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## Earnings Release – 2006 and 4Q 2006

February 22, 2007

### Highlights for 2006

- Revenue up 1.8% to DKK 47,429m
- EBITDA up 5.0% to DKK 13,655m
- Customer base up 5.2% to 16.1 million
- Net income down 28.5% to DKK 3,362m, following the change in the capital structure

### Highlights for 4Q 2006

- Revenue down by 0.5% to DKK 12,259m
- EBITDA up 8.4% to DKK 3,695m
- Net income down 9.0% to DKK 954m, following the change in the capital structure

### Outlook for 2007

- Revenue is expected to be on level with revenue in 2006. The decrease in the landline business and the divestment of Bité is expected to be off-set largely by continued growth in broadband and mobile activities.
- Net income is expected to decrease 5% - 10% in 2007, due to the full year impact of the change in the capital structure, partly compensated for by more efficient operations.

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The earnings release has not been audited.

## TDC Group, summarized Statements of Income

DKKm	4Q 2005	4Q 2006	Change in %	2005	2006	Change in %
<b>Revenue</b>	<b>12,323</b>	<b>12,259</b>	<b>(0.5)</b>	<b>46,588</b>	<b>47,429</b>	<b>1.8</b>
Total operating expenses before depreciation etc.	(9,026)	(8,737)	3.2	(33,842)	(34,147)	(0.9)
Other income and expenses	113	173	53.1	257	373	45.1
<b>EBITDA</b>	<b>3,410</b>	<b>3,695</b>	<b>8.4</b>	<b>13,003</b>	<b>13,655</b>	<b>5.0</b>
Depreciation, amortization and impairment losses	(1,904)	(1,753)	7.9	(6,790)	(6,551)	3.5
<b>EBIT<sup>1</sup></b>	<b>1,506</b>	<b>1,942</b>	<b>29.0</b>	<b>6,213</b>	<b>7,104</b>	<b>14.3</b>
Special items	(346)	133	138.4	(968)	(319)	67.0
Income from associates and joint ventures	23	133	-	334	449	34.4
Net financials	(339)	(719)	(112.1)	(1,056)	(2,697)	(155.4)
<b>Income before income taxes</b>	<b>844</b>	<b>1,489</b>	<b>76.4</b>	<b>4,523</b>	<b>4,537</b>	<b>0.3</b>
Income taxes	(268)	(190)	29.1	(1,026)	(1,094)	(6.6)
<b>Net income from continuing operations</b>	<b>576</b>	<b>1,299</b>	<b>125.5</b>	<b>3,497</b>	<b>3,443</b>	<b>(1.5)</b>
Net income from discontinued operations <sup>2</sup>	3,801	0	-	3,953	0	-
<b>Net income</b>	<b>4,377</b>	<b>1,299</b>	<b>(70.3)</b>	<b>7,450</b>	<b>3,443</b>	<b>(53.8)</b>
<b>Attributable to:</b>						
Shareholders of the Parent Company	4,394	1,271	(71.1)	7,474	3,446	(53.9)
Minority interests	(17)	28	-	(24)	(3)	87.5
<b>Net income excl. special items and fair value adjustments<sup>3</sup></b>	<b>1,048</b>	<b>954</b>	<b>(9.0)</b>	<b>4,699</b>	<b>3,362</b>	<b>(28.5)</b>
<b>EBITDA margin in %</b>	<b>27.7</b>	<b>30.1</b>	<b>-</b>	<b>27.9</b>	<b>28.8</b>	<b>-</b>

1) EBIT (operating income) is exclusive of special items.

2) Relates to net income from TDC Directories, which was divested on November 30, 2005.

3) Special items and fair value adjustments are present in several lines in the Statements of Income as shown in the detailed Statements of Income on page 18.

## Highlights for 2006

TDC's revenue rose 1.8% to DKK 47,429m in 2006, with income before depreciation, amortization and special items (EBITDA) up 5.0% to DKK 13,655m. Net income, excluding special items and fair value adjustments, was DKK 3,362m, down 28.5% due to the changed capital structure resulting from the financing of dividends paid in April 2006. Including special items and fair value adjustments, net income was DKK 3,443m, compared with DKK 7,450m in 2005.

The EBITDA growth was caused primarily by growth in TDC Solutions' EBITDA with an increase of DKK 346m or 5.2%, resulting mainly from data communications and internet services, a decrease in wages, salaries and pension costs as well as the full-year impact of companies acquired in 2005. TDC Mobile International's EBITDA increased DKK 275m or 9.8%, reflecting growth in both the international and domestic businesses. In

TDC Cable TV, EBITDA grew DKK 147m or 31.3%, which related to increased revenue in the TV and internet operations caused by more customers. The increase was partly offset by lower EBITDA related to other activities<sup>1</sup>, which decreased by DKK 91m or 18.5% comprising higher consultancy fees.

Adjusted for acquired and divested enterprises<sup>2</sup>, EBITDA increased DKK 594m or 4.7%.

TDC's capital expenditures, excluding share acquisitions, totaled DKK 5,305m, a 5.7%

<sup>1</sup> Other activities include TDC Services, TDC A/S and eliminations.

<sup>2</sup> Developments from 2005 to 2006 were impacted by changes in ownership shares, including acquisition investments in the following companies: HTCC (consolidated as of April 1, 2005), Dotcom Solutions (recognized as of July 1, 2005), Ascicom's business communications solutions unit – subsequently renamed sunrise business communications – (recognized as of July 1, 2005), and Contactel (divested as of February 2, 2006). In the remainder of this earnings release, 'adjusted for acquired and divested companies' refers to reported figures for the TDC Group, TDC Solutions and TDC Switzerland, adjusted for the impact of these acquisitions and divestments

reduction. The capex-to-revenue ratio was 11.2% compared with 12.1% in 2005.

Cash flow from operating activities amounted to DKK 10,141m, up 16.7% compared with 2005 due to less tax payments, higher positive realized currency adjustments and a positive development in net working capital in 2006 compared with a negative development in 2005 as well as higher EBITDA. This was partly offset by higher interest payments.

Net interest-bearing debt increased DKK 38.7bn to DKK 55.2bn at year-end 2006 caused by the change in capital structure.

Compared with the Outlook for 2006 described in Annual Report 2005, TDC's revenue was DKK 0.6bn lower, impacted by lower revenue in TDC Solutions, TDC Mobile International and TDC Switzerland. The lower revenue was compensated for by an increase in the EBITDA margin driven by cost reductions. EBITDA was DKK 0.3bn higher compared with the Outlook. Compared with the Outlook in the annual report, net income, excluding special items and fair value adjustments, was DKK 1.1bn lower, caused by higher interest expenses. The Outlook provided with Annual Report 2005 was based on an assumption of unchanged capital structure.

Revenue and EBITDA, respectively, were DKK 0.1bn and DKK 0.3bn higher than stated in the latest Outlook for 2006 presented in the third-quarter report. The higher revenue stemmed mainly from TDC Mobile International due to higher ARPU and more customers. The higher EBITDA stemmed mainly from TDC Mobile International as well as TDC Switzerland. Net income, excluding special items and fair value adjustments, was DKK 0.2bn higher due to the higher EBITDA.

TDC's customer base grew 5.2% to 16.1m, driven mainly by customer intake in TDC Mobile International's foreign operations.

## 4Q 2006 development

TDC's revenue amounted to DKK 12,259m in 4Q 2006, down DKK 64m or 0.5%. Earnings before depreciation, amortization and special items (EBITDA) were up 8.4% to DKK 3,695m. Net income, excluding special items and fair value adjustments, was DKK 954m, down 9.0% due to higher interest expenses.

TDC's capital expenditures, excluding share acquisitions, totaled DKK 1,564m, a 15.6% reduction. The capex-to-revenue ratio was 12.8% compared with 15.0% in 4Q 2005.

### Revenue

TDC's revenue amounted to DKK 12,259m in 4Q 2006, down DKK 64m or 0.5%, reflecting lower revenue in TDC Solutions and TDC Switzerland, partly balanced by higher revenue in TDC Cable TV.

Adjusted for acquired and divested companies, revenue increased 2.0% due to increased revenue in TDC Solutions and TDC Cable TV.

### Operating expenses

Operating expenses decreased 3.2% to DKK 8,737m in 4Q 2006. Transmission costs and cost of goods sold decreased 3.3% to DKK 4,438m, due to lower transmission costs and cost of goods sold in TDC Solutions related to lower landline telephony. Also, the divestment of Contactel drove lower transmission costs and cost of goods sold.

Other external expenses decreased 3.4% to DKK 2,426m primarily due to lower customer acquisition costs in TDC Mobile International as well as lower costs in acquired and divested companies.

Wages, salaries and pension costs decreased 2.7% to DKK 1,873m, attributable mainly to fewer employees in TDC Solutions.

Adjusted for acquired and divested companies, operating expenses decreased 0.3% compared with 4Q 2005.

The number of full-time employee equivalents totaled 19,011, a reduction of 1,214 or

6.0% on 4Q 2005. The development was impacted by structural changes<sup>3</sup>, resulting in a decrease in full-time employee equivalents of 480, while redundancy programs drove a reduction of the full-time employee equivalents by 629.

## EBITDA

EBITDA increased DKK 285m or 8.4% to DKK 3,695m in 4Q 2006. Adjusted for acquired and divested companies, EBITDA increased by 8.5%. EBITDA was positively impacted by lower customer acquisition costs in the international operations of TDC Mobile International, increased revenue from internet and data communications in addition to lower operating expenses in TDC Solutions A/S and an increasing number of customers in TDC Cable TV.

The EBITDA margin increased from 27.7% in 4Q 2005 to 30.1% in 4Q 2006. Adjusted for acquired and divested companies, the EBITDA margin increased from 28.9% to 30.8%.

## Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses amounted to DKK 1,753m, down 7.9% on 4Q 2005. The decrease reflects lower depreciation in TDC Solutions and TDC Switzerland.

## EBIT

EBIT amounted to DKK 1,942m, representing an increase of 29.0%. This development results from the increase in EBITDA and lower depreciation, amortization and impairment losses.

## Special items

In 4Q 2006, special items amounted to an income of DKK 133m before tax and excluding special items in associated companies and

joint ventures. This related primarily to a retroactive reduction of the landline network interconnect rates for 2000-2005 for TDC Switzerland and sale of a building in Norway. This was partly offset by redundancy programs expenses related to domestic staff as well as redundancies in TDC Dotcom and TDC Song.

## Income from associates and joint ventures

In 4Q 2006, income from associates and joint ventures amounted to DKK 133m, an increase of DKK 110m compared with 4Q 2005. The increase was related to Polkomtel, contributing with DKK 103m compared with DKK 65m in 4Q 2005, due to a higher customer base. Also One contributed to the growth.

## Net financials

In 4Q 2006, net financials amounted to an expense of DKK 719m compared with an expense of DKK 339m in 4Q 2005.

Net financials, excluding fair value adjustments, amounted to an expense of DKK 1,009m compared with an expense of DKK 306m in 4Q 2005. The higher expenses mainly reflect the change in the capital structure, cf. page 3.

Fair value adjustments amounted to DKK 290m, primarily caused by an increased fair value of the interest rate hedge of long-term EUR debt due to an increase in the EUR interest rate. Fair value adjustments were DKK (33)m in 4Q 2005.

## Income before income taxes

Income before income taxes, including special items and fair value adjustments, was DKK 1,489m compared with DKK 844m in 4Q 2005, representing a 76.4% increase.

Income before income taxes, excluding special items and fair value adjustments, was DKK 1,056m, down 13.7%. The decrease is

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<sup>3</sup> Acquisitions and divestments of companies as well as in- and outsourcing.

attributable to the increase in financial expenses.

## Income taxes

Income taxes were DKK (190)m compared with DKK (268)m in 4Q 2005.

Income taxes related to net income, excluding special items and fair value adjustments, were DKK (102)m compared with DKK (271)m in 4Q 2005.

In 4Q 2006, the effective tax rate, excluding special items and fair value adjustments, was 9.7% compared with 22.2% in 4Q 2005. The lower effective tax rate is primarily due to relatively higher income before tax in foreign companies with a lower corporate tax rate than the Danish corporate tax rate of 28%. In addition, the decrease was impacted by taxes in 2005 on dividends from Polkomtel, partly offset by various other minor variances.

## Net income

Net income, including special items and fair value adjustments, came to DKK 1,299m, compared with DKK 4,377m in 4Q 2005, down DKK 3,078m due to income from the divestment of TDC Directories in 4Q 2005.

Net income, excluding special items and fair value adjustments, was DKK 954m, down DKK 94m or 9.0%, attributable to the increase in financial expenses.

## Statements of Cash Flow

In 4Q 2006, cash flow from operating activities amounted to DKK 3,427m, up 120.4% compared with 4Q 2005. This development is primarily due to higher tax payments in 4Q 2005. Also, change in net working capital, payments related to special items together with higher EBITDA affect the development in cash flow from operating activities positively. This was partly counteracted by higher net interest payments.

Cash flow from investing activities was DKK (1,900)m compared with DKK 3,328m in 4Q

2005, reflecting a positive cash flow of DKK 4,751m in 4Q 2005 primarily related to proceeds from the divestment of TDC Directories.

Cash flow from financing activities amounted to DKK (459)m compared with DKK (1,713)m in 4Q 2005. The development was impacted primarily by a reduction in short-term bank loans in 4Q 2005.

## Balance Sheets

Net interest-bearing debt amounted to DKK 55,221m at the end of 4Q 2006 compared with DKK 16,475m at the end of 4Q 2005, up DKK 38.7bn, reflecting mainly the financing of dividends paid in 2Q 2006.

Compared with the end of 3Q 2006, net interest-bearing debt decreased DKK 1.5bn, primarily caused by positive cash flow from operating activities in 4Q 2006.

### Net interest-bearing debt<sup>1</sup>

TDC Group (DKKm)	4Q 2005	4Q 2006
Senior Facilities	0	46,754
Euro Medium Term Notes (EMTN)	27,578	9,535
Other loans	2,737	2,460
<b>Loans</b>	<b>30,315</b>	<b>58,749</b>
Interest-bearing payables	17	5
<b>Gross interest-bearing debt</b>	<b>30,332</b>	<b>58,754</b>
Interest-bearing receivables	(107)	(78)
Cash and cash equivalents	(13,750)	(3,455)
<b>Net interest-bearing debt</b>	<b>16,475</b>	<b>55,221</b>

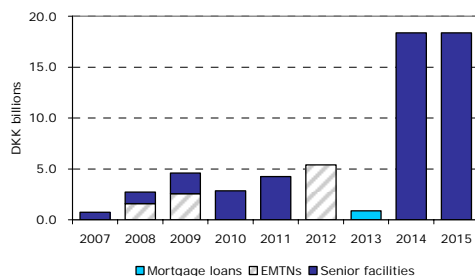
<sup>1</sup>Net book value measured at amortized cost so that the difference between the proceeds received and the nominal value is recognized in the Statements of Income over the term of the loan.

Senior Facilities are the most prominent debt financing instrument in TDC, representing 80% of total loans (in terms of net book value). Apart from a revolving tranche, the Senior Facilities are composed of three term loans, one being repayable in installments until 2011 (Facility A) and the other two being repayable as a bullet in 2014 and 2015 respectively (Facilities B and C). At the end of 4Q 2006, the following amounts drawn in Euros were outstanding under the Senior Facilities: Facility A: EUR 1,478m, Facilities B and C: EUR 2,465m each.

As per end of 4Q 2006, DKK 0.7bn is scheduled to be repaid under the Senior Facilities in 2007 (prepayments can be made by TDC

though). Furthermore, DKK 36.7m or 63% of the total nominal debt<sup>4</sup> falls due in 2014 and 2015.

**Maturity profile of nominal debt<sup>4</sup> 4Q 2006**



<sup>1</sup> Nominal value of Senior Facilities, EMTN and Mortgage loans (excl. HTCC).

## Capital expenditures

Capital expenditures, excluding share acquisitions, totaled DKK 1,564m, a reduction of DKK 290m or 15.6% compared with 4Q 2005. The decrease is mainly related to TDC Switzerland, impacted by high investments in mobile networks in 4Q 2005.

The capex-to-revenue ratio decreased from 15.0% in 4Q 2005 to 12.8% in 4Q 2006.

Adjusted for acquired and divested companies, capital expenditures decreased DKK 300m or 16.9% compared with 4Q 2005.

## Number of customers

TDC's customer base totaled 16.1 million customers at the end of 4Q 2006, a 5.2% increase on 4Q 2005 that is mainly attributable to customer intake in Bité and Talkline etc.

The domestic customer base totaled 7.8 million, up 2.2%. This development is primarily the result of growth in the mobile, xDSL and cable-modem customer bases, partly offset by a decline in the number of landline telephony customers and dial-up internet customers.

The domestic mobile customer base increased 7.5% to 2.8m<sup>5</sup>.

<sup>4</sup> Nominal values of Senior Facilities, EMTN and Mortgage loans (excl. HTCC).

The number of retail xDSL customers in TDC's domestic operations grew 25.5% to 748,000. The total number of retail broadband customers, including cable modem customers, increased to 1,037,000, up 22.4% on 4Q 2005.

<sup>5</sup> The growth in the domestic mobile customer base was negatively impacted by a change in the definition of active prepaid retail customers as from 1Q 2006. Had the previous definition been used, the domestic mobile customer base would have totaled 2.9m, up 13.2% compared with 4Q 2005.

## Recent developments

### Changes in TDC's top management

By mutual agreement with TDC, Kim Frimer resigned from his positions as member of the executive committee of TDC and CEO of TDC Solutions on January 9, 2007. For an interim period of time, President and CEO of TDC Jens Alder is serving as the CEO of TDC Solutions in addition to his current positions.

As part of the management change in TDC Solutions, the organizational structure of TDC Solutions has been simplified.

### Acquisition of Invitel by TDC's Hungarian subsidiary HTCC

On January 9, 2007, TDC announced that its controlled subsidiary HTCC had signed a Share Purchase Agreement to acquire Invitel Távközlési Szolgáltató Zrt (Invitel) for a total consideration of EUR 470m (USD 611m) including the assumption of debt on closing. Invitel is the second-largest landline telecommunications service provider in Hungary. The transaction is subject to customary closing conditions, including Hungarian and Romanian competition regulatory approvals.

The consideration will be financed solely by HTCC. In connection with the transaction, TDC has confirmed its willingness to exercise its 25 warrants to purchase in total 2.5m shares of HTCC's ordinary share capital for an aggregate exercise price of USD 25m, which will be paid by TDC delivering to HTCC certain loan notes issued by HTCC and held by TDC with an aggregate principal amount equal to USD 25m.

At the end of 2006, TDC held 63.3% of the ordinary share capital of HTCC (65.8% on a fully diluted basis). TDC will hold approx. 62% of the fully diluted share capital of HTCC subsequent to the closing of the transaction. TDC expects the acquisition to

have a positive impact on TDC's EBITDA for 2007 and onwards.

### Divestiture of TDC's Baltic subsidiary Bité

On January 19, 2007, TDC announced that a final agreement had been signed regarding the divestiture of its wholly-owned subsidiary Bité to the Central and Eastern European private equity fund Mid Europa Partners for a total cash consideration of EUR 0.45bn. TDC's gain from the sale of its shares was taxfree and estimated to be approximately DKK 1.2bn, which will be included in the 1Q 2007 statement of income under special items. The transaction was closed in February 2007.

### Termination of SEC-registration

Following withdrawal of TDC's American Depository Shares under its American Depository Receipts program (ADR-program) and ordinary shares from listing and registration on the New York Stock Exchange in April 2006 and termination of TDC's ADR-program at the end of October 2006, on November 13, 2006, TDC filed a notice of Termination of Registration under section 12(g) of the Securities Exchange Act of 1934 with the US Securities and Exchange Commission. TDC's duty to file reports under sections 13(a) and 15(d) of the Securities Exchange Act was immediately suspended and finally terminated in February 2007.



## Outlook for 2007

The Outlook for 2007 is based on comprehensive financial plans for each individual business line. However, by their very nature, forward-looking statements involve certain risks and uncertainties that are described in more detail in the Safe Harbor Statement, cf. page 15.

In general, all expectations are stated exclusive of special items and fair value adjustments.

TDC expects that revenue in 2007 will be on level with revenue in 2006, as the decrease in the landline business and the impact of

the divestment of Bité largely will be offset by continued growth in broadband and mobile activities.

Net income is expected to decrease 5% – 10% in 2007, as the increasing interest expenses from full year impact of the change in the capital structure in 2006 will be partly compensated for by more efficient operations.

Any impact from the amendment to the corporate tax legislation proposed by the Danish Government as of February 1, 2007, has not been included in the outlook for net income.

## Statements of Income etc. for the business lines

DKKm	TDC Solutions		TDC Mobile International		TDC Switzerland	
	2005	2006	2005	2006	2005	2006
Revenue, external customers	20,491	20,672	14,304	14,964	9,574	9,234
Revenue from other business lines	1,140	1,157	1,735	1,632	8	18
Total operating expenses before depreciation etc.	(15,130)	(15,051)	(13,266)	(13,562)	(6,999)	(6,697)
Other income and expenses	147	216	36	50	1	4
<b>EBITDA</b>	<b>6,648</b>	<b>6,994</b>	<b>2,809</b>	<b>3,084</b>	<b>2,584</b>	<b>2,559</b>
Depreciation, amortization and impairment losses	(3,754)	(3,497)	(1,123)	(1,199)	(1,540)	(1,455)
<b>EBIT</b>	<b>2,894</b>	<b>3,497</b>	<b>1,686</b>	<b>1,885</b>	<b>1,044</b>	<b>1,104</b>
<b>Capital expenditures excl. share acquisitions</b>	<b>2,624</b>	<b>2,870</b>	<b>1,256</b>	<b>1,054</b>	<b>1,352</b>	<b>937</b>

DKKm	TDC Cable TV		Other activities <sup>1</sup>		TDC Group	
	2005	2006	2005	2006	2005	2006
Revenue, external customers	2,096	2,447	123	112	46,588	47,429
Revenue from other business lines	11	11	(2,894)	(2,818)	0	0
Total operating expenses before depreciation etc.	(1,640)	(1,842)	3,193	3,005	(33,842)	(34,147)
Other income and expenses	3	1	70	102	257	373
<b>EBITDA</b>	<b>470</b>	<b>617</b>	<b>492</b>	<b>401</b>	<b>13,003</b>	<b>13,655</b>
Depreciation, amortization and impairment losses	(245)	(205)	(128)	(195)	(6,790)	(6,551)
<b>EBIT</b>	<b>225</b>	<b>412</b>	<b>364</b>	<b>206</b>	<b>6,213</b>	<b>7,104</b>
<b>Capital expenditures excl. share acquisitions</b>	<b>231</b>	<b>244</b>	<b>161</b>	<b>200</b>	<b>5,624</b>	<b>5,305</b>

1) Includes TDC A/S, TDC Services and eliminations.

## Business line performance

### TDC Solutions

TDC Solutions' activities mainly comprise Danish traditional landline services (voice, internet and data) as well as integrated solutions in Denmark, Sweden, Norway, Finland and Hungary.

DKKm	4Q 2005	4Q 2006	Change in %
<b>Revenue</b>	<b>5,808</b>	<b>5,688</b>	<b>(2.1)</b>
Landline telephony	2,727	2,373	(13.0)
Leased lines	452	520	15.0
Data communications and internet services	1,344	1,365	1.6
Terminal equipment etc.	965	1,041	7.9
Other <sup>1</sup>	320	389	21.6
Operating expenses	(4,000)	(3,861)	3.5
Other income and expenses	61	103	68.9
<b>EBITDA</b>	<b>1,869</b>	<b>1,930</b>	<b>3.3</b>
Depreciation, amortization and impairment losses	(995)	(934)	6.1
<b>EBIT</b>	<b>874</b>	<b>996</b>	<b>14.0</b>

<sup>1)</sup> Includes mobile telephony, operator services etc.

## 2006

TDC Solutions' revenue grew 0.9% to DKK 21,829m, reflecting primarily the full-year recognition of HTCC and TDC Dotcom as well as the divestment of Contactel. Adjusted for acquired and divested companies, revenue was DKK 19,626m, up DKK 7m or 0.0%. TDC Solutions' EBITDA grew 5.2% to DKK 6,994m due to increased growth in data communications, internet services and leased lines, lower wages, salaries and pension costs as well as acquisitions and divestitures of companies. Adjusted for acquired and divested companies, EBITDA increased 4.1%. The EBITDA margin was 32.0% in 2006 compared with 30.7% in 2005. The higher EBITDA margin in 2006 was mainly due to decreasing operating expenses, including lower wages, salaries and pension costs caused by fewer employees.

The capex-to-revenue ratio increased from 12.1% in 2005 to 13.1% in 2006 mainly related to an increase in domestic roll-out of fiber solutions and multimedia DSL enabling high-speed broadband products.

## 4Q 2006 development

### Revenue

In 4Q 2006, revenue totaled DKK 5,688m, down DKK 120m or 2.1%, primarily due to decreasing revenue from landline telephony in both domestic and international operations, including HTCC. The divestment of Contactel impacted revenue negatively by DKK 88m.

Adjusted for acquisitions and divestments, revenue increased 2.8% compared with 4Q 2005 mainly related to higher terminal sales, increased revenue from leased lines and growth in the number of domestic retail xDSL customers.

### Operating expenses

Operating expenses were DKK 3,861m, down 3.5% or DKK 139m. This development was mainly driven by lower transmission costs related to lower domestic landline telephony and lower wages, salaries and pension costs caused by fewer employees in TDC Solutions A/S and HTCC. Also, other external expenses, particularly in acquired companies, were lower due to cost savings.

Adjusted for acquired and divested companies, operating expenses increased by 3.0% due to a higher number of fault repairs and increased marketing costs.

### EBITDA

EBITDA amounted to DKK 1,930m in 4Q 2006, up DKK 61m or 3.3% reflecting a rise in the number of broadband customers combined with cost savings, partly counteracted by decreasing landline telephony. Adjusted for acquisitions and divestments, EBITDA increased 3.0%.

### EBIT

EBIT amounted to DKK 996m in 4Q 2006, up DKK 122m or 14.0% due to increased EBITDA and lower depreciation regarding ADSL equipment.

## TDC Mobile International

TDC Mobile International includes mainly TDC Mobil A/S, Telmore, Talkline and Bité.

DKKm	4Q 2005	4Q 2006	Change in %
<b>Revenue</b>	<b>4,295</b>	<b>4,299</b>	<b>0.1</b>
Domestic operations	1,925	1,951	1.4
Talkline etc. <sup>1</sup>	2,068	1,976	(4.4)
Bité <sup>2</sup>	302	372	23.2
Operating expenses	(3,778)	(3,591)	4.9
Other income and expenses	21	11	(47.6)
<b>EBITDA</b>	<b>538</b>	<b>719</b>	<b>33.6</b>
Domestic operations	513	537	4.7
Talkline etc. <sup>1</sup>	5	129	-
Bité <sup>2</sup>	20	53	165.0
Depreciation, amortization and impairment losses	(316)	(317)	(0.3)
<b>EBIT</b>	<b>222</b>	<b>402</b>	<b>81.1</b>

1) Talkline etc. includes service provider activities in the United Kingdom and the Netherlands, which were closed down in 2006, and the German mobile company callmobile.

2) Bité was divested as of February 9, 2007.

## 2006

In 2006, TDC Mobile International's revenue amounted to DKK 16,596m, up 3.5% stemming from increased traffic in the domestic, German and Baltic markets, partly offset by lower prices due to fierce competition.

TDC Mobile International's EBITDA rose 9.8% to DKK 3,084m. EBITDA from domestic operations increased 5.1% to DKK 2,317m mainly due to increased voice traffic. In Talkline etc., EBITDA rose by 29.3% to DKK 538m resulting primarily from a larger customer base and higher MoU combined with lower customer acquisition costs. Bité's EBITDA increased 21.8% to DKK 229m resulting from higher earnings from traffic combined with a higher customer base in Lithuania, partly counteracted by start-up costs in Latvia.

## 4Q 2006 development

### Revenue

In 4Q 2006, TDC Mobile International's revenue amounted to DKK 4,299m, up 0.1%. Revenue in domestic operations amounted to DKK 1,951m, up 1.4%, due to higher revenue from traffic. Revenue in Talkline etc. was DKK 1,976m, down 4.4%, due to lower customer intake driving lower terminal sales and commissions from network operators. Revenue in Bité amounted to DKK 372m, up 23.2%, due to a higher customer base, resulting in higher traffic and subscription revenue.

### Operating expenses

Total operating expenses decreased DKK 187m or 4.9% to DKK 3,591m, attributable to a 9.2% decrease in other external expenses related to lower customer acquisition costs in Talkline etc.

### EBITDA

EBITDA amounted to DKK 719m, up DKK 181m or 33.6% related to higher traffic in domestic operations, lower customer acquisition costs in Talkline etc. and a higher customer base and higher traffic in Bité.

### EBIT

EBIT totaled DKK 402m, corresponding to an 81.1% increase, due primarily to increased EBITDA.

## TDC Switzerland

TDC Switzerland provides mobile, landline and internet services for the Swiss market using the sunrise brand name.

DKKm	4Q 2005	4Q 2006	Change in %
<b>Revenue</b>	<b>2,447</b>	<b>2,352</b>	<b>(3.9)</b>
Mobile telephony	1,383	1,432	3.5
Landline telephony	867	731	(15.7)
Internet services	197	189	(4.1)
Operating expenses	(1,736)	(1,611)	7.2
Other income and expenses	1	0	-
<b>EBITDA</b>	<b>712</b>	<b>741</b>	<b>4.1</b>
Depreciation, amortization and impairment losses	(473)	(394)	16.7
<b>EBIT</b>	<b>239</b>	<b>347</b>	<b>45.2</b>

## 2006

In 2006, fierce competition materializing as lower average retail prices combined with a lower average exchange rate contributed to negative growth in revenue as well as EBITDA in TDC Switzerland. Revenue fell by 3.4%, down DKK 330m to DKK 9,252m. In local currency, revenue fell by 2.0%. EBITDA amounted to DKK 2,559m, down DKK 25m or 1.0% leaving the EBITDA margin at 27.7% which was 0.7 percentage points higher than in 2005. In local currency, EBITDA increased by 0.5%.

The capex-to-revenue ratio decreased from 14.1% in 2005 to 10.1% in 2006 primarily due to lower investments in mobile GSM combined with the completion of new domicile in 2005.

## 4Q 2006 development

### Revenue

In 4Q 2006, TDC Switzerland's revenue was DKK 2,352m, down 3.9% compared with 4Q 2005. In local currency, revenue decreased 1.1%.

Compared with 4Q 2005, TDC Switzerland had a 7.4% increase in the number of mobile customers. Revenue from the mobile activities came to DKK 1,432m in 4Q 2006, up 3.5%, impacted by increased handset

sales and a higher customer base, counteracted by lower ARPU.

Within landline telephony, revenue decreased 15.7% to DKK 731m in 4Q 2006, reflecting a decrease in the customer base.

Internet revenue amounted to DKK 189m, down 4.1%, due to a decrease in the number of internet dial-up customers of 42.2%, partly compensated for by 23.6% growth in the number of xDSL customers.

### Operating expenses

Operating expenses decreased 7.2% to DKK 1,611m, reflecting mainly lower costs for network system maintenance and site rental etc. as well as lower transmission costs. The latter is driven by the development in revenue from landline telephony.

### EBITDA

EBITDA was DKK 741m, an increase of 4.1% compared with 4Q 2005, driven mainly by lower costs. TDC Switzerland's EBITDA margin increased from 29.1% to 31.5% in 4Q 2006.

### EBIT

EBIT totaled DKK 347m, corresponding to a 45.2% increase on 4Q 2005 due to lower depreciation, amortization and impairment losses related to lower write-downs and depreciation of customer-related assets.

## TDC Cable TV

TDC Cable TV provides cable TV services as well as internet access and IP telephony via cable modems in Denmark.

### 2006

TDC Cable TV continues to expand within its traditional TV business while also increasing its coverage of internet and telephony services.

In 2006, TDC Cable TV's revenue rose 16.7% to DKK 2,458m, reflecting a larger customer base and increased ARPU. TDC Cable TV's EBITDA rose by 31.3% to DKK 617m mainly as a result of increased ARPU and more customers. The EBITDA margin was 25.1% in 2006 compared with 22.3% in 2005. The capex-to-revenue ratio was 9.9% compared with 11.0% in 2005, reflecting primarily higher revenue in 2006.

### 4Q 2006 development

TDC Cable TV's revenue rose 21.8% to DKK 648m. This increase reflects a larger customer base and higher ARPU within both the traditional cable TV, broadband and telephony businesses. The increase was also impacted by a negative correction in 4Q 2005 related to deferred income from connection fees, primarily related to previous years.

Operating expenses rose 9.2% to DKK 476m. This increase primarily reflects higher program costs. Further, wages, salaries and pension costs increased 15.7% to DKK 103m, reflecting a higher number of full-time employees.

EBITDA rose 77.3% to DKK 172m in 4Q 2006, while EBIT increased from DKK 2m in 4Q 2005 to DKK 120m in 4Q 2006 due to higher EBITDA combined with lower depreciation, amortization and impairment losses.

## Safe harbor statement

Certain sections of this report contain forward-looking statements that are subject to risks and uncertainties.

Examples of such forward-looking statements include, but are not limited to:

- statements containing projections of revenue, income (or loss), earnings per share, capital expenditures, dividends, capital structure or other net financial income and expenses
- statements of our plans, objectives or goals for future operations, including those related to our products or services
- statements of future economic performance
- statements of the assumptions underlying or relating to such statements.

Words such as 'believes', 'anticipates', 'expects', 'intends', 'aims' and 'plans' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. These statements are based on current plans, estimates and projections, and undue reliance should therefore not be placed on them.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by TDC or on our behalf.

These factors include, but are not limited to:

- changes in applicable Danish, Swiss and EU legislation, including but not limited to tax legislation
- increases in the interconnection rates we are charged by other carriers or decreases in the interconnection rates we are able to charge other carriers
- decisions from the Danish National IT and Telecom Agency whereby the regulatory obligations of TDC are extended
- increase in interest rates which would affect the cost of our interest-bearing debt which carries floating interest rates
- reduced flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industry in which we operate as a result of contractual obligations in our financing arrangements
- developments in the competition within domestic and international telecommunication
- introduction of and demand for new services and products
- developments in the demand, product mix and prices in the mobile market, including marketing and customer-acquisition costs
- developments in the market for multimedia services
- the possibilities of being awarded licenses
- developments in our international activities, which also involve certain political risks
- investments and divestitures in domestic and foreign companies.

We caution that the above list of important factors is not exhaustive. When relying on forward-looking statements in order to make decisions with respect to TDC, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



## Resolutions passed by the Board of Directors

At its meeting today, the Board of Directors approved the Consolidated Financial Statements for 2006.

The Board of Directors proposes a dividend payment of DKK 3.50 per share.

TDC's annual report is scheduled for publication on February 23, 2007, at TDC's corporate website: [www.tdc.com](http://www.tdc.com).

## Financial calendar

TDC releases its financial calendar 2007 as set out below.

Please note that TDC has a 4 week closed period prior to earnings release dates. During closed periods, communication with financial analysts, financial media, investors and lenders is restricted.

January 25

Start of closed period prior to Earnings Release for full year 2006 and 4Q 2006

February 22

Earnings Release for full year 2006 and 4Q 2006

March 15

Annual General Meeting

April 5

Start of closed period prior to Earnings Release 1Q 2007

May 9

Earnings Release for 1Q 2007

July 6

Start of closed period prior to Earnings Release 2Q 2007

August 13

Earnings Release for 2Q 2007

October 3

Start of closed period prior to Earnings Release 3Q 2007

October 31

Earnings Release for 3Q 2007

December 31

End of the fiscal year 2007

## Statements of Income

TDC Group (DKKm)	2005	2006	Change in %	4Q 2005	4Q 2006	Change in %
<b>Revenue</b>	<b>46,588</b>	<b>47,429</b>	<b>1.8</b>	<b>12,323</b>	<b>12,259</b>	<b>(0.5)</b>
of which domestic revenue	23,739	24,578	3.5	6,014	6,297	4.7
of which international revenue	22,849	22,851	0.0	6,309	5,962	(5.5)
Transmission costs and cost of goods sold	(17,104)	(17,258)	(0.9)	(4,591)	(4,438)	3.3
Other external expenses	(9,110)	(9,330)	(2.4)	(2,511)	(2,426)	3.4
Wages, salaries and pension costs	(7,628)	(7,559)	0.9	(1,924)	(1,873)	2.7
Total operating expenses before depreciation etc.	(33,842)	(34,147)	(0.9)	(9,026)	(8,737)	3.2
Other income and expenses	257	373	45.1	113	173	53.1
<b>EBITDA</b>	<b>13,003</b>	<b>13,655</b>	<b>5.0</b>	<b>3,410</b>	<b>3,695</b>	<b>8.4</b>
of which domestic EBITDA	9,186	9,635	4.9	2,440	2,549	4.5
of which international EBITDA	3,817	4,020	5.3	970	1,146	18.1
Depreciation, amortization and impairment losses	(6,790)	(6,551)	3.5	(1,904)	(1,753)	7.9
<b>EBIT, excluding special items</b>	<b>6,213</b>	<b>7,104</b>	<b>14.3</b>	<b>1,506</b>	<b>1,942</b>	<b>29.0</b>
Special Items <sup>1</sup>	(968)	(319)	67.0	(346)	133	138.4
<b>EBIT, including special items</b>	<b>5,245</b>	<b>6,785</b>	<b>29.4</b>	<b>1,160</b>	<b>2,075</b>	<b>78.9</b>
Income from associates and joint ventures	334	449	34.4	23	133	-
of which special items	0	10	-	0	10	-
Net financials	(1,056)	(2,697)	(155.4)	(339)	(719)	(112.1)
of which net financials, excluding fair value adjustments	(872)	(2,861)	-	(306)	(1,009)	-
of which fair value adjustments	(184)	164	189.1	(33)	290	-
<b>Income before income taxes</b>	<b>4,523</b>	<b>4,537</b>	<b>0.3</b>	<b>844</b>	<b>1,489</b>	<b>76.4</b>
Total income taxes	(1,026)	(1,094)	(6.6)	(268)	(190)	29.1
- Income taxes related to income, excluding special items and fair value adjustments	(1,224)	(1,320)	(7.8)	(271)	(102)	62.4
- Income taxes related to special items and fair value adjustments	198	226	14.1	3	(88)	-
<b>Net income from continuing operations</b>	<b>3,497</b>	<b>3,443</b>	<b>(1.5)</b>	<b>576</b>	<b>1,299</b>	<b>125.5</b>
Net income from discontinued operations	3,953	0	-	3,801	0	-
- of which income from discontinued operations, excluding special items and fair value adjustments	248	0	-	96	0	-
- of which fair value adjustments related to discontinued operations	(3)	0	-	(3)	0	-
- of which special items related to discontinued operations	3,708	0	-	3,708	0	-
<b>Net income</b>	<b>7,450</b>	<b>3,443</b>	<b>(53.8)</b>	<b>4,377</b>	<b>1,299</b>	<b>(70.3)</b>
<b>Attributable to:</b>						
Shareholders of the Parent Company	7,474	3,446	(53.9)	4,394	1,271	(71.1)
Minority interests	(24)	(3)	87.5	(17)	28	-
<b>Net income, excluding special items and fair value adjustments</b>	<b>4,699</b>	<b>3,362</b>	<b>(28.5)</b>	<b>1,048</b>	<b>954</b>	<b>(9.0)</b>

1) Special items includes significant amounts that cannot be attributed to normal operations such as large gains and losses related to divestment of subsidiaries, special write-downs for impairment as well as expenses related to restructuring etc.

## Balance Sheets

DKKm	4Q 2005	4Q 2006
<b>Assets</b>		
Intangible assets	33,118	32,193
Property, plant and equipment	26,054	24,956
Pension assets	5,645	6,004
Other non-current assets	3,798	2,990
<b>Total non-current assets</b>	<b>68,615</b>	<b>66,143</b>
Receivables	8,617	8,994
Marketable securities	3,687	-
Cash	10,063	3,455
Other current assets	2,542	2,177
<b>Total current assets</b>	<b>24,909</b>	<b>14,626</b>
<b>Total assets</b>	<b>93,524</b>	<b>80,769</b>
- of which interest-bearing receivables	107	78
<b>Equity and liabilities</b>		
Equity attributable to Company shareholders	43,520	3,289
Minority interests	275	282
<b>Total equity</b>	<b>43,795</b>	<b>3,571</b>
Loans	24,890	56,774
Deferred tax liabilities	3,494	3,401
Deferred income	1,141	1,088
Pension liabilities etc.	332	239
Other non-current liabilities	1,274	1,174
<b>Total non-current liabilities</b>	<b>31,131</b>	<b>62,676</b>
Loans	5,425	1,975
Trade and other payables	9,210	8,384
Deferred income	2,661	2,729
Other current liabilities	1,302	1,434
<b>Total current liabilities</b>	<b>18,598</b>	<b>14,522</b>
<b>Total liabilities</b>	<b>49,729</b>	<b>77,198</b>
<b>Total equity and liabilities</b>	<b>93,524</b>	<b>80,769</b>
- of which interest-bearing payables	17	5
<b>Net interest-bearing debt</b>	<b>16,475</b>	<b>55,221</b>

## Statements of Cash Flow

TDC Group (DKKm)	2005	2006	Change in %	4Q 2005	4Q 2006	Change in %
EBITDA	13,003	13,655	5.0	3,410	3,695	8.4
Reversal of items without cash flow effect	(85)	(378)	-	(62)	(98)	(58.1)
Pension contributions	(163)	(190)	(16.6)	(34)	(65)	(91.2)
Payments related to provisions	(151)	(58)	61.6	(38)	(23)	39.5
Cash flow related to special items	(266)	(531)	(99.6)	(165)	251	-
Change in net working capital excl. special items	(651)	52	108.0	(106)	326	-
<b>Cash flow from operating activities before net financials and tax</b>	<b>11,687</b>	<b>12,550</b>	<b>7.4</b>	<b>3,005</b>	<b>4,086</b>	<b>36.0</b>
Interest paid, net	(943)	(2,325)	(146.6)	(47)	(478)	-
Realized currency adjustments	77	871	-	108	149	38.0
<b>Cash flow from operating activities before tax</b>	<b>10,821</b>	<b>11,096</b>	<b>2.5</b>	<b>3,066</b>	<b>3,757</b>	<b>22.5</b>
Corporate income tax paid	(2,296)	(955)	58.4	(1,546)	(330)	78.7
<b>Cash flow from operating activities in continuing operations</b>	<b>8,525</b>	<b>10,141</b>	<b>19.0</b>	<b>1,520</b>	<b>3,427</b>	<b>125.5</b>
Cash flow from operating activities in discontinued operations	166	0	-	35	0	-
<b>Total cash flow from operating activities</b>	<b>8,691</b>	<b>10,141</b>	<b>16.7</b>	<b>1,555</b>	<b>3,427</b>	<b>120.4</b>
Investment in enterprises	(514)	(359)	30.2	(39)	(289)	-
Investment in property, plant and equipment	(4,460)	(4,233)	5.1	(1,392)	(1,261)	9.4
Investment in intangible assets	(1,087)	(1,210)	(11.3)	(258)	(399)	(54.7)
Investment in other non-current assets	(10)	(11)	(10.0)	(4)	(3)	25.0
Investment in marketable securities	(1,022)	0	-	0	0	-
Divestment of enterprises	48	51	6.3	23	0	-
Sale of property, plant and equipment	120	123	2.5	38	44	15.8
Divestment of associates and joint ventures, and other non-current assets	23	21	(8.7)	11	7	(36.4)
Sale of marketable securities	596	3,673	-	7	0	-
Change in loans to associates and joint ventures	189	90	(52.4)	190	(9)	(104.7)
Dividends received from associates and joint ventures	156	863	-	1	0	-
<b>Cash flow from investing activities in continuing operations</b>	<b>(5,961)</b>	<b>(992)</b>	<b>83.4</b>	<b>(1,423)</b>	<b>(1,910)</b>	<b>(34.2)</b>
Cash flow from investing activities in discontinued operations	4,735	3	(99.9)	4,751	10	(99.8)
<b>Total cash flow from investing activities</b>	<b>(1,226)</b>	<b>(989)</b>	<b>19.3</b>	<b>3,328</b>	<b>(1,900)</b>	<b>(157.1)</b>
Proceeds from long-term loans	1	47,011	-	(1)	(38)	-
Repayments of long-term loans	(871)	(19,239)	-	(78)	(389)	-
Change in short-term bank loans	(693)	(53)	92.4	(1,322)	(33)	97.5
Change in interest-bearing receivables	80	65	(18.8)	(81)	1	101.2
Change in minority interests	16	0	-	16	0	-
Dividends paid	(2,440)	(44,343)	-	0	0	-
Withholding tax on dividends	0	0	-	0	0	-
Acquisition and disposal of treasury shares, net	(194)	799	-	(280)	0	-
<b>Cash flow from financing activities in continuing operations</b>	<b>(4,101)</b>	<b>(15,760)</b>	<b>-</b>	<b>(1,746)</b>	<b>(459)</b>	<b>73.7</b>
Cash flow from financing activities in discontinued operations	(128)	0	-	33	0	-
<b>Total cash flow from financing activities</b>	<b>(4,229)</b>	<b>(15,760)</b>	<b>-</b>	<b>(1,713)</b>	<b>(459)</b>	<b>73.2</b>
<b>Total cash flow</b>	<b>3,236</b>	<b>(6,608)</b>	<b>-</b>	<b>3,170</b>	<b>1,068</b>	<b>(66.3)</b>
<b>Cash and cash equivalents (end-of-period)</b>	<b>10,063</b>	<b>3,455</b>	<b>(65.7)</b>	<b>10,063</b>	<b>3,455</b>	<b>(65.7)</b>

## Capital expenditures excluding share acquisitions

TDC Group (DKKm) <sup>1</sup>	2005	2006	Change in %	4Q 2005	4Q 2006	Change in %
TDC Solutions	2,624	2,870	(9.4)	797	791	0.8
TDC Mobile International	1,256	1,054	16.1	368	326	11.4
TDC Switzerland	1,352	937	30.7	592	319	46.1
TDC Cable TV	231	244	(5.6)	82	65	20.7
Others <sup>2</sup>	161	200	(24.2)	15	63	-
<b>Capital expenditures excl. share acquisitions</b>	<b>5,624</b>	<b>5,305</b>	<b>5.7</b>	<b>1,854</b>	<b>1,564</b>	<b>15.6</b>

1) A positive variance indicates a positive cash flow.

2) Includes TDC Services, TDC A/S and eliminations.

## Equity

TDC Group (DKKm)	2005			2006		
	Share- holders' equity	Minority interests	Total equity	Share- holders' equity	Minority interests	Total equity
<b>Shareholders' equity at January 1</b>	<b>35,963</b>	<b>27</b>	<b>35,990</b>	<b>43,520</b>	<b>275</b>	<b>43,795</b>
Effect of change in accounting policies	2,860	0	2,860	0	0	0
<b>Shareholders' equity at January 1 after change in accounting policies</b>	<b>38,823</b>	<b>27</b>	<b>38,850</b>	<b>43,520</b>	<b>275</b>	<b>43,795</b>
Net income	7,474	(24)	7,450	3,446	(3)	3,443
Dividends declared	(2,440)	NM	(2,440)	(44,343)	NM	(44,343)
Acquisition of treasury shares	(310)	NM	(310)	(10)	NM	(10)
Disposal of treasury shares	116	NM	116	809	NM	809
Share-based payments	40	0	40	(48)	0	(48)
Currency translation adjustments etc.	(149)	(8)	(157)	238	5	243
Tax related to changes in shareholders' equity	(34)	0	(34)	(323)	0	(323)
Additions to minority interests	NM	280	280	NM	5	5
<b>Shareholders' equity at December 31</b>	<b>43,520</b>	<b>275</b>	<b>43,795</b>	<b>3,289</b>	<b>282</b>	<b>3,571</b>

TDC Group (DKKm)	4Q 2005			4Q 2006		
	Share- holders' equity	Minority interests	Total equity	Share- holders' equity	Minority interests	Total equity
<b>Shareholders' equity at October 1</b>	<b>39,408</b>	<b>294</b>	<b>39,702</b>	<b>1,816</b>	<b>225</b>	<b>2,041</b>
Net income	4,394	(17)	4,377	1,271	28	1,299
Dividends declared	0	NM	0	0	NM	0
Acquisition of treasury shares	(310)	NM	(310)	0	NM	0
Disposal of treasury shares	30	NM	30	0	NM	0
Share-based payments	18	0	18	(3)	0	(3)
Currency translation adjustments etc.	(26)	(3)	(29)	334	27	361
Tax related to changes in shareholders' equity	6	0	6	(129)	0	(129)
Additions to minority interests	NM	1	1	NM	2	2
<b>Shareholders' equity at December 31</b>	<b>43,520</b>	<b>275</b>	<b>43,795</b>	<b>3,289</b>	<b>282</b>	<b>3,571</b>

## Customers

Customers ('000) (end-of-period)	2005	1Q 2006	2Q 2006	3Q 2006	4Q 2006	2006
<b>Domestic, retail and wholesale:</b>						
Landline customers	2,748	2,711	2,678	2,634	2,594	2,594
- Retail	2,270	2,237	2,212	2,182	2,159	2,159
- Wholesale	478	474	466	452	435	435
Mobile customers	2,583	2,559	2,632	2,722	2,777	2,777
- Retail <sup>1), 2)</sup>	2,354	2,325	2,374	2,446	2,467	2,467
- of which Telmore	555	562	566	575	579	579
- Wholesale	229	234	258	276	310	310
Internet customers	1,250	1,282	1,298	1,312	1,348	1,348
- of which xDSL	692	743	776	805	862	862
- of which cable-modem customers	248	259	269	274	283	283
TV customers	1,030	1,034	1,045	1,054	1,062	1,062
<b>Domestic customers, total</b>	<b>7,611</b>	<b>7,586</b>	<b>7,653</b>	<b>7,722</b>	<b>7,781</b>	<b>7,781</b>
<b>International:</b>						
Landline customers	773	755	764	771	780	780
- TDC Switzerland	527	516	505	504	502	502
- TDC Song Nordic	4	5	5	5	5	5
- Others	242	234	254	262	273	273
Mobile customers	6,439	6,745	6,922	7,031	7,160	7,160
- TDC Switzerland	1,267	1,273	1,289	1,317	1,361	1,361
- Talkline etc.	3,434	3,533	3,581	3,725	3,742	3,742
- Bité	1,723	1,931	2,042	1,977	2,043	2,043
- TDC Song Nordic	15	8	10	12	14	14
Internet customers	519	426	408	410	419	419
- TDC Switzerland	386	376	351	346	343	343
- TDC Song Nordic	34	42	47	52	61	61
- Others	99	8	10	12	15	15
<b>International customers, total</b>	<b>7,731</b>	<b>7,926</b>	<b>8,094</b>	<b>8,212</b>	<b>8,359</b>	<b>8,359</b>
<b>Group customers, total</b>	<b>15,342</b>	<b>15,512</b>	<b>15,747</b>	<b>15,934</b>	<b>16,140</b>	<b>16,140</b>

1) The definition of active prepaid customers was changed from 1Q 2006 from 12 months to 3 months corresponding to the definition used by the Danish National IT and Telecom Agency since January 1, 2004.

2) The numbers include mobile customers in TDC Solutions A/S.

## Employees

<b>Full-time equivalents<sup>1</sup></b>						
EoP	2005	1Q 2006	2Q 2006	3Q 2006	4Q 2006	2006
TDC Solutions	12,231	11,946	11,876	11,782	11,395	11,395
- of which in Denmark	9,727	9,684	9,593	9,534	9,189	9,189
TDC Mobile International	2,434	2,397	2,414	2,423	2,428	2,428
- of which in Denmark	1,088	1,056	1,062	1,027	1,031	1,031
TDC Switzerland	2,454	2,421	2,264	2,261	2,246	2,246
TDC Cable TV	1,030	1,046	1,084	1,095	1,118	1,118
Others	2,076	2,017	1,979	1,885	1,824	1,824
- of which in Denmark	2,031	1,971	1,935	1,840	1,784	1,784
<b>TDC</b>	<b>20,225</b>	<b>19,827</b>	<b>19,617</b>	<b>19,446</b>	<b>19,011</b>	<b>19,011</b>
<b>TDC, domestic</b>	<b>13,876</b>	<b>13,757</b>	<b>13,674</b>	<b>13,496</b>	<b>13,122</b>	<b>13,122</b>

1) The number denotes end-of-period full-time equivalents including permanent employees, trainees and temporary employees. Furthermore, the number of full-time employee equivalents is exclusive of discontinued operations.

## Selected financial and operational data, 2002-2006

TDC Group <sup>1</sup>	2002	2003	2004	2005	2006
<b>Statements of Income:</b>					
DKKkm					
Revenue	40,730	40,152	42,339	46,588	47,429
<b>Income before depreciation, amortization and special items (EBITDA)</b>	<b>10,216</b>	<b>11,139</b>	<b>11,996</b>	<b>13,003</b>	<b>13,655</b>
Depreciation, amortization and impairment losses	(6,078)	(6,162)	(6,661)	(6,790)	(6,551)
<b>Operating income (EBIT), excluding special items</b>	<b>4,138</b>	<b>4,977</b>	<b>5,335</b>	<b>6,213</b>	<b>7,104</b>
Special items	(346)	(1,060)	385	(968)	(319)
<b>Operating income (EBIT), including special items</b>	<b>3,792</b>	<b>3,917</b>	<b>5,720</b>	<b>5,245</b>	<b>6,785</b>
Income from associates and joint ventures	1,294	777	5,632	334	449
Net financials	1,654	(561)	(716)	(1,056)	(2,697)
<b>Income before income taxes</b>	<b>6,740</b>	<b>4,133</b>	<b>10,636</b>	<b>4,523</b>	<b>4,537</b>
Income taxes	(1,114)	(1,098)	(1,041)	(1,026)	(1,094)
<b>Net income from continuing operations</b>	<b>5,626</b>	<b>3,035</b>	<b>9,595</b>	<b>3,497</b>	<b>3,443</b>
Net income from discontinued operations	226	176	315	3,953	0
<b>Net income</b>	<b>5,852</b>	<b>3,211</b>	<b>9,910</b>	<b>7,450</b>	<b>3,443</b>
<b>Attributable to:</b>					
- Shareholders of the Parent Company	6,079	3,203	9,912	7,474	3,446
- Minority interests	(227)	8	(2)	(24)	(3)
<b>Net income, excluding special items and fair value adjustments<sup>2</sup>:</b>					
<b>Operating income (EBIT), excluding special items</b>	<b>4,138</b>	<b>4,977</b>	<b>5,335</b>	<b>6,213</b>	<b>7,104</b>
Income from associates and joint ventures	972	1,351	566	334	439
Net financials	(1,033)	(1,155)	(894)	(872)	(2,861)
<b>Income before income taxes</b>	<b>4,077</b>	<b>5,173</b>	<b>5,007</b>	<b>5,675</b>	<b>4,682</b>
Income taxes	(974)	(1,348)	(1,360)	(1,224)	(1,320)
<b>Net income from continuing operations</b>	<b>3,103</b>	<b>3,825</b>	<b>3,647</b>	<b>4,451</b>	<b>3,362</b>
Net income from discontinued operations	226	233	296	248	0
<b>Net income</b>	<b>3,329</b>	<b>4,058</b>	<b>3,943</b>	<b>4,699</b>	<b>3,362</b>
<b>Balance Sheets</b>					
DKKbn					
Total assets	85.0	92.6	90.3	93.5	80.8
Net interest-bearing debt	26.0	28.8	20.1	16.5	55.2
Total equity	36.0	35.9	38.9	43.8	3.6
Shares outstanding (million)	214.9	213.6	204.6	195.2	197.8
<b>Statements of Cash Flow</b>					
DKKkm					
Operating activities	9,900	10,679	11,084	8,691	10,141
Investing activities	(2,102)	(12,618)	2,889	(1,226)	(989)
Financing activities	(6,771)	4,932	(12,573)	(4,229)	(15,760)
Total cash flow	1,027	2,993	1,400	3,236	(6,608)
<b>Capital expenditures</b>					
DKKbn					
Excluding share acquisitions	6.3	5.4	5.1	5.6	5.3
Including share acquisitions	7.2	13.5	10.0	6.3	5.7
<b>Key financial ratios</b>					
EPS, incl. special items and fair value adjustments	DKK 28.3	15.0	48.4	38.3	17.4
EPS, excl. special items and fair value adjustments	DKK 16.5	19.0	19.3	24.2	17.0
Dividend payments per share	DKK 11.0	11.5	12.0	12.5	223.9
EBITDA margin (EBITDA divided by revenue)	% 25.1	27.7	28.3	27.9	28.8
Capex, excl. share acquisitions-to-revenue ratio	% 15.3	13.5	12.2	12.1	11.2
Cash Earnings per share (CEPS), excl. special items and fair value adjustments <sup>3</sup>	DKK 38.8	41.5	49.3	57.2	47.5
Return on capital employed (ROCE) <sup>4</sup>	% 11.3	13.1	11.9	12.6	13.9
<b>Subscriber base (end-of-year)<sup>5</sup></b>					
(1,000)					
Landline	3,598	3,631	3,483	3,521	3,374
Mobile	4,939	6,199	7,126	9,022	9,937
Internet	1,285	1,696	1,814	1,769	1,767
TV customers	885	924	982	1,030	1,062
<b>Total subscribers</b>	<b>10,707</b>	<b>12,450</b>	<b>13,405</b>	<b>15,342</b>	<b>16,140</b>
<b>Full-time employee equivalents<sup>6</sup></b>	<b>21,009</b>	<b>20,034</b>	<b>19,497</b>	<b>20,225</b>	<b>19,011</b>

1) Pension costs are recognized in accordance with US GAAP FAS Nos. 87/88 for 2002-2003 and in accordance with IAS 19 with effect from 2004.

2) Net income excluding special items and fair value adjustments excludes special items from income from associates and joint ventures as well as special items from income from discontinued activities.

3) CEPS is defined as (net income excluding special items and fair value adjustments attributable to shareholders of the Parent Company + depreciation, amortization and impairment losses + share-based compensation - income from associates and joint ventures - minority interests' share of depreciation, amortization and impairment losses together with share-based compensation) / number of average shares outstanding.

4) ROCE is defined as EBIT excluding special items plus interest and other financial income excluding fair value adjustments plus income from associates and joint ventures divided by average equity attributable to Company shareholders plus interest-bearing debt.

5) The number denotes end-of-year subscribers and includes customers with subscriptions and customers without subscriptions according to the following general principles:

- Landline subscribers who have generated traffic in the previous month.
- Mobile subscribers active for a certain period of time, up to 3 months.
- Internet subscribers active for a certain period of time, up to 3 months.

The number of subscribers also includes resale customers.

6) The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees. The number of full-time employee equivalents is exclusive of discontinued operations.

## **Changes to accounting policies**

Changes to accounting standard IAS 39 on recognition and measurement of financial instruments limit situations where the fair value adjustments can be recognized in the Statements of Income.

For TDC, the changes have consequences only for the treatment of fair value adjustments of unquoted securities. Previously, fair value adjustments of unquoted securities were recognized in the Statements of Income. With effect from January 1, 2006, unrealized fair value adjustments of unquoted securities are recognized directly in equity. Gains or losses are recognized in the Statement of Income upon disposal of unquoted securities.

The change has no significant impact on the Group results for 2006 and earlier years. The Group's assets and financial position are not impacted by the amended standard.

Except for the change mentioned above, accounting policies are unchanged from last year.



## Material acquisitions and divestments

- **HTCC** (TDC Solutions) – consolidated as of April 1, 2005
- **Dotcom AB** (TDC Solutions) – included as of July 1, 2005
- **Ascom's division for communications solutions**, referred to as sunrise business communications (TDC Switzerland) – included as of July 1, 2005
- **TDC Directories** – divested as of November 30, 2005
- **Contactel** – divested as of February 2, 2006
- **Bité** – divested as of February 9, 2007

## Management Statement

The Board of Directors and the Executive Committee have reviewed and approved the Earnings Release of the TDC Group for 2006 and 4Q 2006.

The Earnings Release has been prepared in accordance with the International Financial Reporting Standards (IFRS) rules on recognition and measurement and the additional Danish disclosure requirements for listed companies.

We consider the accounting policies applied to be appropriate. In our opinion, the Earnings Release gives a true and fair view of the Group's financial position at December 31, 2006, as well as the results of operations and cash flows for 2006 and 4Q 2006.

### Executive Committee

Jens Alder                                      Hans Munk Nielsen

### Board of Directors

Kurt Björklund                                  Vagn Sørensen  
Oliver Haarmann                                Lawrence Guffey  
Richard Wilson                                 Gustavo Schwed  
Bo Magnussen                                  Jan Bardino  
Leif Hartmann                                  Steen M. Jacobsen

## About TDC

TDC is a Danish-based provider of communications solutions with presence in selected markets in Northern and Central Europe. TDC is organized as five main business lines: TDC Solutions, TDC Mobile International, TDC Switzerland, TDC Cable TV and TDC Services. TDC was partly privatized in 1994 and fully privatized in 1998. As of December 31, 2006, Nordic Telephone Company ApS holds 87.9% of the shares, with the remainder held by individual and institutional shareholders.

## Listing

Shares: Copenhagen Stock Exchange.

Reuters TDC.CO.

Bloomberg TDC DC.

Nominal value DKK 5.

ISIN DK00-10253335.

SEDOL 5698790.