlands, Thomas Cook and LTO) in the corporate segment. In local currency, the business revenues of t2 Netherlands showed an increase of approximately 3 percent

year-on-year, while the total market size showed a decline. The total fixed broadband revenues increased to a further 55 (49) percent of total revenue in Q4 2009, providing substantial growth in margins.

The company is expected to further benefit from improvements in the regulatory environment, such as the lowering of mobile termination rates and a decline in the copper line rental fees.

In Q4 2009, EBIT was positively affected by SEK 75 million in lower depreciation in t2 Netherlands derived from valuation of customer agreements related to the acquisition of Versatel in 2005 (which has now been fully amortized).

> **Fixed Telephony** The traditional fixed (resell) telephony market continued to decline in favour of bundled (dual play) offers. t2 Netherlands continued to up-and cross sale its fixed telephony base towards its own bundled offerings. The company also continued to retain its CPS customer base with its wholesale line rental product (WLR).

GERMANY

> **Fixed Broadband** In 2009 the fixed broadband market has shown signs of market saturation and the expected market consolidation has started. Mainly the cable operators as well as the incumbent continued with promotional pricing as an important marketing tool. t2 Germany's strategy in focusing on profitability rather than on market share was successfully delivered and led to improved results in EBITDA. The ongoing retention activities were effective and slowed down the churn trend, which led to a higher customer base than planned.

> **Fixed Telephony** t2 Germany remained the largest CPS (Carrier Pre-Select) provider in the market. As a result of the Company's emphasis on retention activities and customer base management the customer base developed better than planned. The EBITDA margin for fixed line was at 34 (40) percent in Q4 2009. Price competition in this segment was relatively low as most operators concentrated their marketing initiatives on fixed broadband services.

AUSTRIA

> **Fixed Broadband** t2 Austria continued to improve overall cost structure in all segments. In conjunction with internal organizational streamlining, which will be a base for more marketing focused strategy in 2010, t2 Austria continued to accelerate in higher EBITDA and Cash Flow contribution compared to the same period last year.

> **Fixed Telephony** The decline of the fixed line base continued to decrease due to effective retention measures that affected the churn positively. For the business segment, fixed telephony was still sustaining a stable development.

Other items

RISKS AND UNCERTAINTY FACTORS

t2's operations are affected by a number of external factors. The risk factors considered to be most significant to t2's future development are operating risks such as the economic recession, operations in Russia, changes in regulatory legislation in telecommunication services, increased competition, introduction of new services, ability to attract and retain customers, legal proceedings and financial risks such as currency risk, interest risk, liquidity risk and credit risk. In addition to the risks described in t2's annual report for 2008 (see Directors' report and Note 2 of the report for a detailed description of t2's risk exposure and risk management), no additional significant risks are estimated to have developed.

COMPANY DISCLOSURE

t2 AB (publ) Annual General Meeting 2010

The 2010 Annual General Meeting will be held on May 17, 2010 in Stockholm. Shareholders wishing to have a matter considered at the Annual General Meeting should submit their proposals in writing to agm@t2.com or to the Company Secretary, t2 AB (publ), P.O. Box 62, SE-164 94 Kista, Sweden, at least seven weeks before the Annual General Meeting in order that the proposal may be included in the notice to the meeting.

Further details on how and when to register will be published in advance of the Annual General Meeting.

Nomination committee for the 2010 Annual General Meeting

A Nomination Committee of major shareholders in t2 AB (publ) has been formed in accordance with the resolution of the 2009 Annual General Meeting. The Nomination Committee is comprised of Cristina Stenbeck on behalf of Investment AB Kinnevik, Åsa Nisell on behalf of Swedbank Robur Fonder, Peter Lindell on behalf of AMF Pension and Ramsey Brufer on behalf of Alecta. Information about the work of the Nomination Committee can be found on t2's corporate website at www.t2.com.

Shareholders wishing to propose candidates for election to the Board of Directors of t2 AB (publ) should submit their proposal in writing to agm@t2.com or to the Company Secretary, t2 AB (publ), P.O. Box 62, SE 164 94, Kista, Sweden.

Other

The annual report 2009 is expected to be released on the 26 March, 2010 and available on www.t2.com.

t2 will release the financial and operating results for the period ending March 31, 2010 on April 21, 2010.

Stockholm, February 9, 2010
t2 AB

Vigo Carlund Chairman	Mike Parton Deputy Chairman	Mia Brunell Livfors
Jere Calmes	John Hepburn	John Shakeshaft
Cristina Stenbeck		Pelle Törnberg
	Harri Koponen President and CEO	

REVIEW REPORT

Introduction

We have reviewed the interim report for t2 AB (publ) for the period January 1 - December 31, 2009. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, February 9, 2010
Deloitte AB

Jan Berntsson
Authorized Public Accountant

INTERIM RESULT CONFERENCE CALL

t2 will host a conference call, with an interactive presentation, for the global financial community at 10.00 am CET (09.00 am UK time / 04.00 am NY time) on Tuesday, February 9, 2010. The conference call will be held in English and also available as audiocast on t2's website, www.t2.com.

DIAL-IN INFORMATION:

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

DIAL-IN NUMBERS:

Sweden: +46 8 505 598 53
 UK: + 44 203 043 24 36
 US: + 1 866 458 40 87

You will also be in a position to listen to the conference call afterwards:

Replay number until February 22, 2010:
 Sweden: +46 8 506 269 49
 Passcode: 236670#

VISIT OUR WEBSITE: www.t2.com

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APPENDICES

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t2 IS ONE OF EUROPE'S LEADING TELECOM OPERATORS, ALWAYS PROVIDING THE BEST DEAL. We have 27 million customers in 10 countries. t2 offers mobile services, fixed broadband and telephony, 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 and other established providers. t2 has been listed on the NASDAQ OMX Stockholm since 1996. In 2009, we had net sales of SEK 39.3 billion and reported an operating profit (EBITDA) of SEK 9.2 billion.

Income statement

SEK million	Note	2009 full year	2008 full year	2009 Q4	2008 Q4
CONTINUING OPERATIONS					
Net sales	1	39,265	38,272	9,889	9,986
Operating expenses	2	-33,722	-33,819	-8,588	-8,843
Impairment of goodwill and customer agreements	2	-5	-1,033	-5	-20
Sale of operations, profit	3	44	125	-	38
Sale of operations, loss	4	-37	-13	-29	9
Result from shares in associated companies and joint ventures	5	-98	-212	-38	-30
Impairment of shares in joint ventures	2	-	-582	-	-16
Other operating income	6	422	450	102	144
Other operating expenses	6	-342	-340	-95	-89
Operating profit/loss, EBIT		5,527	2,848	1,236	1,179
Net interest expenses		-358	-400	-9	-86
Exchange rate differences, external		3	-344	-61	-251
Exchange rate differences, intragroup		-80	-206	-30	-264
Other financial items		-65	-63	-24	8
Profit/loss after financial items, EBT		5,027	1,835	1,112	586
Tax on profit/loss	7	-426	-120	-247	104
NET PROFIT/LOSS FROM CONTINUING OPERATIONS		4,601	1,715	865	690
DISCONTINUED OPERATIONS					
Net profit/loss from discontinued operations	9	-46	718	184	204
NET PROFIT/LOSS		4,555	2,433	1,049	894
ATTRIBUTABLE TO					
Equity holders of the parent company		4,519	2,411	1,041	896
Minority interest		36	22	8	-2
NET PROFIT/LOSS		4,555	2,433	1,049	894
Earnings per share (SEK)		10.26	5.44	2.36	2.03
Earnings per share, after dilution (SEK)		10.24	5.43	2.36	2.03
FROM CONTINUING OPERATIONS					
Earnings per share (SEK)		10.37	3.82	1.95	1.57
Earnings per share, after dilution (SEK)		10.35	3.81	1.95	1.57
Number of outstanding shares, basic	8	440,381,339	440,351,339		
Number of shares in own custody	8	5,798,000	9,448,000		
Number of shares, weighted average	8	440,355,339	443,538,839		
Number of shares after dilution	8	441,506,048	441,063,416		
Number of shares after dilution, weighted average	8	441,272,717	443,867,042		

Comprehensive income

SEK million	Note	2009 full year	2008 full year	2009 Q4	2008 Q4
Net profit/loss		4,555	2,433	1,049	894
OTHER COMPREHENSIVE INCOME					
Exchange rate differences		-1,370	2,351	396	1,906
Exchange rate differences, tax effect		-565	800	184	589
Reversed cumulative exchange rate differences from divested companies	9	-138	-197	-127	-144
Withholding tax		-19	-	-19	-
Cash flow hedges		-6	-141	-4	-133
Cash flow hedges, tax effect		-	40	1	38
Other comprehensive income for the period, net of tax		-2,098	2,853	431	2,256
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,457	5,286	1,480	3,150
ATTRIBUTABLE TO					
Equity holders of the parent company		2,425	5,259	1,471	3,148
Minority interest		32	27	9	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,457	5,286	1,480	3,150

Change in shareholders' equity

SEK million	Note	Dec 31, 2009			Dec 31, 2008		
		Attributable to		Total share- holders' equity	Attributable to		Total share- holders' equity
		equity holders of the parent company	minority interests		equity holders of the parent company	minority interests	
Shareholders' equity, January 1		28,151	50	28,201	26,821	28	26,849
Costs for stock options	8	25	-	25	24	-	24
New share issues	8	4	-	4	1	-	1
Repurchase of own shares	8	-1	-	-1	-462	-	-462
Dividends	8	-2,202	-4	-2,206	-3,492	-	-3,492
Purchase of minority		-	-15	-15	-	-12	-12
New share issues to minority		-	-	-	-	7	7
Comprehensive income for the period		2,425	32	2,457	5,259	27	5,286
SHAREHOLDERS' EQUITY, END OF PERIOD		28,402	63	28,465	28,151	50	28,201

Balance sheet

SEK million	Note	Dec 31, 2009	Dec 31, 2008
ASSETS			
FIXED ASSETS			
Goodwill	9	10,179	11,473
Other intangible assets		2,234	2,121
Intangible assets		12,413	13,594
Tangible assets		15,344	15,566
Financial assets		596	427
Deferred tax assets	7	4,629	4,754
FIXED ASSETS		32,982	34,341
CURRENT ASSETS			
Materials and supplies		201	368
Current receivables		5,770	7,815
Short-term investments		114	3,359
Cash and cash equivalents		1,312	1,250
CURRENT ASSETS		7,397	12,792
ASSETS		40,379	47,133
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Attributable to equity holders of the parent company		28,402	28,151
Minority interests		63	50
SHAREHOLDERS' EQUITY		28,465	28,201
LONG-TERM LIABILITIES			
Interest-bearing liabilities		3,188	2,161
Non-interest-bearing liabilities		731	758
LONG-TERM LIABILITIES		3,919	2,919
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		443	7,635
Non-interest-bearing liabilities		7,552	8,378
SHORT-TERM LIABILITIES		7,995	16,013
EQUITY AND LIABILITIES		40,379	47,133

Cash flow statement*

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
OPERATING ACTIVITIES									
Cash flow from operations, other		8,870	8,166	2,485	2,433	2,060	1,892	1,930	2,405
Taxes paid	7	-883	-377	-205	-98	-124	-456	-120	-90
Changes in working capital	1	1,131	107	421	252	63	395	127	279
CASH FLOW FROM OPERATING ACTIVITIES		9,118	7,896	2,701	2,587	1,999	1,831	1,937	2,594
INVESTING ACTIVITIES									
Capital expenditure in intangible and tangible assets, CAPEX	11	-4,340	-4,608	-1,048	-1,065	-1,078	-1,149	-1,233	-930
Cash flow after CAPEX		4,778	3,288	1,653	1,522	921	682	704	1,664
Acquisition of shares and participations	9	-845	-676	-167	-302	-317	-59	-141	-47
Sale of shares and participations	9	848	2,273	511	94	281	-38	247	2,172
Changes of short-term investments etc		3,383	331	-16	103	2,934	362	5	12
Cash flow from investing activities		-954	-2,680	-720	-1,170	1,820	-884	-1,122	1,207
CASH FLOW AFTER INVESTING ACTIVITIES		8,164	5,216	1,981	1,417	3,819	947	815	3,801
FINANCING ACTIVITIES									
Change of loans, net		-5,872	-2,433	-1,332	-1,564	-1,492	-1,484	-831	-4,577
Dividends	8	-2,202	-3,492	-	-	-2,202	-	-	-
New share issues	8	4	1	3	1	-	-	-	1
Repurchase of own shares	8	-1	-462	-	-1	-	-	-	-462
Dividend to minority		-4	-	-	-3	-1	-	-	-
Other financing activities		-	7	-	-	-	-	-	-
Cash flow from financing activities		-8,075	-6,379	-1,329	-1,567	-3,695	-1,484	-831	-5,038
NET CHANGE IN CASH AND CASH EQUIVALENTS		89	-1,163	652	-150	124	-537	-16	-1,237
Cash and cash equivalents at beginning of period		1,250	2,459	683	1,021	792	1,250	1,327	2,524
Exchange rate differences in cash		-27	-46	-23	-188	105	79	-61	40
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		1,312	1,250	1,312	683	1,021	792	1,250	1,327

* including discontinued operations (Note 9).

Number of customers

Thousands	Note	Number of customers		Net intake							
		2009 Dec 31	2008 Dec 31	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden											
Mobile	10	3,363	3,358	205	259	20	107	56	22	28	127
Fixed broadband		444	433	11	47	1	7	-3	6	3	12
Fixed telephony		746	817	-71	-101	-17	-17	-16	-21	-33	-12
		4,553	4,608	145	205	4	97	37	7	-2	127
Norway											
Mobile	10	466	460	8	12	3	7	2	-4	19	4
Fixed broadband	9	-	91	-7	-21	-	-	-3	-4	-7	-6
Fixed telephony		120	133	-13	-30	-	-4	-3	-6	-4	-8
		586	684	-12	-39	3	3	-4	-14	8	-10
Russia											
Mobile	10	14,451	10,422	2,947	1,858	1,149	1,100	478	220	484	449
		14,451	10,422	2,947	1,858	1,149	1,100	478	220	484	449
Estonia											
Mobile	10	447	502	-23	10	-12	3	-1	-13	-1	-
Fixed telephony		13	16	-3	-4	-1	-1	-1	-	-1	-1
		460	518	-26	6	-13	2	-2	-13	-2	-1
Lithuania											
Mobile	10	1,608	1,924	-65	128	-60	22	-19	-8	12	49
Fixed broadband		44	41	3	5	1	1	-	1	1	1
Fixed telephony		3	4	-1	-2	-	-1	-	-	-1	-
		1,655	1,969	-63	131	-59	22	-19	-7	12	50
Latvia											
Mobile	10	1,058	1,106	-36	-16	-19	5	1	-23	-25	5
Fixed telephony		1	2	-1	-2	-	-1	-	-	-1	-
		1,059	1,108	-37	-18	-19	4	1	-23	-26	5
Croatia											
Mobile	10	598	703	122	233	-18	70	8	62	76	74
		598	703	122	233	-18	70	8	62	76	74
Netherlands											
Mobile	10	399	458	-19	-112	-18	-8	-1	8	-19	-23
Fixed broadband		418	368	50	44	8	15	13	14	19	11
Fixed telephony		307	389	-82	-105	-17	-20	-18	-27	-23	-30
		1,124	1,215	-51	-173	-27	-13	-6	-5	-23	-42
Germany											
Fixed broadband		139	177	-38	4	-6	-8	-10	-14	-14	-7
Fixed telephony	10	1,468	2,030	-562	-906	-90	-170	-115	-187	-172	-112
		1,607	2,207	-600	-902	-96	-178	-125	-201	-186	-119
Austria											
Fixed broadband		134	164	-30	-8	-14	-5	-4	-7	-4	-3
Fixed telephony		352	420	-68	-142	-23	-14	-17	-14	-39	-32
		486	584	-98	-150	-37	-19	-21	-21	-43	-35
Other											
Other operations		-	-	-	-10	-	-	-	-	-	-
		-	-	-	-10	-	-	-	-	-	-
TOTAL											
Mobile	10	22,390	18,933	3,139	2,372	1,045	1,306	524	264	574	685
Fixed broadband		1,179	1,274	-11	71	-10	10	-7	-4	-2	8
Fixed telephony	10	3,010	3,811	-801	-1,292	-148	-228	-170	-255	-274	-195
Other operations		-	-	-	-10	-	-	-	-	-	-
TOTAL CONTINUING OPERATIONS		26,579	24,018	2,327	1,141	887	1,088	347	5	298	498
Acquired companies											
Divested companies											
Changed method of calculation											
	10			318	211	-	-249	567	-	211	-
Discontinued operations											
Net intake	9	-	-18	-40	-18	-6	-9	-	-25	2	-33
Divested companies	9	-	486	-377	-1,467	-377	-	-	-	-466	-1,001
Changed method of calculation	9			-51	-	-	-37	-14	-	-	-
TOTAL OPERATIONS		26,579	24,486	2,093	-235	504	709	900	-20	49	-536

Net sales

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden									
Mobile	13	7,722	7,698	1,948	1,962	1,969	1,843	1,908	2,001
Fixed broadband	13	1,400	1,313	355	346	349	350	348	328
Fixed telephony	13	1,909	2,120	476	471	476	486	522	518
Other operations	13	264	242	52	49	75	88	71	55
		11,295	11,373	2,831	2,828	2,869	2,767	2,849	2,902
Norway									
Mobile		2,616	2,533	667	659	654	636	609	639
Fixed broadband	9	194	409	3	2	92	97	95	99
Fixed telephony		482	554	120	117	120	125	128	130
		3,292	3,496	790	778	866	858	832	868
Russia									
Mobile		7,600	6,867	2,155	1,918	1,843	1,684	1,992	1,763
		7,600	6,867	2,155	1,918	1,843	1,684	1,992	1,763
Estonia									
Mobile		998	1,045	236	247	261	254	263	261
Fixed telephony		11	14	2	3	3	3	3	3
Other operations		56	62	13	15	14	14	17	18
		1,065	1,121	251	265	278	271	283	282
Lithuania									
Mobile		1,674	1,599	404	413	435	422	455	404
Fixed broadband		27	22	7	6	7	7	6	6
Fixed telephony		3	7	-	1	-	2	2	2
		1,704	1,628	411	420	442	431	463	412
Latvia									
Mobile	1	1,636	1,734	369	399	420	448	443	442
Fixed telephony		-	2	-	-	-	-	1	-
		1,636	1,736	369	399	420	448	444	442
Croatia									
Mobile		1,296	859	346	342	316	292	269	246
		1,296	859	346	342	316	292	269	246
Netherlands									
Mobile		1,014	1,060	232	245	272	265	260	268
Fixed broadband	1	3,529	2,895	879	869	845	936	796	688
Fixed telephony		1,429	1,505	327	338	375	389	379	348
Other operations		746	805	167	174	198	207	202	194
		6,718	6,265	1,605	1,626	1,690	1,797	1,637	1,498
Germany									
Fixed broadband		436	484	98	103	113	122	122	122
Fixed telephony		1,670	2,117	367	389	441	473	504	498
Other operations		436	428	111	104	109	112	100	101
		2,542	3,029	576	596	663	707	726	721
Austria									
Fixed broadband	1	1,123	996	269	271	286	297	270	257
Fixed telephony		522	597	121	122	131	148	140	141
Other operations		670	638	185	173	150	162	149	154
		2,315	2,231	575	566	567	607	559	552
Other									
Other operations	13	1,102	1,604	258	266	276	302	380	330
		1,102	1,604	258	266	276	302	380	330
TOTAL									
Mobile		24,556	23,395	6,357	6,185	6,170	5,844	6,199	6,024
Fixed broadband		6,709	6,119	1,611	1,597	1,692	1,809	1,637	1,500
Fixed telephony		6,026	6,916	1,413	1,441	1,546	1,626	1,679	1,640
Other operations		3,274	3,779	786	781	822	885	919	852
		40,565	40,209	10,167	10,004	10,230	10,164	10,434	10,016
Internal sales, elimination		-1,316	-1,847	-277	-317	-355	-367	-416	-438
		39,249	38,362	9,890	9,687	9,875	9,797	10,018	9,578
One-off items									
	1	16	-90	-1	76	-59	-	-32	-58
TOTAL CONTINUING OPERATIONS		39,265	38,272	9,889	9,763	9,816	9,797	9,986	9,520
Discontinued operations									
	9	1,092	3,714	177	278	314	323	471	910
TOTAL OPERATIONS		40,357	41,986	10,066	10,041	10,130	10,120	10,457	10,430

Internal sales

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden									
Mobile	13	54	93	21	19	7	7	19	32
Fixed broadband	13	-	1	-	-	-	-	-	-
Fixed telephony	13	7	-	-	1	3	3	-	-
Other operations	13	120	154	12	21	43	44	36	33
		181	248	33	41	53	54	55	65
Norway									
Mobile		-	3	-	-	-	-	-	-1
Fixed telephony		32	42	7	7	7	11	14	9
		32	45	7	7	7	11	14	8
Russia									
Mobile		60	58	16	25	12	7	9	17
		60	58	16	25	12	7	9	17
Estonia									
Other operations		56	62	13	15	14	14	17	18
		56	62	13	15	14	14	17	18
Lithuania									
Mobile		15	10	4	3	5	3	3	3
Fixed telephony		1	5	-	-	-	1	1	2
		16	15	4	3	5	4	4	5
Latvia									
Mobile	1	17	7	1	8	3	5	2	3
		17	7	1	8	3	5	2	3
Netherlands									
Fixed broadband		18	20	4	5	4	5	5	5
Other operations		32	61	9	6	9	8	9	13
		50	81	13	11	13	13	14	18
Germany									
Other operations		135	219	26	32	40	37	43	49
		135	219	26	32	40	37	43	49
Austria									
Other operations		42	103	9	11	13	9	15	22
		42	103	9	11	13	9	15	22
Other									
Other operations	13	727	1,009	155	164	195	213	243	233
		727	1,009	155	164	195	213	243	233
TOTAL									
Mobile		146	171	42	55	27	22	33	54
Fixed broadband		18	21	4	5	4	5	5	5
Fixed telephony		40	47	7	8	10	15	15	11
Other operations		1,112	1,608	224	249	314	325	363	368
TOTAL CONTINUING OPERATIONS		1,316	1,847	277	317	355	367	416	438
Discontinued operations	9	-	107	-	-	-	-	7	27
TOTAL OPERATIONS		1,316	1,954	277	317	355	367	423	465

EBITDA

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden									
Mobile	13	2,375	2,646	560	600	620	595	611	708
Fixed broadband	13	117	-34	19	44	16	38	20	15
Fixed telephony	13	433	440	103	116	96	118	121	107
Other operations	13	59	-34	7	6	32	14	10	-8
		2,984	3,018	689	766	764	765	762	822
Norway									
Mobile		180	143	46	58	51	25	27	63
Fixed broadband	9	2	-39	2	1	2	-3	-1	-7
Fixed telephony		64	84	20	17	13	14	13	18
		246	188	68	76	66	36	39	74
Russia									
Mobile		2,473	2,368	695	596	644	538	645	628
		2,473	2,368	695	596	644	538	645	628
Estonia									
Mobile		290	333	63	74	77	76	64	94
Fixed telephony		-	2	-	-	-	-	1	-
Other operations		2	10	1	-1	-	2	4	3
		292	345	64	73	77	78	69	97
Lithuania									
Mobile		591	483	125	143	167	156	124	116
Fixed broadband		6	5	2	1	2	1	2	1
Fixed telephony		1	4	1	-1	-	1	1	1
		598	492	128	143	169	158	127	118
Latvia									
Mobile		527	646	108	132	138	149	158	165
		527	646	108	132	138	149	158	165
Croatia									
Mobile		-244	-363	-53	-43	-57	-91	-108	-77
		-244	-363	-53	-43	-57	-91	-108	-77
Netherlands									
Mobile		127	163	27	36	50	14	56	41
Fixed broadband	1-2	926	509	227	249	201	249	128	129
Fixed telephony		344	332	84	82	95	83	95	98
Other operations		212	154	52	53	56	51	45	50
		1,609	1,158	390	420	402	397	324	318
Germany									
Fixed broadband		-134	-270	-23	-20	-38	-53	-63	-45
Fixed telephony	2	627	739	126	158	164	179	201	205
Other operations		23	22	6	6	5	6	6	3
		516	491	109	144	131	132	144	163
Austria									
Fixed broadband	1	169	-135	44	52	55	18	5	-8
Fixed telephony		167	129	36	42	49	40	31	28
Other operations		35	23	5	8	15	7	5	4
		371	17	85	102	119	65	41	24
Other									
Other operations	13	-187	-191	-95	-34	-44	-14	-39	-92
		-187	-191	-95	-34	-44	-14	-39	-92
TOTAL									
Mobile		6,319	6,419	1,571	1,596	1,690	1,462	1,577	1,738
Fixed broadband		1,086	36	271	327	238	250	91	85
Fixed telephony		1,636	1,730	370	414	417	435	463	457
Other operations		144	-16	-24	38	64	66	31	-40
TOTAL CONTINUING OPERATIONS		9,185	8,169	2,188	2,375	2,409	2,213	2,162	2,240
Discontinued operations	9	148	298	38	55	41	14	25	95
TOTAL OPERATIONS		9,333	8,467	2,226	2,430	2,450	2,227	2,187	2,335

EBIT

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden									
Mobile	13	1,789	2,170	384	439	471	495	511	597
Fixed broadband	13	-234	-369	-63	-39	-76	-56	-103	-56
Fixed telephony	13	378	390	89	101	83	105	108	95
Other operations	13	2	-91	-5	-6	16	-3	-14	-18
		1,935	2,100	405	495	494	541	502	618
Norway									
Mobile		90	75	18	36	31	5	6	41
Fixed broadband	9	-16	-72	2	2	-8	-12	-9	-16
Fixed telephony		53	76	17	15	10	11	11	16
		127	79	37	53	33	4	8	41
Russia									
Mobile		1,822	1,834	529	419	481	393	501	492
		1,822	1,834	529	419	481	393	501	492
Estonia									
Mobile		217	255	44	55	60	58	40	80
Fixed telephony		-	1	-	-	-	-	-	-
Other operations		2	10	-	-	-	2	4	3
		219	266	44	55	60	60	44	83
Lithuania									
Mobile		491	401	100	118	142	131	102	96
Fixed broadband		1	2	-	-	-	1	1	-
Fixed telephony		1	4	1	-1	-	1	1	1
		493	407	101	117	142	133	104	97
Latvia									
Mobile		427	556	82	107	114	124	131	144
		427	556	82	107	114	124	131	144
Croatia									
Mobile		-353	-446	-81	-71	-84	-117	-131	-98
		-353	-446	-81	-71	-84	-117	-131	-98
Netherlands									
Mobile		118	143	25	34	47	12	46	39
Fixed broadband	1-2	36	-435	66	13	-43	-	-101	-99
Fixed telephony		264	250	66	63	73	62	74	78
Other operations		160	103	39	41	43	37	32	38
		578	61	196	151	120	111	51	56
Germany									
Fixed broadband		-173	-364	-35	-29	-45	-64	-76	-56
Fixed telephony	2	574	680	108	146	153	167	188	191
Other operations		23	22	6	6	5	6	6	3
		424	338	79	123	113	109	118	138
Austria									
Fixed broadband	1	47	-300	16	23	22	-14	-31	-47
Fixed telephony		108	31	22	28	34	24	14	4
Other operations		-1	-8	-3	-2	6	-2	-5	-3
		154	-277	35	49	62	8	-22	-46
Other									
Other operations	13	-288	-428	-127	-47	-68	-46	-108	-137
		-288	-428	-127	-47	-68	-46	-108	-137
TOTAL									
Mobile		4,601	4,988	1,101	1,137	1,262	1,101	1,206	1,391
Fixed broadband		-339	-1,538	-14	-30	-150	-145	-319	-274
Fixed telephony		1,378	1,432	303	352	353	370	396	385
Other operations		-102	-392	-90	-8	2	-6	-85	-114
		5,538	4,490	1,300	1,451	1,467	1,320	1,198	1,388
One-off items	1-4	-11	-1,642	-64	116	-59	-4	-19	-969
TOTAL CONTINUING OPERATIONS		5,527	2,848	1,236	1,567	1,408	1,316	1,179	419
Discontinued operations	9	-17	708	196	-461	51	197	207	687
TOTAL OPERATIONS		5,510	3,556	1,432	1,106	1,459	1,513	1,386	1,106

EBIT, cont.

SEK million	Note	Specification of items between EBITDA and EBIT							
		2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
EBITDA		9,185	8,169	2,188	2,375	2,409	2,213	2,162	2,240
Impairment of goodwill	2	-5	-986	-5	-	-	-	-19	-784
Impairment of customer agreements	2	-	-47	-	-	-	-	-1	-46
Impairment of shares in joint ventures	2	-	-582	-	-	-	-	-16	-11
Sale of operations	3-4	7	112	-29	40	-	-4	47	-19
Acquisition costs	9	-29	-	-29	-	-	-	-	-
Other one-off items	1-2	16	-139	-1	76	-59	-	-30	-109
Total one-off items		-11	-1,642	-64	116	-59	-4	-19	-969
Depreciation/amortization and other impairment		-3,549	-3,467	-850	-898	-926	-875	-934	-813
Result from shares in associated companies and joint ventures	5	-98	-212	-38	-26	-16	-18	-30	-39
EBIT		5,527	2,848	1,236	1,567	1,408	1,316	1,179	419

CAPEX

SEK million	Note	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Sweden									
Mobile	11, 13	252	704	66	60	50	76	27	22
Fixed broadband	13	159	210	40	32	49	38	51	35
Fixed telephony	13	9	24	4	2	3	-	14	-
Other operations	13	20	29	4	2	8	6	9	4
		440	967	114	96	110	120	101	61
Norway									
Mobile		6	6	4	1	-	1	2	1
Fixed broadband		2	24	-1	1	1	1	10	6
Fixed telephony		2	2	1	-	1	-	1	1
		10	32	4	2	2	2	13	8
Russia									
Mobile		2,232	1,699	441	707	529	555	613	498
		2,232	1,699	441	707	529	555	613	498
Estonia									
Mobile		110	194	22	19	24	45	65	46
		110	194	22	19	24	45	65	46
Lithuania									
Mobile		165	107	20	47	57	41	38	21
Fixed broadband		4	5	2	1	-	1	2	1
		169	112	22	48	57	42	40	22
Latvia									
Mobile		154	214	26	21	38	69	65	47
		154	214	26	21	38	69	65	47
Croatia									
Mobile		194	235	47	35	60	52	91	68
		194	235	47	35	60	52	91	68
Netherlands									
Mobile		6	12	2	1	1	2	7	1
Fixed broadband		448	392	129	96	84	139	113	98
Fixed telephony		46	40	14	9	9	14	11	10
Other operations		33	30	9	7	7	10	8	8
		533	474	154	113	101	165	139	117
Germany									
Fixed broadband		2	5	1	1	-	-	-6	1
Fixed telephony		1	2	-	-	1	-	-	1
		3	7	1	1	1	-	-6	2
Austria									
Fixed broadband		46	99	20	10	10	6	51	15
Fixed telephony		24	48	8	5	7	4	27	6
Other operations		13	33	5	3	3	2	20	4
		83	180	33	18	20	12	98	25
Other									
Other operations	13	511	367	153	109	143	106	109	48
		511	367	153	109	143	106	109	48
TOTAL									
Mobile	11	3,119	3,171	628	891	759	841	908	704
Fixed broadband		661	735	191	141	144	185	221	156
Fixed telephony		82	116	27	16	21	18	53	18
Other operations		577	459	171	121	161	124	146	64
TOTAL CONTINUING OPERATIONS		4,439	4,481	1,017	1,169	1,085	1,168	1,328	942
Discontinued operations	9	-	142	-	-	-	-	10	34
TOTAL OPERATIONS		4,439	4,623	1,017	1,169	1,085	1,168	1,338	976

CAPEX, cont.

SEK million	Note	Additional cash flow information							
		2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
CAPEX according to cash flow statement		4,340	4,608	1,048	1,065	1,078	1,149	1,233	930
This year unpaid CAPEX and paid CAPEX from previous year									
Continuing operations		-8	-1	-38	76	5	-51	87	32
Discontinued operations	9	-	-21	-	-	-	-	-	9
Sales price in cash flow statement									
Continuing operations		107	37	7	28	2	70	18	5
CAPEX according to balance sheet		4,439	4,623	1,017	1,169	1,085	1,168	1,338	976

Key ratios

SEK million	2009	2008	2007	2006	2005
CONTINUING OPERATIONS					
Net sales	39,265	38,272	38,930	38,530	34,335
Number of customers (by thousands)	26,579	24,018	22,768	23,618	20,899
EBITDA	9,185	8,169	6,569	6,113	5,262
EBIT	5,527	2,848	1,588	904	2,733
EBT	5,027	1,835	857	339	2,291
Net profit/loss	4,601	1,715	-190	-235	1,636
KEY RATIOS					
EBITDA margin, %	23.4	21.3	16.8	15.9	15.4
EBIT margin, %	14.1	7.4	4.1	2.3	8.0
VALUE PER SHARE (SEK)					
Earnings	10.37	3.82	-0.20	-0.25	3.71
Earnings after dilution	10.35	3.81	-0.20	-0.25	3.70
TOTAL (INCLUDING DISCONTINUED OPERATIONS)					
Shareholders' equity	28,465	28,201	26,849	29,123	35,368
Shareholders' equity after dilution	28,465	28,211	26,893	29,137	35,401
Total assets	40,379	47,133	48,648	66,164	68,291
Cash flow from operating activities	9,118	7,896	4,350	3,847	5,487
Cash flow after CAPEX	4,778	3,288	-819	-1,673	1,847
Available liquidity	12,410	17,248	25,901	5,963	8,627
Net debt	2,171	4,952	5,198	15,311	11,839
Investments in intangible and tangible assets, CAPEX	4,439	4,623	5,198	5,365	3,750
Investments in shares, short-term investments etc	-3,357	-2,255	-11,444	1,616	7,953
KEY RATIOS					
Equity/assets ratio, %	71	60	55	44	52
Debt/equity ratio, multiple	0.08	0.18	0.19	0.53	0.33
Return on shareholders' equity, %	16.0	8.8	-6.0	-11.3	6.9
Return on shareholders' equity after dilution, %	16.0	8.8	-6.0	-11.3	6.9
Return on capital employed, %	17.1	12.8	1.6	-5.5	8.3
Average interest rate, %	6.9	6.2	5.2	4.2	3.7
VALUE PER SHARE (SEK)					
Earnings	10.26	5.44	-3.75	-8.14	5.30
Earnings after dilution	10.24	5.43	-3.75	-8.14	5.29
Shareholders' equity	64.50	63.47	60.31	64.85	78.96
Shareholders' equity after dilution	64.36	63.44	60.34	64.84	78.93
Cash flow from operating activities	20.71	17.80	9.78	8.66	12.39
Dividend, ordinary	3.85 ¹⁾	3.50	3.15	1.83	1.75
Extraordinary dividend	2.00 ¹⁾	1.50	4.70	-	-
Market price at closing day	110.20	69.00	129.50	100.00	85.25

1) Proposed dividend

Parent company

INCOME STATEMENT

SEK million	Note	2009 full year	2008 full year
Net sales		32	30
Administrative expenses		-79	-160
Operating profit/loss, EBIT		-47	-130
Exchange rate difference on financial items		153	-445
Net interest expenses and other financial items		-205	356
Profit/loss after financial items, EBT		-99	-219
Tax on profit/loss	7	-185	49
NET PROFIT/LOSS		-284	-170

BALANCE SHEET

SEK million	Note	Dec 31, 2009	Dec 31, 2008
ASSETS			
FIXED ASSETS			
Financial assets		30,985	35,529
FIXED ASSETS		30,985	35,529
CURRENT ASSETS			
Current receivables		15	64
Cash and cash equivalents		4	2
CURRENT ASSETS		19	66
ASSETS		31,004	35,595
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Restricted equity	8	17,459	17,460
Unrestricted equity	8	8,420	11,185
SHAREHOLDERS' EQUITY		25,879	28,645
LONG-TERM LIABILITIES			
Interest-bearing liabilities		4,984	2,606
LONG-TERM LIABILITIES		4,984	2,606
SHORT-TERM LIABILITIES			
Interest-bearing liabilities		85	4,244
Non-interest-bearing liabilities		56	100
SHORT-TERM LIABILITIES		141	4,344
EQUITY AND LIABILITIES		31,004	35,595

Notes

ACCOUNTING PRINCIPLES AND DEFINITIONS

For the Group, the interim report has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2.2 Reporting for legal entities and its statements.

From January 1, 2010 expenses related to the acquisition of operations shall be reported in the income statement. These costs are not included in t2's definition of EBITDA but included in operating profit/loss (EBIT). During 2009 t2 has had expenses for the ongoing acquisition of the operations in Kazakhstan. The acquisition is expected to be finalized in 2010, as a consequence these expenses are reported as cost in 2009, please refer to Note 9.

Net result from central group functions has, with retroactive effect, been separated from the segment Sweden and are instead reported in segment Other. For additional information please refer to Note 13. As a result segment Other now mainly includes the parent company t2 AB, central functions, Datamatrix, Radio Components, Procure IT Right, and other minor operations.

From Q1 2009 divested operations, which have not previously been classified as discontinued operations, are reported in the segment Other. Previous periods have been adjusted retroactively.

As a way of standardizing reporting both internally and externally, t2 has decided to change its principles for calculating the number of active customers in its mobile prepaid base. For further information please refer to Note 10.

Revised IAS 1 Presentation of Financial Statements

The adoption of the revised IAS 1 results in that total comprehensive income is now presented in an income statement and a separate statement of comprehensive income. The statement of changes in equity now includes only transactions with owners and comprehensive income. Items of comprehensive income were previously included in the statement of changes in equity.

IFRS 8 Operating Segments

IFRS 8 replaces IAS 14 Segment Reporting and introduces the "management approach" to segment reporting. The operating segments are identified based on the internal reports regularly reviewed by t2's Chief Operating Decision Maker. t2's Executive Board (EB) has been identified as the Chief Operating Decision Maker. The adoption of IFRS 8 does not require any change in the presentation of the segments since these already previously are presented at country level, which corresponds to the level they are reviewed by the EB. Accordingly, there has been no restatement of previously reported information except for the items described above. The accounting principles applicable for the segment presentation are the same as those principles described in the Annual Report for 2008.

Other new and amended IFRS standards and IFRIC interpretations

The other new or amended IFRS standards and IFRIC interpreta-

tions, which became effective January 1, 2009, have had no material effect on the consolidated financial statements.

t2 has, in all other respects, presented its interim report in accordance with the accounting principles and calculation methods used in the 2008 Annual Report. Definitions are found in the 2008 Annual Report.

NOTE 1 NET SALES

In Q4 and Q3 2008, net sales in Sweden were reduced by SEK 32 and 58 million respectively related to interconnect disputes with TeliaSonera and a number of other operators. The amounts were reported as one-off items. t2 paid from a cash on view SEK 533 million regarding disputes with TeliaSonera in Q2 2008. In December 2009 t2 made a settlement with TeliaSonera. The solved dispute has affected the cash flow positively by SEK 340 million and the interest income by SEK 60 million, but has not affected EBIT.

In Q3 2009, net sales in segment Other were increased by SEK 76 million related to a settlement with another operator. The positive effect was reported as a one-off item.

In Q2 2009, net sales in Sweden were decreased by SEK 59 million related to the revaluation of reserves. The negative effect was reported as a one-off item.

During Q2 2009 two operations in Latvia have been merged. Internal sales between the two companies have been eliminated with retroactive effect on previous periods.

In Q1 2009, net sales for fixed broadband in Netherlands were increased by SEK 50 million related to the settlement of disputes with another operator.

Net sales were negatively impacted in Q1 2008 by SEK 61 million in the Austrian fixed broadband operations due to revaluation of reserves.

NOTE 2 OPERATING EXPENSES

In Q1 2009 Netherlands was negatively affected by SEK 38 million concerning retroactive price adjustments related to network costs mainly related to fixed broadband.

In Q3 2008 Netherlands was positively affected by SEK 63 million concerning a settlement with Versatel AG/APAX mainly related to the valuation of stock options for tax purposes. The amount was reported as a one-off item.

DEPRECIATION/AMORTIZATION AND IMPAIRMENT

In Q4 2008 Sweden recognized impairment losses on fixed assets of SEK 70 million mainly related to the cable TV network.

In Q3 2008 t2 recognized goodwill impairment losses in Austria of SEK 783 million and SEK 46 million related to customer agreements. Central IT-systems in Sweden have been impaired with SEK 114 million.

Due to the existing severe competitive market situation for broadband in Germany, in Q2 2008 t2 performed an impairment test that resulted in reported impairment losses in the quarter related to goodwill SEK 183 million and in investment in joint venture Plusnet of SEK 555 million.

Impairment of goodwill is stated below.

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Radio Components	-5	-5	-	-	-	-	-	-
Austria	-	-	-	-	-	-799	-16	-783
Germany	-	-	-	-	-	-187	-3	-1
Total impairment of goodwill	-5	-5	-	-	-	-986	-19	-784

NOTE 3 SALE OF OPERATIONS, PROFIT

t2 has reported the following capital gains from the divestment of operations.

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Norway, fixed broadband operation	44	-	44	-	-	-	-	-
Austria, MVNO operation	-	-	-	-	-	49	10	-
Denmark	-	-	-	-	-	15	15	-
Hungary	-	-	-	-	-	5	5	-
Belgium	-	-	-	-	-	58	8	1
Uni2 Denmark	-	-	-	-	-	-5	-3	-
Portugal	-	-	-	-	-	3	3	-
Total	44	-	44	-	-	125	38	1

NOTE 4 SALE OF OPERATIONS, LOSS

t2 has reported the following capital losses from the divestment of operations.

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Alpha Telecom/Calling Card Company	-33	-28	-5	-	-	-13	-1	-12
3C Communications	-2	-1	1	-	-2	1	-	1
Datamatrix Norway	-	-	-	-	-	-1	-	1
Portugal	-	-	-	-	-	-	10	-10
Other	-2	-	-	-	-2	-	-	-
Total	-37	-29	-4	-	-4	-13	9	-20

NOTE 5 CONTINGENT LIABILITIES

SEK million	2009 Dec 31	2008 Dec 31
Tax dispute, S.E.C. SA liquidation	4,354	4,563
Guarantee related to joint ventures		
-Svenska UMTS-nät, Sweden	1,745	2,021
-Mobile Norway, Norway	80	33
Other commitments	-	1
Total contingent liabilities	6,179	6,618

On January 27, 2009, the County Administrative Court declined t2's claim for a tax deduction of SEK 13.9 billion corresponding to a tax effect, excluding interest, of SEK 3.9 billion related to the S.E.C. tax dispute, of which SEK 186 million has been expensed and paid (please refer to Note 7). In Q1 2009 the County Administrative Court's ruling has been appealed to the Admin-

istrative Court of Appeal. The interest is estimated to amount to SEK 630 million at December 31, 2009 and SEK 653 million at December 31, 2008. The tax dispute is presented in detail in Note 15 of the 2008 Annual Report.

Additional contractual commitments and liabilities related to joint ventures are stated in Note 32 in the Annual Report for 2008.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING INCOME

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Service contracts and sales of capacity to sold operations	215	23	41	59	92	334	74	77
Other	207	79	55	17	56	116	70	21
Total other operating income	422	102	96	76	148	450	144	98

OTHER OPERATING EXPENSES

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Service contracts and sales of capacity to sold operations	-149	-24	-31	-36	-58	-288	-64	-74
Other	-193	-71	-64	-17	-41	-52	-25	-13
Total other operating expenses	-342	-95	-95	-53	-99	-340	-89	-87

NET

SEK million	2009 Full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Full year	2008 Q4	2008 Q3
Service contracts and sales of capacity to sold operations	66	-1	10	23	34	46	10	3
Other	14	8	-9	-	15	64	45	8
Total	80	7	1	23	49	110	55	11

NOTE 7 TAXES

In Q4 2009, a revaluation of deferred tax assets has been reported negatively affecting the income statement by SEK 97 million due to reduced income tax rate in Luxembourg.

In Q3 2009 net taxes was positively affected by SEK 1,071 million as a result of a valuation of deferred tax assets related to holding companies in Luxembourg. In Q4 2009 Luxembourg has reported a tax revenue of SEK 117 million due to changed assessment related to 2008.

In Q3 2009 t2 Sweden received a negative tax ruling, mainly regarding a deduction for contribution to its subsidiary t2 Norway for the write off of a MVNO-agreement. The declined deductions affected the tax cost negatively by SEK 209 million in Q3 2009, but had no cash flow effects.

In Q1 2009 SEK 186 million as well as SEK 10 million were expensed regarding the S.E.C. dispute and other tax disputes respectively. Total tax and interest paid in Q1 2009, related to tax disputes, amounted to SEK 395 million out of which SEK 163 million was already provisioned for in 2005. The tax dispute is presented in Note 15 of the 2008 Annual Report.

In Q4 2008, a revaluation of deferred tax assets was reported negatively affecting the income statement by a net of SEK 143 million due to reduced income tax rates in Sweden and Russia.

The tax cost in 2008 was affected positively with SEK 676 million as a result of write-downs of shares in group companies was tax deductible in the legal entity in Luxembourg and no temporary differences existed related to these investments.

In Q3 2008 net taxes was positively affected by SEK 102 million as a result of valuation of deferred tax assets related to continued improved earnings in Russia.

NOTE 8 SHARES AND CONVERTIBLES

As a result of 30,000 stock options being exercised during Q4 2009, t2 has issued new shares resulting in an increase of shareholders' equity of SEK 3 million.

In order to ensure delivery of shares under the incentive program 2009–2012 t2 has, in Q3 2009, issued 850,000 Class C shares through a directed placement at a subscription price corresponding to a quota value of SEK 1.25 per share, a total of SEK 1 million. The Class C shares are not entitled to dividends and represent one vote each. t2 has immediately after the issue repurchased all Class C shares at a price corresponding to the subscription price.

In Q3 2008 t2 repurchased own shares of Series B of 4,500,000, corresponding to 1 percent of all shares in t2, for a cost of SEK 462 million. The repurchased shares have been cancelled in Q2 2009, which has resulted in a reduction of the share capital of SEK 5 million.

In Q2 2009, 44,710 class A shares were reclassified into class B shares. The reclassification was made in accordance with the resolution approved at the Annual General Meeting on May 11, 2009. In Q3 2009, additional 12,997,000 class A shares were reclassified into class B shares.

DIVIDEND

t2's Board of Directors intends to propose an increase of the ordinary dividend with 10 percent to SEK 3.85 per share in respect of the financial year 2009 to the Annual General Meeting in 2010 and an extraordinary dividend of SEK 2.00 per share related to divestments made during the year.

t2 has, in Q2 2009, paid to the shareholders an ordinary dividend of SEK 3.50 per share and an extraordinary dividend of SEK 1.50 per share, corresponding to SEK 1,541 million and SEK 661 million respectively and totalling SEK 2,202 million.

INCENTIVE PROGRAM 2009–2012

The Annual General Meeting on May 11, 2009, approved an incentive programme for allocation to senior executives and other key employees in the t2 Group.

The incentive program (the Plan) includes a total of 72 senior executives and other key employees within the t2 Group. The participants in the Plan are required to own shares in t2. These shares could either be shares already held or shares purchased on the market in connection with notification to participate in the Plan. Thereafter the participants were granted, free of charge, retention rights and performance rights on the terms stipulated below.

Subject to fulfilment of certain retention and performance based conditions during the period April 1, 2009–March 31, 2012 (the Measure Period), the participant maintaining the employment within the t2 Group at the date of the release of the interim report January–March 2012 and subject to the participant maintaining the invested shares, each retention right and performance right entitles the employee to receive one Class B share in the company. Dividends paid on the underlying share will increase the number of retention and performance shares being allotted in order to treat the shareholders and the participants equally. The participant's maximum profit per right in the Plan is limited to SEK 355, five times the average closing share price of the t2 Class B shares during February 2009 (SEK 71).

The Board of Directors was authorized during the period until the next Annual General Meeting, to increase the company's share capital by not more than SEK 1,062,500 by the issue of not more than 850,000 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. Moreover, it was resolved to authorize the Board of Directors, during the period until the next Annual General Meeting, to repurchase the new 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 executed 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. Further, it was resolved that Class C shares that the Company purchases by virtue of the authorisation to repurchase its own shares, following reclassification into

Class B shares, may be transferred to participants in accordance with the terms of the Plan. The new issue and the repurchase were performed during Q3 2009.

The Plan comprised a total number of 140,040 shares and the following number of rights for the different Groups: a) 8,000 shares and 7 rights per invested share for the CEO, b) 28,000 shares and 6 rights per invested share for other senior executives (7 persons) and c) 104,040 shares and 4 rights per invested share for other participants (64 persons).

Number of rights	2009
Allocated June 1, 2009	640,160
Forfeited	-8,000
Total outstanding rights	632,160

Total costs before tax for outstanding rights in the incentive program are expensed as they arise over a three-year period, and these costs are expected to amount to SEK 31 million.

The estimated average fair value of the granted rights was SEK 50.70 on the grant date, June 1, 2009. The calculation of the fair values was carried out by external analysts. The following variables were used where Serie A was based on total shareholder return (TSR), Serie B was based on the company's average normalised return on capital employed (ROCE) and Serie C was based on total shareholder return (TSR) compared to a peer Group.

	Serie A	Serie B	Serie C
Expected annual turnover of personnel	7.0%	7.0%	7.0%
Expected value reduction parameter fulfilment	-	50%	-
Weighted average share price	76.70	76.70	76.70
Expected life	2.90 years	2.90 years	2.90 years
Expected value reduction parameter market condition	70%	-	30%

INCENTIVE PROGRAM 2008-2011

Number of rights	2009	Cumulative from start
Allocated May 30, 2008		384,400
Allocated October 24, 2008		56,000
Allocated December 19, 2008		186,872
		627,272
Outstanding as of January 1, 2009	611,272	
Allocated Q2 2009, compensation for dividend	25,165	25,165
Forfeited	-143,888	-159,888
Total outstanding rights	492,549	492,549

INCENTIVE PROGRAM 2007-2010/2012

Number of options	2009	Cumulative from start
Allocated August 28, 2007		3,552,000
Outstanding as of January 1, 2009	2,823,000	
Forfeited	-273,000	-1,002,000
Total outstanding stock options	2,550,000	2,550,000

The exercise price has been adjusted from SEK 130.20 to SEK 124 due to a compensation for the extra ordinary dividend paid during 2008 and 2009.

INCENTIVE PROGRAM 2006-2009/2011

Number of options	Stock options		Warrants	
	2009	Cumulative from start	2009	Cumulative from start
Allocated March 7, 2006		1,504,000		752,000
Outstanding as of January 1, 2009	934,000		637,000	
Forfeited	-	-570,000	-637,000	-752,000
Exercise	-30,000	-30,000	-	-
Total outstanding	904,000	904,000	-	-

In Q2 2009 all outstanding warrants have forfeited without exercise.

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of shares and participations affecting cash flow are the following.

SEK million	2009
Acquisitions	
Izhevsk, Russia	-293
Croatia	-100
Netherlands	-28
Sweden	-70
Other	-38
	-529
Capital contribution to joint venture companies	-316
	-316
Total acquisitions	-845
Divestments	
France	537
Norway, fixed broadband operation	104
Settlements of previous years' discontinued operations	277
Settlements of previous years' other divestments	-70
Total divestments	848
TOTAL CASH FLOW EFFECT	3

ACQUISITIONS

Izhevsk, Russia

In July 2009, t2 acquired the remaining 25.5 percent of the shares in t2 Izhevsk in Russia for SEK 322 million, of which SEK 29 million of the purchase price will be paid after 12 months of the completion. After this acquisition t2 owns 100 percent of the company's shares.

Croatia

In June 2009, t2 acquired the remaining 7 percent of the shares in t2 Croatia for SEK 100 million, which is reported as goodwill. After this acquisition t2 owns 100 percent of the company's shares.

Netherlands

During the first half of 2009 t2 acquired the remaining 0.34 percent of the shares in t2 Netherlands for SEK 28 million. After this acquisition t2 owns 100 percent of the company's shares.

Sweden

In March 2009, t2 acquired all shares in a company which possesses a license in Sweden, for SEK 70 million. During 2009 the acquisition has had no material impact on t2's income statement.

Other acquisitions

SEK 38 million was paid during 2009 regarding previous year's acquisition of Kaliningrad.

Net assets at the time of acquisition

Assets, liabilities and contingent liabilities included in the acquired operations are stated below.

SEK million	Izhevsk			Sweden		
	Reported value at the time of the acquisition	Adjustment to fair value	Fair value	Reported value at the time of the acquisition	Adjustment to fair value	Fair value
Licenses	-	-	-	3	91	94
Deferred tax liabilities	-	-	-	-	-24	-24
Minority interest	8	-	8	-	-	-
Net acquired assets	8	-	8	3	67	70
Goodwill			314			-
Purchase price shares			322			70
Liabilities to former owners etc			-29			-
NET EFFECT ON GROUP CASH ASSETS			293			70

The information above and the pro forma below are to be viewed as preliminary.

ACQUISITIONS AFTER CLOSING DAY

Kazakhstan

On December 14, 2009 t2 announced that t2 has signed the contract to acquire a majority share of mobile operator NEO in Kazakhstan. t2 will pay in cash approximately SEK 550 million for 51 percent of the shares and commit to a capital injection of around SEK 360 million once the transaction has been finalized. Completion is expected following approval from relevant regulatory authorities.

NEO operates a 900 MHz GSM license in Kazakhstan with a population of approximately 16.2 millions. t2 will own 51 percent of the shares with option to buy the remaining 49 percent after 5 years from closing. The acquired company will be consolidated into the t2 group and will benefit from t2's successful brand marketing and product strategies.

The other shareholder will be Asianet Holdings B.V. which is part of a well established private investment group.

In Q4 2009 acquisition costs regarding Kazakhstan of SEK 29 million have been reported in the income statement and cash flow statement.

Rostov, Russia

On January 28, 2010 t2 acquired the remaining 12.5 percent in the company Rostov Cellular Communication, in the Russian region of Rostov, for SEK 368 million, of which SEK 92 million will be paid 36 months after the acquisition. This was the last minority stake in t2 Russia and as a result of this acquisition t2 now owns 100 percent of its Russian operation.

DIVESTMENTS

Norway, fixed broadband operation

On May 29, 2009 t2 sold its Xed broadband operation including VoIP customers in Norway for SEK 120 million and with a capital gain of SEK 44 million. The operation has affected t2's net sales year-to-date by SEK 182 (391) million and EBITDA by SEK -2 (-44) million. The sale was completed on July 1, 2009 after receiving approval from the regulatory authorities. The sale has not been reported as discontinued operation since the entire operation in the country has not been sold.

Other divestments

Other cash flow changes include settlements of sales costs and price adjustments in the amount of SEK 70 million, for divestments during 2008 that have not been classified as discontinued operations.

Net assets at the time of divestment

Assets, liabilities and contingent liabilities included in the divested operations at the time of divestment are stated below.

SEK million	France	Norway, fixed broadband	Total
Goodwill	614	-	614
Tangible assets	3	58	61
Material and supplies	9	-	9
Current receivables	261	-	261
Cash and cash equivalents	133	-	133
Exchange rate differences	-151	2	-149
Long-term liabilities	-2	-	-2
Short-term liabilities	-391	-	-391
Divested net assets	476	60	536
Capital gain/loss	105	44	149
Sales price, net sales costs	581	104	685
Sales costs etc, non-cash	58	-	58
Price adjustments, non-cash	31	-	31
Less: cash in divested operations	-133	-	-133
TOTAL CASH FLOW EFFECT	537	104	641

PRO FORMA

The table below shows the effect of the acquired and divested companies and operations at December 31, 2009 on t2's net sales and result, had they been acquired and divested at January 1, 2009.

SEK million	2009			t2 Group, pro forma
	t2 Group	Acquired operations before the time of acquisition	Less divested operations ¹⁾	
Net sales	39,265	-	-182	39,083
EBITDA	9,185	-	2	9,187
Net profit/loss	4,601	-	13	4,614

¹⁾ Less t2 France since reported as discontinued operations

DISCONTINUED OPERATIONS
France

On October 15, 2009 t2 announced the sale of its operation in France for SEK 644 million. The sale was completed on December 14, 2009 after approval from the regulatory authorities.

In 2009 t2 recognized goodwill impairment loss in France of SEK 521 million. An agreement to sell the operation in France was signed in October 2009 and the impairment in September reflected the difference between estimated sales price and assets sold. During Q4 2009, a capital gain of SEK 105 million has been reported as discontinued operations, whereof a gain of SEK 159 million is related to a reversal of exchange rate differences previously reported directly in equity. The sale and the impairment loss was related to severe competition on the mobile market where we had a disadvantageous position as MVNO-operator.

In Q3 2009 France was positively affected by SEK 39 million concerning revaluation of reserves.

In Q3 2009, t2 decided to change its method for calculating the number of customers in its French mobile post-paid base. The one-time effect was a decrease of 37,000 in the reported customer base in France. In Q2 2009 t2 changed its principles for calculating the number of active prepaid customers, according to Note 10, with a one-time effect of -14,000 customers.

The divestment has been reported separately as discontinued operations in the income statement, with retrospective effect on previous periods according to IFRS 5-Non-current assets held for sale and discontinued operations.

Other discontinued operations

Discontinued operations also include settlements of sales costs and price adjustments for discontinued operations sold during the previous year, of which SEK 178 million refers to a positive outcome from a dispute in the divested operation in Switzerland with a positive effect on both income statement and cash flow, and a positive cash flow effect of SEK 115 million related to settlement regarding Poland.

Financial statements

Income statement for discontinued operations is stated below.

SEK million	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Net sales	1,092	3,714	177	278	314	323	471	910
Operating expenses	-950	-3,564	-140	-225	-275	-310	-456	-845
Impairment of goodwill	-521	-719	5	-526	-	-	-16	-440
Sale of operations, profit	331	1,297	133	-1	10	189	173	1,124
Sale of operations, loss	31	-31	21	13	2	-5	32	-63
Other operating income	-	19	-	-	-	-	4	3
Other operating expenses	-	-8	-	-	-	-	-1	-2
EBIT	-17	708	196	-461	51	197	207	687
Net interest	-	8	-	-	-	-	-	1
EBT	-17	716	196	-461	51	197	207	688
Tax on profit/loss	-29	2	-12	-17	-	-	-3	4
NET PROFIT/LOSS	-46	718	184	-478	51	197	204	692
Earnings per share (SEK)	-0.11	1.62	0.41	-1.08	0.11	0.45	0.46	1.56
Earnings per share, after dilution (SEK)	-0.11	1.62	0.41	-1.08	0.11	0.45	0.46	1.56

Cash flow statement for discontinued operations is stated below.

SEK million	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
OPERATING ACTIVITIES								
Cash flow from operations, other	148	309	42	53	39	14	26	98
Changes in working capital	50	-96	10	-62	62	40	-106	-8
CASH FLOW FROM OPERATING ACTIVITIES	198	213	52	-9	101	54	-80	90
INVESTING ACTIVITIES								
Capital expenditure in intangible and tangible assets, CAPEX	-	-163	-	-	-	-	-10	-25
Cash flow after CAPEX	198	50	52	-9	101	54	-90	65
Sale of shares and participations	814	2,429	534	2	308	-30	358	2,212
Cash flow from investing activities	814	2,266	534	2	308	-30	348	2,187
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,012	2,479	586	-7	409	24	268	2,277

Segment reporting etc for discontinued operations is stated below.

Thousands	Number of customers		Net intake					
	2009 Dec 31	2008 Dec 31	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Mobile	-	468	-6	-9	-	-25	6	-6
Fixed telephony	-	-	-	-	-	-	-4	-27
	-	468	-6	-9	-	-25	2	-33
Divested companies			-377	-	-	-	-466	-1,001
Changed method			-	-37	-14	-	-	-
Customers/net intake	-	468	-383	-46	-14	-25	-464	-1,034

SEK million	Net sales							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Mobile	1,092	1,901	177	278	314	323	359	436
Fixed broadband	-	244	-	-	-	-	28	67
Fixed telephony	-	1,469	-	-	-	-	83	384
Other operations	-	207	-	-	-	-	8	50
	1,092	3,821	177	278	314	323	478	937
Internal sales, elimination	-	-107	-	-	-	-	-7	-27
Net sales	1,092	3,714	177	278	314	323	471	910

SEK million	EBITDA							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Mobile	148	-40	38	55	41	14	-1	9
Fixed broadband	-	-29	-	-	-	-	-	-9
Fixed telephony	-	350	-	-	-	-	26	91
Other operations	-	17	-	-	-	-	-	4
EBITDA	148	298	38	55	41	14	25	95

SEK million	EBIT							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Mobile	142	-122	37	53	39	13	-5	-5
Fixed broadband	-	-39	-	-	-	-	-1	-12
Fixed telephony	-	305	-	-	-	-	23	80
Other operations	-	17	-	-	-	-	1	3
	142	161	37	53	39	13	18	66
Impairment of goodwill	-521	-719	5	-526	-	-	-16	-440
Sale of operations, profit	331	1,297	133	-1	10	189	173	1,124
Sale of operations, loss	31	-31	21	13	2	-5	32	-63
EBIT	-17	708	196	-461	51	197	207	687

SEK million	Specification of items between EBITDA and EBIT							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
EBITDA	148	298	38	55	41	14	25	95
Impairment of goodwill	-521	-719	5	-526	-	-	-16	-440
Sale of operations	362	1,266	154	12	12	184	205	1,061
Total one-off items	-159	547	159	-514	12	184	189	621
Depreciation/amortization and other impairment	-6	-137	-1	-2	-2	-1	-7	-29
EBIT	-17	708	196	-461	51	197	207	687

SEK million	CAPEX							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Mobile	-	128	-	-	-	-	10	31
Fixed broadband	-	9	-	-	-	-	-	1
Fixed telephony	-	5	-	-	-	-	-	2
CAPEX	-	142	-	-	-	-	10	34

SEK million	Additional cash flow information							
	2009 full year	2008 full year	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
CAPEX according to cash flow statement	-	163	-	-	-	-	10	25
This year unpaid CAPEX and paid CAPEX from previous year	-	-21	-	-	-	-	-	9
CAPEX according to balance sheet	-	142	-	-	-	-	10	34

NOTE 10 NUMBER OF CUSTOMERS

As a way of standardizing reporting both internally and externally, t2 has decided to change its principles for calculating the number of active customers in its mobile prepaid base. As of June 30, 2009, t2 considers a customer inactive if the customer has not used its mobile service in 3 months, instead of as earlier 3 to 13 months. Previous periods were not adjusted retroactively. In Q3 2009, additional adjustments were done to the customer base in Russia and Lithuania to reach conformity with the new principle.

An active prepaid customer is a customer that has a refillable active account and has been either refilling or doing an active outgoing transaction during the latest 90 days (if the transaction does not generate revenues the customer must have refilled the account at least once before). Outgoing transactions which are free, count only if the customer refilled the card at least once. However, the customer will still, as before, be able to use their SIM card within the period that is valid for each country.

In Q2 and Q3 2009, the one-time effect was a net increase of 567,000 and a net decrease of -249,000 respectively in the reported customer base. The large positive effect that the changed principle had on the Russian customer base was mainly related to the fact that the 3 months period was previously calculated from the time of the payment and not as the new definition from the last outgoing call. The table below presents how the customer base was affected by the changed definition in each country.

Thousands	Number of customers at June 30, 2009			Q3 2009
	Before	Changed definition	After	Additional change ¹⁾
Sweden	3,436	-200	3,236	-
Norway	458	-2	456	-
Russia	11,120	1,261	12,381	-179
Estonia	488	-32	456	-
Lithuania	1,897	-181	1,716	-70
Latvia	1,084	-12	1,072	-
Croatia	773	-227	546	-
Netherlands	465	-40	425	-
Number of customers	19,721	567	20,288	-249

¹⁾ Additional change due to the new principle decided in Q2 2009

In Q4 2008, t2 decided to change its method for calculating the number of customers in the open-call-by-call service in its German fixed telephony base. The one-time effect was an increase of 211,000 in the reported customer base in Germany.

NOTE 11 CAPEX

In Q2 2008 t2 Sweden was awarded 4G/LTE (Long Term Evolution) 2.6 GHz spectrum. The payment for the license affected CAPEX by SEK 549 million.

NOTE 12 TRANSACTIONS WITH RELATED PARTIES

Apart from transactions with Transcom no other significant related party transactions have been carried out during 2009. Related parties are presented in Note 39 of the 2008 Annual Report.

NOTE 13 SPLIT OF CENTRAL COSTS IN SWEDEN

From Q2 2009 t2 Sweden was split into core operations and central group functions. Core operations was reported in segment Sweden and central functions was included in the segment Other.

The core operations of t2 Sweden comprise the commercial activities within Sweden, including the communications services of mobile, fixed telephony, fixed broadband, and domestic carrier business. The central functions of t2 Sweden comprise the activities which provide services for the benefit of t2 AB's shareholders, other Group companies (including the core operations of Sweden), and the sold entities. These services are provided for example from group wide departments such as group finance, legal, product development, sales & marketing, billing, information technology, international network, and international carrier.

Segment Sweden was, with retroactive effect, adjusted with the following amounts related to net result from central group functions.

NET SALES

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-33	-62	-17	-15	-16	-14
Fixed broadband	-1	-10	-5	-6	-5	6
Fixed telephony	-1	-16	2	-3	-7	-8
Other operations	-50	-304	-90	-49	-77	-88
Net sales, total	-85	-392	-110	-73	-105	-104

INTERNAL SALES

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-3	-47	-8	-10	-20	-9
Fixed broadband	2	1	-	-	-	1
Fixed telephony	4	-1	-	-1	-	-
Other operations	-51	-221	-59	-53	-49	-60
Internal sales	-48	-268	-67	-64	-69	-68

EBITDA

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	21	-	3	-6	15	-12
Fixed broadband	9	56	13	7	17	19
Fixed telephony	-13	44	9	5	13	17
Other operations	-3	-20	19	14	-13	-40
EBITDA	14	80	44	20	32	-16

EBIT

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	35	105	32	15	38	20
Fixed broadband	9	71	16	9	22	24
Fixed telephony	-10	72	14	11	22	25
Other operations	2	27	38	24	-4	-31
EBIT	36	275	100	59	78	38

CAPEX

SEK million	2009 Q1	2008 Full year	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Mobile	-67	-196	-66	-24	-53	-53
Fixed broadband	-10	-42	-11	-5	-11	-15
Fixed telephony	-16	-51	-18	-5	-9	-19
Other operations	-6	-42	-9	-4	-16	-13
CAPEX	-99	-331	-104	-38	-89	-100