Nordic Telephone Company Administration

Annual Report 2009

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Highlights of the year

Financial and operational highlights

Improved revenue trend and strong earnings and cash-flow performance were achieved despite a difficult macroeconomic environment

In 2009, Group revenue increased by DKK 330m to DKK 35,939m compared with 2008. Adjusted for acquisitions and divestments, outsourcing and currency effects, revenue in the NTCA Group was unchanged from 2008 to 2009.

In 2009, revenue in Nordic Business[1] declined by DKK 839m or 3.1% compared with 2008, which was primarily a result of divestments, outsourcing, the negative foreign exchange impact, price regulation and adverse macroeconomic environment. Furthermore, revenue was negatively affected by lower domestic landline telephony in both the residential and business segments, as well as lower revenue from the integrator business in TDC Sweden which was closely related to the economic downturn. This was partly offset by the positive net effect of the acquisitions of Fullrate and A+, and significant growth in the TV business: The growth related to both ARPU and an increased customer base, as well as increased traffic in the no-frills mobile voice segment and more domestic mobile voice and mobile broadband customers. Adjusted for the impacts from divestments, acquisitions, outsourcing and currency, revenue in Nordic Business declined by approximately DKK 331m or 1%.

During 2009, the quarter-over-quarter revenue decline in Nordic Business improved in each quarter, and revenue development in 4Q 2009 was stable compared with 4Q 2008. The stabilization of revenue in Nordic Business marks an important milestone for NTCA.

In 2009, revenue in Sunrise increased by DKK 1,161m or 13.3% compared with 2008, which benefited from increased revenue from the landline wholesale segment and more prepaid and postpaid mobile voice customers. Revenue was also positively affected by the acquisition of Tele2 in November 2008 and a favorable currency impact, which was in turn counteracted by the divestment of SBC in July 2008. Adjusted for the impacts from divestments, acquisitions and currency, revenue in Sunrise rose by approximately DKK 292m or 3%.

In 2009, Group gross profit increased by 2.4% compared with 2008. Nordic Business' gross profit declined by only 0.2% despite the revenue decline, whereas gross profit in Sunrise increased by 12.0%

Despite the challenging macroeconomic environment, income before depreciation, amortization and special items (EBITDA) rose by 6.8% to DKK 13,021m, compared with 2008, leading to an improvement in the EBITDA margin in the NTCA Group of 2 percentage points to 36.2% in 2009. Adjusted for acquisitions and divestments, currency effects and the non-recurring compensation from Swisscom in 2008, EBITDA in the NTCA Group increased by 6%.

In Nordic Business, EBITDA grew by 4.8% to DKK 10,510m in 2009, leading to a strong EBITDA margin of 40.3%. The growth in Nordic Business' EBITDA resulted from cost reductions across all business lines including Headquarters.

The 16.9% growth in Sunrise's EBITDA during 2009 was driven by organic growth in the residential mobile business, the acquisition of Tele2 and a favorable currency impact. This was partly offset by a one-time compensation from Swisscom in 2008 regarding excessive landline termination charges.

Net income from continuing operations, excluding special items, increased by DKK 1,084m or 96.6% to DKK 2,206m as a result of higher EBITDA and lower expenses from net financials.

Net income amounted to DKK 1,018m in 2009 compared with a net loss of DKK 2,058m in 2008. The DKK 3,076m increase reflected lower expenses related to special items, higher EBITDA and lower expenses from net financials.

Cash flow from operating activities rose by 31.7% or DKK 2,152m, while operating free cash flow increased by 23.6% or DKK 1,674m.

Net interest-bearing debt totaled DKK 42.0bn at year-end 2009, down DKK 7.0bn compared with DKK 49.0bn at year-end 2008. In addition to the positive net cash flow from operating and investing activities in 2009, the divestment of Invitel had a positive impact of approximately DKK 5bn.

[1] Group operations in Denmark, Sweden, Finland and Norway – thus Switzerland is excluded.

Key operational achievements

- **Successful enhancement of TDC's core product suite:** The very successful introduction of the HomeDuo and HomeTrio multi-play offers in January 2009 has reduced TDC's copper line loss. In total, these products had 197,000 customers at the end of 2009, corresponding to 8% of all Danish households. As a result, TDC has captured the position as market leader on both the VoIP market and the triple-play market in 2009.

- **Improved position in mobile and strong momentum in cable:** TDC has improved its market leader position in the competitive domestic mobile voice market during 2009. It also exhibited strong subscriber and revenue growth in its cable business (YouSee) across all product lines while containing operating expenses. The digital add-on subscriber base (YouSee Plus) increased by 39% compared with year-end 2008.

Major corporate events

Throughout 2009, NTCA continued to execute its strategy of TDC being a clear and focused Nordic leader:

- Changes in TDC's organizational structure and management
- Mergers, acquisitions and divestments
- Merger to simplify structure
- Review of strategic alternatives for TDC A/S

Changes in TDC's organizational structure and management

On February 5, 2009, TDC announced that its structure would change to a customer-centric rather than a technology-centric organization and it was reorganized in the following business lines: Consumer, YouSee, Business Nordic and Operations & Wholesale. The previous Fixnet Nordic and Mobile Nordic business lines were dissolved.

- Jesper Theill Eriksen, former CEO of Mobile Nordic, was appointed CEO of Consumer, and Carsten Dilling, former CEO of Fixnet Nordic, was appointed CEO of Operations & Wholesale.

- Jens Munch-Hansen was appointed CEO of Business Nordic and member of the Executive Committee of TDC to replace Klaus Pedersen, who left the Company. Jens Munch-Hansen, MSc, joined TDC from IBM, where he most recently held the position of Vice President of IBM Sales and Business Development North East Europe. Throughout his career at IBM, which began in 1980, he held a number of management positions in Denmark and internationally, including General Manager of IBM Nordic from 2000-2007.

On September 23, 2009, TDC announced that TDC Business Nordic's organizational structure would be divided into two divisions: TDC Business, which is responsible for the Danish business market, and TDC Nordic, which is responsible for activities in the other Nordic countries and TDC Hosting. Financial figures including comparative figures presented in this report reflect the above-mentioned change to a customer-centric organization, as well as the separation of Business Nordic into TDC Business and TDC Nordic.

- Jens Munch-Hansen, former President of Business Nordic, is now CEO of TDC Nordic and a member of the Executive Committee of TDC.

- As of October 1, 2009, Martin Lippert was appointed new CEO of TDC Business with responsibility for the Danish business market including NetDesign. As of the same date, he joined the Corporate Management Team of TDC, and is expected to join the Executive Committee of TDC following the next Annual General Meeting. Martin Lippert, MSc (Econ), PhD has joined TDC from a position as CEO of Mach S.a.r.l. where he was employed from 2006. Previously, he worked in TDC for a number of years, most recently in 2005 as head of the landline business division.

As of October 1, 2009, the Corporate Management Team (CMT) of TDC consists of: President and CEO Henrik Poulsen, Senior Executive Vice President and Chief HR and Strategy Officer Eva Berneke, Senior Executive Vice President and CEO of YouSee A/S Niels Breining, Senior Executive Vice President and CEO of Operations & Wholesale Carsten Dilling, Senior Executive Vice President and CEO of Consumer Jesper Theill Eriksen, Senior Executive Vice President and CEO of TDC Business Martin Lippert, Senior Executive Vice President and CEO of TDC Nordic Jens Munch-Hansen and Senior Executive Vice President and CFO Jesper Ovesen.

Mergers, acquisitions and divestments

Acquisition of Fullrate

In March 2009, TDC acquired Fullrate, a leading low-price broadband and VoIP provider that also offers mobile broadband. Fullrate was founded in 2005 with the purpose of providing simple low-price broadband solutions to Danish customers and had reached a market share of approximately 6% of the Danish xDSL market at year-end 2008.

During the year, TDC executed additional in-market consolidation acquisitions to further diversify its customer offerings. These include A+, Unotel and M1, the two latter with closing in January 2010.

Acquisition of DONG Energy's fiber network

In December 2009, TDC acquired 100% of the share capital of Aktieselskabet af 1. december 2009 A/S (previously Fiber Newco A/S), a company to which DONG Energy had transferred all its activities relating to the roll-out and operation of the fiber network in the densely populated areas of Greater Copenhagen and Northern Zealand. The acquired network complements TDC's network very well and further enhances TDC's ability to offer premium next-generation products and services.

DONG Energy has retained ownership of part of the fiber network backbone used to monitor the operation of the electricity grid. As part of the transaction, Aktieselskabet af 1. december 2009 A/S has been granted access to use the excess capacity of this part of the network free of charge.

The total purchase price was DKK 425m on a cash and debt free basis, of which DKK 325m was paid cash on completion of the transaction, whereas the remaining sum to be paid will depend on the future performance of the acquired activities in the retail market.

Divestment of Invitel

In November 2009, TDC divested its 64.6% shareholding in Invitel Holdings A/S (Invitel) to the Central and Eastern European equity fund Mid Europa Partners (MEP). Invitel (formerly known as Hungarian Telephone and Cable Corporation or HTCC) is a Hungarian-based landline operator with wholesale operations in Eastern Europe. The total consideration for TDC's shares was USD 10.8m in cash. Further, TDC sold to MEP its shareholder loan to the Invitel Group at the nominal value of EUR 34.135m. Following the merger between TDC and Nordic Telephone Company ApS (NTC) (see more details below under 'TDC merges with NTC') the transaction resulted in a loss of approximately DKK 119m after tax. This loss has been recognized in the Statement of Income under special items related to discontinued operations in 4Q 2009. The transaction had a positive deleveraging effect on the TDC Group. As a result of this disposal, TDC's Group debt was reduced by approximately DKK 5bn.

Business combination of Sunrise and Orange in Switzerland

On November 25, 2009, TDC announced that it had entered into a conditional agreement to combine its Swiss subsidiary Sunrise Communications SA (Sunrise) with Orange Communications SA (Orange), a subsidiary of France Telecom S.A (France Telecom). The transaction significantly strengthens TDC's Swiss operations and paves the way for a future full exit of TDC from the business, thereby increasingly focusing TDC's management attention solely on the Nordic region. As a result of a series of transactions, TDC will receive a payment of EUR 1.5bn from France Telecom at closing and become a 25% shareholder of the business combination. Following the merger between TDC and NTC (see more details below), the transaction is expected to result in a gain of approximately DKK 3.5bn after tax, which is expected to be recognized in the first half of 2010 when the transaction is expected to have closed.

TDC will continue to consolidate Sunrise until further notice. Upon deconsolidation, Sunrise's activities will be reclassified to discontinued operations. After closing, the 25% shareholding in the combined entity will be accounted for as an associate (equity method).

The combined entity will have a share buyback program targeted at TDC's 25% shareholding to be executed at the discretion of the Board of Directors using cash generated by the company. If decided, the annual share buybacks will be executed in 1Q of each of 2012, 2013 and 2014, on the basis of pre-agreed multiples applied to prior years' EBITDA and determined on the basis of a target net present value of EUR 1.2bn for the full 25% TDC shareholding.

Furthermore, France Telecom will have an option to buy TDC's shares from the first anniversary of closing at a minimum value of EUR 1.2bn plus interest accruing at a rate of 7% per annum. In addition, TDC will have the right to sell its stake to third parties from the second anniversary of closing or to conduct an initial public offering of the company from the third anniversary of closing.

In connection with the above exit routes for TDC's shareholding in the combined entity, it has been agreed that France Telecom shall pay EUR 100m per year to TDC in each of 2012, 2013 and 2014 (representing approximately EUR 245m of net present value). However, these payments will not occur in the respective years in which the share buyback is implemented, or if the France Telecom call option has been exercised. Further, these payments may be reduced or reimbursed under certain exit scenarios for TDC (exercise of France Telecom's call option, IPO or sale to a third party).

The signing of final transaction documentation is expected to take place in the second half of February 2010. The transaction shall be subject to conditions including confirmatory due diligence, and approvals from the Swiss Competition Authorities and TDC's lenders. TDC has obtained majority lender consent of the transaction. Closing is expected to occur in 2Q 2010.

Merger to simplify structure
On March 5, 2010, a merger between Nordic Telephone Company Holding ApS (NTCH), Nordic Telephone Company Finance ApS (NTCF), Nordic Telephone Company Administration ApS (NTCA) and Nordic Telephone Company Investment ApS (NTCI) was implemented with NTCA as the surviving company. The merger, which is effective from January 1, 2009, for accounting purposes, has no tax implications for the companies involved. The purpose of the merger is to simplify the Group structure. NTCF was the sole shareholder of NTCH, NTCA was the sole shareholder of NTCF, and NTCI was the sole shareholder of NTCA. In connection with the merger, NTCA has received the shares with a nominal value of DKK 871,849,550 (174,369,910 shares of DKK 5 each) held by NTCH in TDC prior to the merger. NTCH, NTCF and NTCI have been dissolved as part of the merger and therefore own no shares in TDC.

Review of strategic alternatives for TDC A/S
On November 23, 2009, TDC announced that the Company had been informed by NTCH, its majority shareholder (see more details above under 'Merger to simplify structure'), that a process had been initiated with the purpose of evaluating strategic alternatives for the Company.

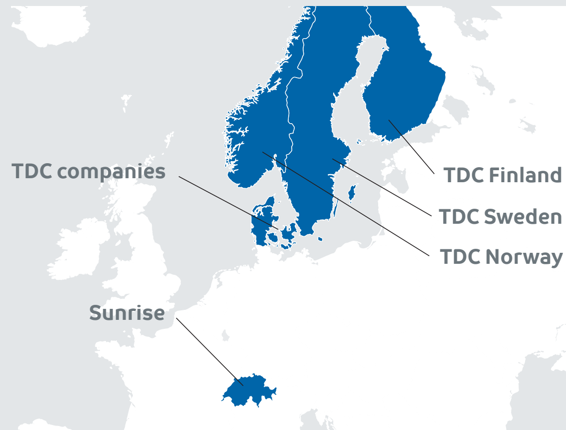
To the extent necessary and appropriate, TDC will assist with this strategic review. There can be no assurances that any particular course of action will be pursued, nor of the timing nor terms of such alternatives.

Other events
Debt exchange to optimize capital structure: On November 30, 2009, TDC announced an offer to holders of its outstanding EUR 750,000,000 6.50% notes due in 2012, of which EUR 713,389,000 was outstanding (the Existing Notes), to exchange up to EUR 300,000,000 of the Existing Notes for Euro-denominated Fixed Rate Notes due in 2015 to be issued by TDC (the Exchange Offer). The purpose of the Exchange Offer was to capitalize on current favorable market conditions to efficiently manage the refinancing of the Existing Notes and lengthen TDC's debt maturity profile. EUR 256,010,000 in aggregate nominal amount of the Existing Notes was exchanged for EUR 273,547,000 in aggregate nominal amount of new notes issued by TDC (New Notes). The coupon on the New Notes is 5.875% per annum. Following completion of the Exchange Offer, EUR 457,379,000 of the Existing Notes is outstanding.

TDC at a Glance

Profile

TDC is the leading provider of communications and entertainment solutions in Denmark with a market-leading position in each of the major segments – landline telephony, internet access, mobility services and Pay-TV. This is achieved through a range of strong domestic brands covering all customer segments, channels and product categories in the residential and business markets, and through TDC's undisputed position as the leading provider of technology platforms and infrastructure across all the major access technologies – copper, coax, fiber and mobile (GSM and UMTS). TDC is one of only two European incumbent operators to fully own a cable-TV network in its domestic market.



New organization from 2009 with customer-centric business units

TDC

Sunrise to merge with Orange Switzerland. TDC to retain a 25% stake

	TDC Consumer	TDC Business	TDC Nordic	TDC Operations & Wholesale	YouSee	TDC HQ	Sunrise
Subsidiaries:	TELMORE, FULLRATE, M1	NETDESIGN	TDC Sweden TDC Norway TDC Finland TDC Hosting	UNOTEL	Dansk Kabel TV		
Key Products:	Landline voice, landline broadband, mobile voice, mobile broadband and IPTV for Danish residential customers	Landline voice, landline broadband/data, mobile voice, mobile broadband, IPTV and systems integration for Danish corporates	Landline voice, landline broadband/data, mobile voice, mobile broadband/data, systems integration, hosting for corporates in Nordic countries	Network and back-office operations for TDC divisions and capacity services for other Danish operators	Cable TV, Digital TV, landline broadband, mobile broadband, landline telephony mostly for Danish residential customers	Headquarters	Mobile voice, landline voice, landline broadband for retail customers and business customers
2009 financials (DKKm):							
Revenue	9,711	7,926	3,515	2,582	3,597	(1,258)	9,866
EBITDA	3,965	3,666	497	1,498	1,141	(231)	2,510

Domestic Business
Nordic Activities
Switzerland

TDC's multi-faceted domestic network

Technology	Coverage	Upgrade status
Copper	xDSL 20 Mbps (guaranteed): 44% population coverage. VDSL: 56% population coverage.	Remote DSLAM roll-out ongoing
Domestic fiber	15% of Danish homes passed (including 9 percentage points new homes from DONG Energy acquisition). Backbone fiber: 21,134 km (including 836 km from DONG Energy acquisition). Access fiber: 16,452 km (including 5,498 km from DONG Energy acquisition).	Continuous roll-out
Coax (cable)	55% of Danish homes passed, of which 77% can receive 50 Mbps broadband speed.	Fully digitalized, nearly complete return-path and almost complete DOCSIS 3.0 upgrade
GSM	99% population outdoor coverage, 86 % indoor.	EDGE roll-out complete
UMTS	90% population outdoor coverage.	HSPA roll-out ongoing

Outside Denmark, TDC has significant presence in the pan-Nordic business market. With fully controlled subsidiaries in Sweden, Norway and Finland, TDC can offer pan-Nordic solutions to businesses and organizations across the Nordic countries and challenge the local incumbent operators by offering its corporate customers seamless business solutions, including hosting and systems integration solutions. Following the combination of Sunrise and Orange Switzerland that is to be completed in 2010, TDC will initially retain a 25% stake in the combined entity, which will pave the way for a full divestment in the years to come.

Organization and brands

In 2009, TDC adopted a customer-centric structure and is now a multi-brand operator.

Infrastructure

TDC owns, operates and continues to consistently invest in high-quality, modern and widespread infrastructure across all key access technologies.

As the incumbent telecommunications operator in Denmark, TDC has a legacy of building and operating the communications infrastructure in Denmark. TDC is therefore proud that today Denmark has a broadband penetration of 72%, one of the highest in the world, with almost all Danish households enjoying access to high-quality broadband.

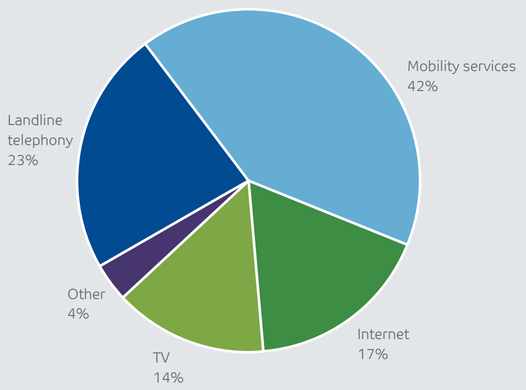
In Switzerland, Sunrise has a modern infrastructure in the form of GSM/UMTS networks and fiber-optic backbone networks, IP/MPLS and ISP networks with full redundancy. Sunrise has invested extensively to further upgrade its highly competitive mobile network to build out its ULL infrastructure.

The advanced and diverse nature of TDC's infrastructure is critical for delivering cutting-edge products and services to the widest range of customers and the constant replenishing of the Group's revenue streams.

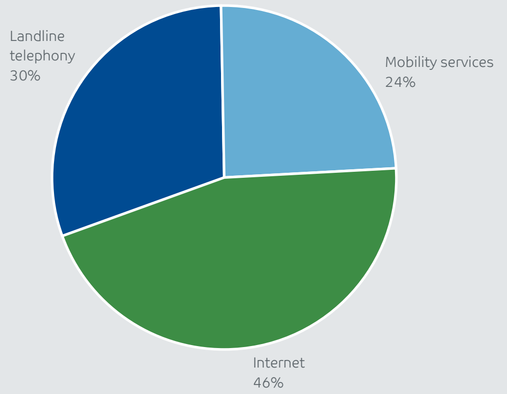
Customers

The TDC Group serves 11.7m customer relationships, 0.2m of them in the pan-Nordic activities (business customers) and 2.9m in Sunrise, Switzerland, (merging with Orange).

Customers, Domestic



Customers, Nordic



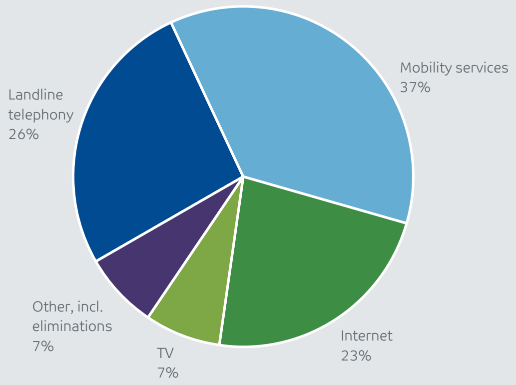
Employees

The TDC Group had 12,827 FTEs at year-end 2009, with the domestic operations accounting for 9,986. In past years, TDC has significantly centralized its locations to improve co-ordination, reduce costs and enhance employee efficiency. Currently administrative main offices are at Teglholmen in Copenhagen, and in Aarhus (Jutland) and Odense (Funen).

Revenue

Revenue totaled DKK 35.9bn for the TDC Group in 2009. The largest share of revenue came from mobility services, with landline telephony and internet as the second- and third-largest contributors, respectively. Activities in the other Nordic countries generated revenues of DKK 1,726m (TDC Sweden), DKK 879m (TDC Norway), DKK 686m (TDC Finland) and DKK 56m (TDC Hosting in Sweden and Finland, corresponding to 17% of the revenue in TDC Hosting); Sunrise (Switzerland) contributed DKK 9,866m of total revenue in 2009.

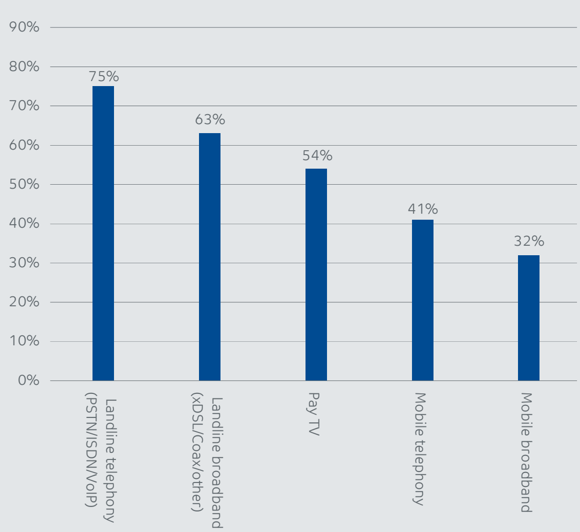
Revenue



Market shares

By leveraging its incumbent telephony network, TDC has successfully consolidated its domestic market leadership in the most important segments of landline, internet and mobile telephony, and has equally importantly proved able to steadily increase its market share. For example, within the growing TV segment, TDC has a 54% share of the Pay-TV market. TDC has further improved its leadership in this market with innovative digital TV products in TDC and YouSee. In the emerging mobile broadband product segment, the TDC Group is the growing number two player, increasing its market share by offering attractive products and best-in-class infrastructure. With a 63% market share, the TDC Group is a clear leader in the landline broadband market. In Switzerland, Sunrise is an important challenger with a 23% market share of the mobile market. Based on current market shares, when merged, Sunrise and Orange will command a 40% market share of the mobile market.

Market share



Popular, innovative products

TDC strives to innovate and anticipate customer needs, with a view to constantly expanding the Danish population's communications and entertainment options, both at mass-market and niche/customized levels. Recent examples of successful product launches include:

- **HomeTrio** – a bundle of broadband, VoIP/PSTN and digital TV. A business version with professional security, service and features is also available.
- **YouSee Plus** – adding value to digital TV with features such as pause, rewind, start-over and record functions (PVR), HDTV and TV archive with the previous 30 days of broadcasts available. The Cinema (Video on Demand) feature enables customers to rent movies (approximately 700 titles and increasing) from home in cooperation with e.g. Warner Home Video. This means that many new movies are available via Cinema when DVDs are released.
- **TDC PLAY** – a ground-breaking and unique service giving mobile and broadband customers access to unlimited downloads of more than 6.3 million music tracks at no additional charge. Currently, more than 8 million tracks are downloaded per month.

Constantly enhanced customer experience

TDC aims at providing market-leading products and services at affordable prices and focuses clearly on improving customer service, recently with the launch of the ambitious 'TAK' (take responsibility for the customer) initiative. Initiatives to improve satisfaction ratings and reduce cost to serve through a structured end-to-end approach include SMS information before and after installation, more intelligent call routing, refined scripts and applied disciplined and after-visit surveys. Early results give rise to optimism. Error-handling speed and quality are already improving and the introduction of SMS information has strikingly improved ratings on delivery and installation. However, customer satisfaction requires further improvement and TDC is dedicated to maintaining its focus in the years to come.

Profitability and cash flow generation

Through disciplined implementation and attention to efficiency, despite the difficult economic environment, TDC has demonstrated increasing profitability and growing cash flow generation over recent years. The latest Group EBITDA margin of 36.3% and conversion rate of 67.4% indicate significant improvements, but leave further room for increases going forward.

Ambition and strategy: Building TDC for the future

TDC aims at building on its recent achievements to become the best-performing incumbent telecommunications player in Europe by 2012 measured on value creation, customer satisfaction and employee pride.

This ambition will be achieved through a strategy anchored in:

- market leadership across all segments in the domestic market
- an undisputed position as leading technology platform and infrastructure provider in the domestic market, and a portfolio of strong, domestic brands covering all customer segments, channels, and product categories
- operational excellence and efficiency in the provision of telephony, internet, TV, data communications, and integration and hosting solutions as well as related content and services
- a challenger position in the business segments in Sweden, Finland and Norway.

This ambition must be achieved in the context of several important challenges such as:

- migration from the high-margin, high-market share PSTN business to VoIP and mobile
- maturing broadband and mobile voice markets
- changing competitive dynamics such as:
  - increased competition in the TV market
  - competitors in the business segment attacking aggressively
  - mobile data value-chain reshaping
- growing consumer needs and demands for new, improved, customized products and services
- the continuing need to innovate and invest in the IT platform and telecommunications networks
- continued price regulation – both from the national regulator and from the EU – which is expected to lead to further price reductions on a number of TDC's wholesale products, e.g. landline interconnection, mobile termination and international roaming. Moreover, wholesale broadband prices regarding TDC's cable-TV network will be regulated.

History

1875-1900

Telephony service is introduced in Denmark.

1897

The Danish state takes control of the sector and grants concessions to a range of companies.

1947

Three regional operators remain.

1990

A single incumbent operator is formed.

To address these challenges and opportunities, TDC has defined seven 'must win battles' for 2010:

- **Customer experience and retention**. TDC's overall ambition of improving the customer experience with an end-to-end process approach will impact both cost to serve, loyalty and retention
- **Profitable growth pockets**. TDC will pursue a portfolio of growth opportunities to stop revenue erosion
- **Go-to-market efficiency**. TDC will continue to upgrade its customer touch points in retail, online, call centers, and B2B partner channels
- **Brand & technology coverage**. TDC will invest in and leverage its brand and technology platforms to provide strategic hedging against consumer and technology migration
- **World-class operations**. Through Operations, TDC will improve platform stability and drive efficiency through simplification, vendor management and IT upgrades
- **Cost & cash discipline**. TDC will maintain its strong cost and cash discipline across business lines ensuring that all costs and investments are continuously scrutinized and prioritized
- **Winning culture**. TDC will increase leadership capabilities, reinforce employee motivation, and continue to implement performance management across the organization.

1994-1998

Sector liberalized by sell-off of state stock in national and international share issues.

1998-2004

Main shareholders include Ameritech (subsequently acquired by SBC in 1999).

2005

Public tender offer results in new majority shareholder Nordic Telephone Company (NTC), controlled by investment funds, each of which is advised or managed, directly or indirectly, by Apax Partners Worldwide LLP, The Blackstone Group International Limited, Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited.

TDC's transformation since 2005

In recent years, TDC and the telecommunications industry have undergone significant changes in terms of technology, competition, customer demand and regulation. Over the past five years, TDC has transformed itself into a geographically more focused, significantly more efficient, commercially astute operator, with world-class networks, a highly diverse product portfolio, strong positive momentum and a clear strategic vision. While this transformation is still ongoing, we believe TDC is now well equipped to seize opportunities in the coming years.

NTC acquires TDC
On November 30, 2005, Nordic Telephone Company ApS (NTC), a company ultimately controlled by investment funds, each of which is advised or managed, directly or indirectly, by Apax Partners Worldwide LLP, The Blackstone Group International Limited, Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited, launched a tender offer for all the TDC shares (listed on the OMX Copenhagen Stock Exchange). In January 2006, NTC acquired 87.9% of the shares in TDC. Subsequent to NTC taking control of TDC, a new overall strategy was implemented consisting of:

- Re-organization and management strengthening
- A focused portfolio & Nordic strategy
- Operational excellence
- Commercial excellence
- World-class infrastructure
- Improved market position

Re-organization & management strengthening
TDC has taken a number of steps to change its business from a product/technology-centric to a customer-centric organization, thereby optimizing sales channels and enabling cross-selling and bundling. TDC's Nordic Business now consists of five business units – Consumer, TDC Business, TDC Nordic, Operations & Wholesale and YouSee (see page 26 for a detailed description). In addition, TDC has significantly strengthened its senior management team and upgraded its focus on performance management and incentive programs to further improve the organization.

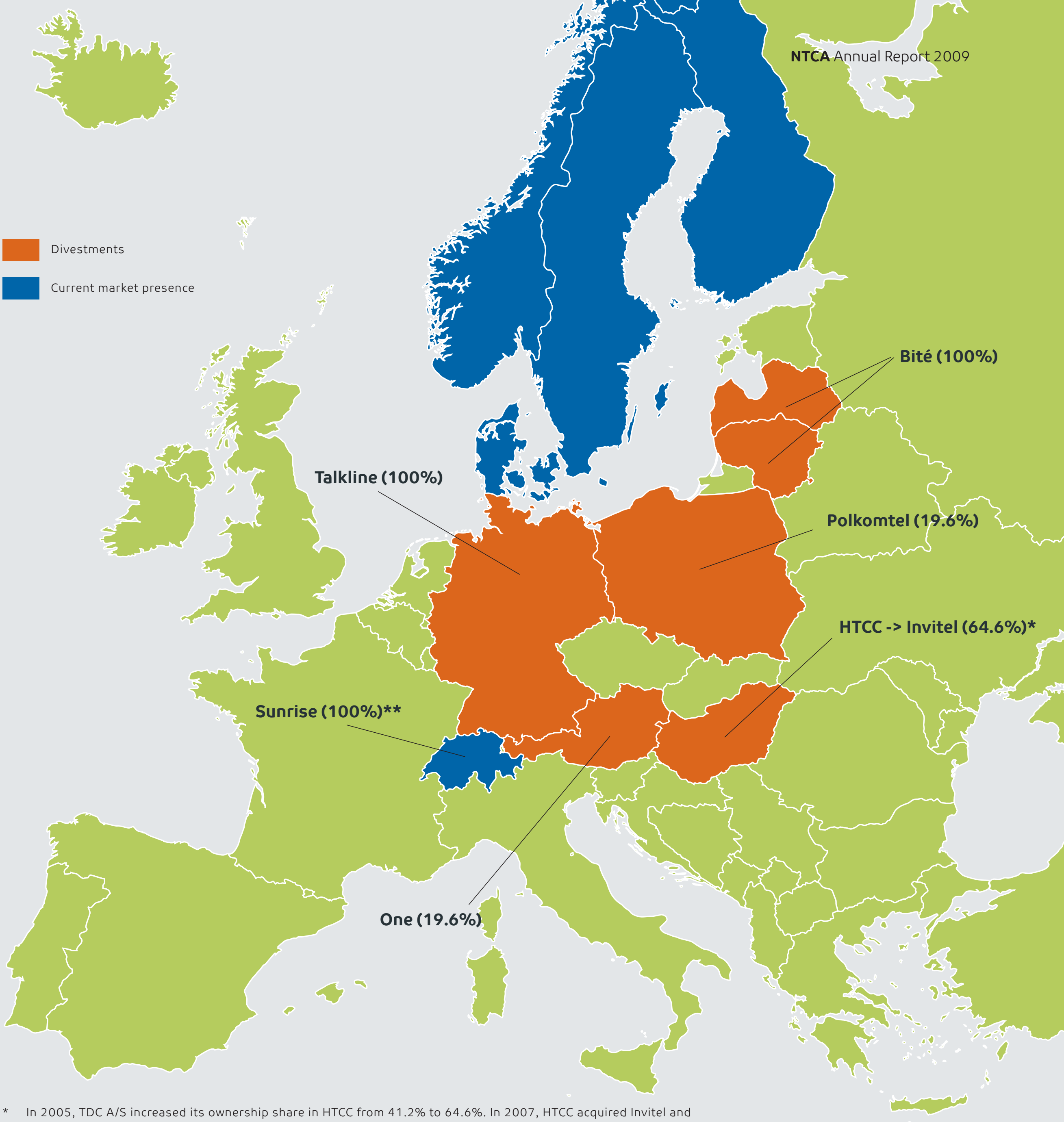
A focused portfolio & Nordic strategy
While TDC's wholly or partly owned European telecommunications subsidiaries and international operations contributed approximately 50% of revenue and 29% of total EBITDA in 2005, they provided no or limited synergies in the core Nordic business. Consequently, in 2006, TDC embarked on a strategy to concentrate on its core markets and become a clear and focused Nordic leader. As such, TDC initiated a process to divest its non-core assets. In parallel, TDC has strengthened its domestic position through in-market consolidation, and has acquired a series of complementary network operators and service providers in Denmark. This has provided TDC with a very strong platform from which to pursue its focused Nordic strategy.

As a result of divestments of business activities outside the Nordic countries from 2005 to 2009, TDC's revenue decreased by 23% from DKK 46.6[2]m in 2005 to DKK 35.9m in 2009.

[2] Based on accounting principles at that time and before deconsolidations.

International divestments

- Bite, Latvia & Lithuania (2007)
- Talkline, Germany (2007)
- One, Austria (2007)
- Polkomtel, Poland (2008)
- Invitel, Hungary (2009)



* In 2005, TDC A/S increased its ownership share in HTCC from 41.2% to 64.6%. In 2007, HTCC acquired Invitel and Memorex. In 2008, Invitel became the continuing entity.

** TDC A/S has entered into a conditional agreement to combine Sunrise with Orange, a subsidiary of France Telecom. TDC will become a 25% shareholder of the business combination. Closing is expected to occur in 2Q 2010.

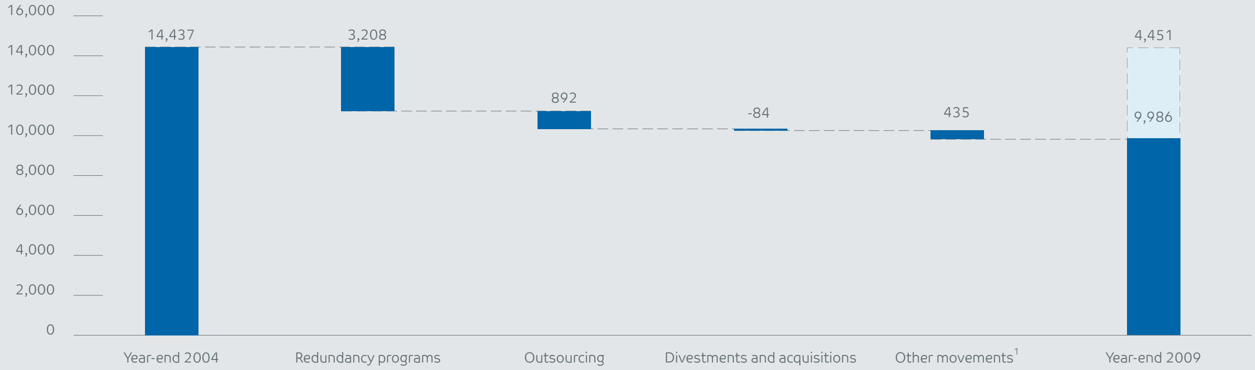
Domestic divestments and outsourcing

- Divestment of TDC Directory (2005)
- Outsourcing of IT services (2005-2007)
- Sale and leaseback of property (2007-2008)
- Outsourcing of mobile network operations to Ericsson (2008)
- Sale of Business Phone (2008)
- Sale of TDC Produktion (2008)
- Sale of its international voice business (2008)
- Outsourcing of terminal and CPE sales to business customers (2008)
- Partial sale of Connect Partner, Denmark (2008)
- Sale of Satellite Business (2009)

Domestic in-market consolidation

- Esbjerg Municipality's Cable TV (2006)
- Fredericia City Net (2007)
- Guldborgsund City Net (2008)
- Køge City Net (2008)
- Fullrate (2009)
- A+ (2009)
- DONG Energy's fiber network (2009)
- Unotel (January 2010)
- M1 (January 2010)

Number of employees **Full-time employee equivalents (FTE)**

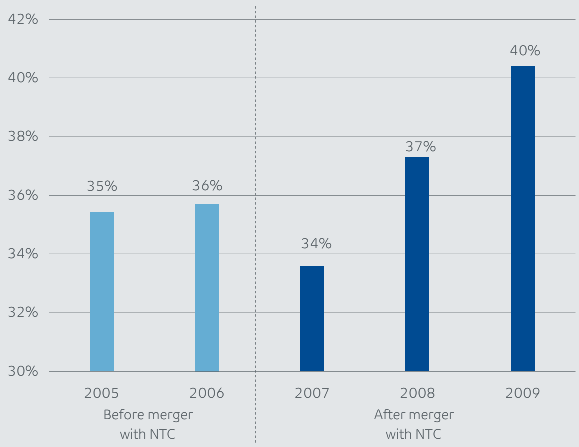


[1] Incl. hirings, resignations and other transfers.

Operational excellence
As part of the strategy, TDC has implemented a detailed value-creation program to improve operating efficiency and reduce costs. This has, for example, included removing duplicate headquarters and business line functions, consolidating call centers from 14 to 4 locations, outsourcing non-core processes as well as reducing facility costs through physical consolidation and disposal of buildings. These initiatives, in combination with the strategic decision to refocus on core Nordic markets, have significantly reduced the number of full-time employees. In Denmark, at year-end 2009, 4,451 fewer FTEs were employed compared with year-end 2004[3]. Internationally, the number of FTEs dropped from 4,128 at year-end 2004 to 2,841 at year-end 2009[4].

TDC has significantly improved its margins by enhancing high-margin areas while eliminating or de-emphasizing a number of low-margin areas, and has improved its return on invested capital. Within the last five years, to further optimize its business, TDC has outsourced its IT operations and the planning, roll-out and operation of its mobile network. The company has also optimized its working capital and capex prioritization process on an ongoing basis.

EBITDA Margin, Nordic Business 2005-2009, %



Commercial excellence

In the past five years, TDC has sought to reclaim commercial leadership and momentum in both the business and residential segments of the domestic market, and has constantly remained at the forefront of technological developments. This includes a shift from a single-brand to a multi-brand strategy to leverage the full potential of its consumer brands: TDC, YouSee, Telmore and Fullrate. Moreover, TDC has revitalized its main brand.

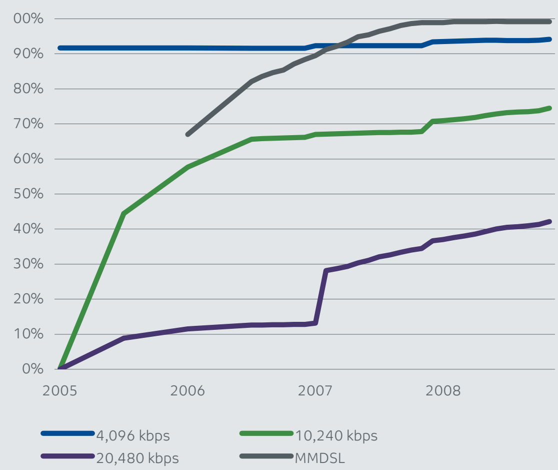
Through its extensive, fast and reliable infrastructure, TDC has launched innovative and successful products such as the multi-play products HomeDuo, HomeTrio, HomeTrio Work and the flat-rate product 'TDC til TDC' ('TDC to TDC'[5]), which has increased retention and is the best-selling add-on service in TDC's history. Also, TDC's recently launched 'TDC SamtalePlus' ('TalkPlus') allows landline customers to call the more than 9m mobile and landline customers in Denmark at an attractive flat-rate charge. YouSee has introduced YouSee Clear, which supplies high-quality digital TV to YouSee's customers at no additional charge and YouSee Plus, which gives TV customers add-on digital services. TDC PLAY/YouSee Play, launched in 2008, is a unique, award-winning service that gives mobile and broadband customers unlimited downloads of 6.3 million music tracks at no additional charge. Finally, the 'Connect-it' concept, which secures that combined mobile and landline broadband customers always receive the best possible connection, has also been introduced.

To improve its end-to-end customer experience, TDC has also initiated 'TAK' (take responsibility for the customer), a comprehensive customer-centric program. Customer lifecycle management and churn-prevention practices have been upgraded, special programs to contain PSTN churn have been initiated and the TDC Shops have been refurbished.

World-class infrastructure

TDC's infrastructure and coverage are best in class, and within the past five years, capex has consistently been maintained at 14-15% of revenue in Nordic Business. TDC has also continued to expand its widespread infrastructure on all platforms – copper, coax, fiber, GSM and UMTS.

xDSL coverage (end-of-period)



Since 2005, TDC's copper network has been enhanced to increase coverage and expand bandwidths to deliver more advanced services such as VoIP, TV and multi-play. As a result, TDC's broadband population coverage is now one of the highest among European incumbents.

At the beginning of 2005, the cable network passed 38% of Danish homes and over the past five years, the coverage of the cable infrastructure has increased to 55% of Danish homes. In addition, DOCSIS 3.0 upgrade investments have improved capacity and enhanced services. By year-end 2009, 77% of homes passed by the cable network were able to receive speeds of 50 Mbps, and in the first quarter of 2010, YouSee expects to be able to deliver 100 Mbps. YouSee's cable infrastructure is now fully upgraded and digitized and almost all YouSee customers have transitioned to digital TV[6].

[3] Excluding TDC Directories, which was divested in 2005 and treated as a discontinued operation and is thus no longer included in TDC's figures for year-end 2004.
[4] In addition, a number of divested subsidiaries (corresponding to approximately 1,700 FTEs) are treated as discontinuities and no longer included in TDC's figures for year-end 2004.
[5] 'TDC-til-TDC' allows TDC's residential customers to call all the 1.8m other TDC-brand mobile customers for a flat-rate fee.
[6] The only requirement is that customers must have a TV with a built-in digital receiver.

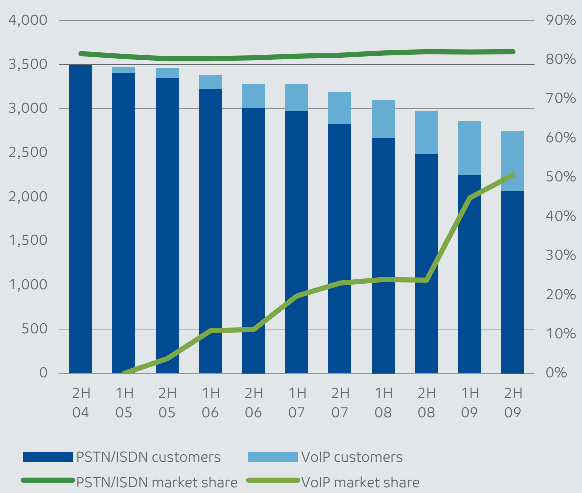
TDC has invested heavily in its fiber network, and with the acquisition of DONG Energy's fiber network in November 2009, TDC now has an additional 5,498km access and 836km backbone fiber network located in the densely populated areas in and north of Copenhagen. As a result, TDC operates the largest fiber network in Denmark, with 37,586 km of fiber and 390,000 homes passed. These investments put TDC in a very strong position to address the future high-speed broadband and data market.

In the past five years, outdoor GSM coverage has been close to 100% while indoor GSM coverage has been 86%. In order to increase coverage and expand its mobile broadband customer base, TDC has extended its mobile (GSM/UMTS) network roll-out in Denmark. By year-end 2009, 90% of the population had UMTS access, which allows customers with laptops, 3G mobile phones or smartphones to surf the internet via the UMTS network at speeds considerably faster than those of the GSM mobile network. While coverage is constantly being increased, capacity and available data speeds will be continuously upgraded to match customer expectations. Turbo 3G was launched in January 2008 and is based on HSPA technology to provide customers with high-bandwidth broadband access via the mobile network.

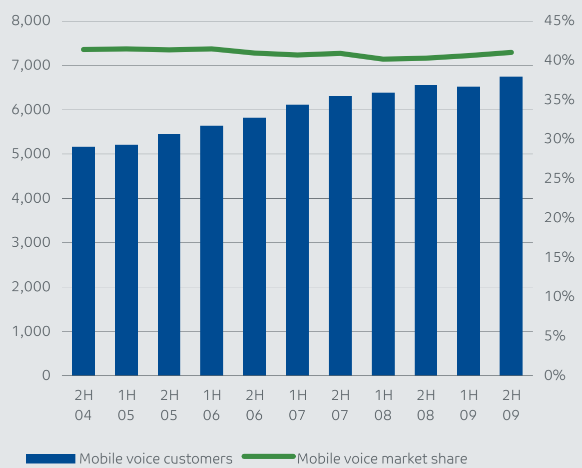
Improved market position

In a rapidly changing telecommunications industry, with major technological developments, TDC has maintained or improved its market-leading position in Denmark across the various communications segments. This has been achieved through active infrastructure and platform upgrades, renewed product offerings (in particular in broadband) and its superior customer value proposition.

TDC's retail landline customers and market share



TDC's retail mobile customers and market share



Source: NITA telecoms statistics, but TDC estimate for 2H 2009.

Landline and mobile telephony

While the traditional landline telephony market has decreased over the past five years, this has been more than compensated for by customers' migration to VoIP and mobile voice. However, as ARPU on mobile voice and VoIP are significantly lower than ARPU on PSTN/ISDN, this has put pressure on revenue. Despite its size, TDC has managed to adapt to the changing markets, maintaining a solid approximately 82% market share of traditional landline telephony from 2004 to year-end 2009. With a market-leading 50% share of the VoIP market gained during the past five years, TDC's strong performance is supported by the positive impact of its multi-brand strategy featuring the TDC, Fullrate and YouSee brands. In the mobile voice market, TDC has been able to attract an increasing number of customers, and despite growing competition has succeeded in raising its leading network market share to 46%.

Broadband

The broadband market has grown significantly over the last five years. TDC has increased its share of the total broadband market from 60% at year-end 2004 to 63% at year-end 2009. In the xDSL and coax markets, TDC held leading market shares of 72% and 64%, respectively, at year-end 2009 compared with 73% and 40%, respectively, in mid-2005. These market shares, which are the result of heavy infrastructure investments in xDSL, cable and fiber allow TDC to fully benefit from further market growth in broadband, both landline and mobile.

Bundled services

In 2005, multi-play was in its early stages. Today, the fast landline broadband speeds, combined with the intensifying competition in the telecommunications industry, are prompting an increasing number of providers to attract and retain customers by offering bundled services or dual-/triple-play on TV, broadband and IP or mobile telephony. TDC introduced attractive multi-play packages on various commercial platforms in 2009. The acquired subsidiary, Fullrate, supplies a dual-play package while the TDC HomeDuo and TDC HomeTrio broadband-based multi-play packages have been available since January 2009. Since then, the number of full-bundle TDC customers has increased significantly from zero to 299,000. Interest in TDC Home Duo/Trio has been significant and with a share of 62%, TDC has established itself as the clear leader in the triple-play market.

Mobile broadband

To match customer demand for flexibility and constant connection, in July 2008, TDC launched its mobile broadband offering[7]. At year-end 2009, the Danish mobile broadband market[8] amounted to 478,000 customers, with TDC's market share totaling 32%. The mobile broadband market is expected to increase significantly in the future in both the business and residential segments.

TV

The Pay-TV market grew considerably over the five-year period, and household penetration has now reached 82% in Denmark. TDC offers TVoIP and traditional cable TV (YouSee). From year-end 2004 to year-end 2009, TDC's market share on the Pay-TV market stabilized at the current level of 54%. The number of providers and TV packages available also expanded significantly, with more customers choosing the larger packages. TDC's TV customers (including YouSee) have access to the most popular Danish and international channels, video-on-demand and archive functionalities, and benefit from one of the most attractive offerings and value propositions in the market. YouSee provides almost all its TV customers with free access to digital TV[9] and hosts add-on and on-demand services.

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[7] TDC launched data services (mobile broadband) via the UMTS network (3G) in 2005, enabling high-speed data services such as video telephony, internet access, live streaming and games.

[8] Data-only subscriptions.

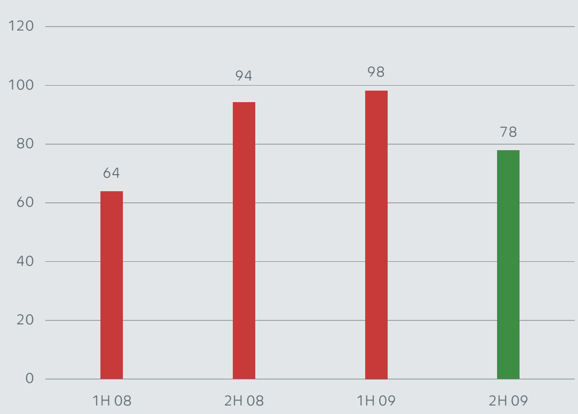
[9] The only requirement is that customers must have a TV with a built-in digital receiver.

Copper line loss

During the last decade, TDC has experienced a steady net line loss on the copper network. This has resulted from the migration from PSTN to mobile only as well as the appearance and increase in competing infrastructure such as fiber and coax. However, TDC has been a major beneficiary of the migration away from copper, due to the flow into TDC's own mobile-only customer base and YouSee's cable customer base.

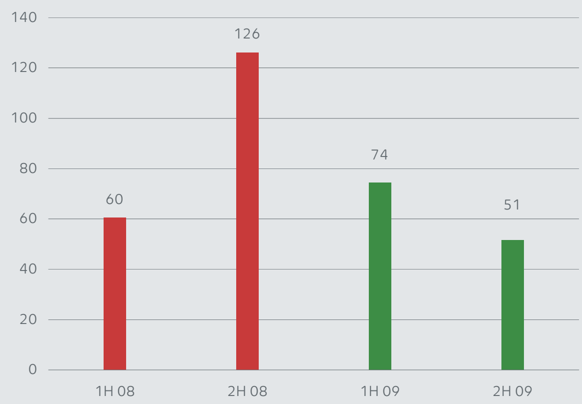
TDC's copper line losses began to fall for the first time in 2H 2009, with a reduction in net line loss of 20,000, compared with 1H 2009. This was achieved through a strengthened focus on customer retention in PSTN lines in 2009 and the successful launch of the HomeDuo and HomeTrio multi-play offers specifically designed to boost customer retention.

Copper line loss **1,000**



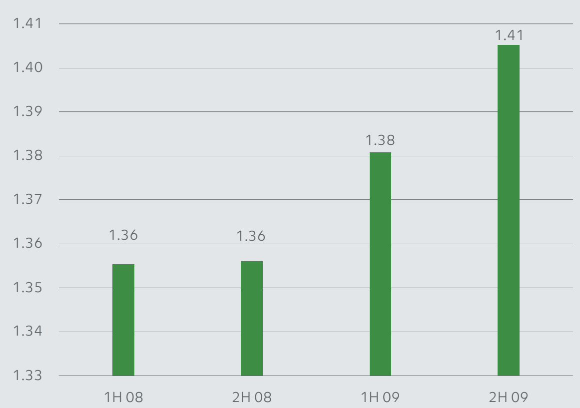
In addition to the line loss, the total number of RGUs on the copper network has also decreased in recent years[10]. The RGU loss peaked in 2H 2008, but declined in 2009 due to the success of the multi-play offers.

Copper RGU loss **1,000**



Due to the increase in multi-play customers on TDC's copper network, the number of RGUs per line increased in 2009.

RGU/line



Price development on regulated prices, DKK excluding VAT

	2005	2010	(change)
National regulation			
Local access, landline, peak hour, per minute	3.23	1.72	(47%)
Local termination, landline, peak hour, per minute	2.76	1.47	(47%)
Raw copper, annual price per unit	803	832	4%
Co-location, rack place, annual price per unit	2,114	1,939	(8%)
BSA xDSL, average per year	1,146	1,030	(10%)
Mobile termination, price per minute[1]	1.00	0.44	(56%)
Roaming, EU prices			
Inbound roaming voice, wholesale, per minute	5.37	1.94	(64%)
Outbound roaming voice, retail, per minute	6.52	3.20	(51%)
Outbound receiving calls, retail, per minute	2.32	1.41	(39%)

[1] 2005 is an approximated weighted average price before price regulation. The price will be 0.54 until May 1, 2010, when it will be further reduced to 0.44.

Regulation

As the leading player in most telecommunications market segments in Denmark, TDC has been subject to strict regulatory surveillance, including price regulation. Since 2005, in general, price regulation has further tightened TDC's wholesale prices, and has been expanded to include mobile termination and international roaming. TDC has been working closely with the Danish regulatory authority to ensure fair wholesale prices that maintain the right balance of benefiting consumers while creating the right incentives to encourage network operators to invest in infrastructure.

The table above lists a representative selection of regulated prices that have had a considerable negative impact on TDC's revenue and earnings.

Further price reductions are expected with regard to local interconnection on landline as well as mobile termination and international roaming. TDC will also be required to offer wholesale access to broadband via its coax network[11].

Sunrise and its core business focus

As in the rest of TDC, Sunrise has focused on its core business in the five years leading up to the merger with Orange. This has resulted in the divestment of the integrator business, SBC, and outsourcing of network maintenance. To strengthen its position in the landline and broadband markets, Sunrise acquired Tele2 in Switzerland in 2008. Regulatory development in Switzerland has given Sunrise the opportunity to supply broadband based on its own ULL infrastructure, improve customer management and benefit from higher margins on product bundles than were possible with resold xDSL from Swisscom.

TDC's transformation is still under way. Building on recent successes, the management has designed and is implementing a strategy for building TDC for the future. For more details on both the short-term and long-term key pillars of this ambitious plan, please refer to 'TDC at a glance'.

[10] Fullrate is included in the figures as if it were fully owned by TDC from 2008. The acquisition of Fullrate had no impact on TDC's line loss as Fullrate's supply of broadband and VoIP is based on TDC's infrastructure.
[11] TDC has appealed part of this decision to the Telecommunications Complaints Board.

Selected financial and operational data

NTCA Group

		2009	2008	2007	2006	2005
Statements of Income	DKKm					
Revenue		35,939	35,609	36,779	35,247	-
Gross profit		25,790	25,176	25,573	24,422	-
Income before depreciation, amortization and special items (EBITDA)		**13,021**	**12,189**	**11,740**	**11,370**	**-**
Depreciation, amortization and impairment losses		(6,319)	(6,100)	(7,446)	(10,448)	-
Operating income (EBIT), excluding special items		**6,702**	**6,089**	**4,294**	**922**	**-**
Special items		(1,192)	(3,070)	503	(475)	-
Operating income (EBIT)		**5,510**	**3,019**	**4,797**	**447**	**-**
Income from joint ventures and associates		76	200	266	200	-
Net financials		(3,143)	(3,821)	(5,033)	(5,853)	(61)
Income before income taxes		**2,443**	**(602)**	**30**	**(5,206)**	**(61)**
Income taxes		(1,061)	(1,089)	645	1,512	-
Net income from continuing operations		**1,382**	**(1,691)**	**675**	**(3,694)**	**(61)**
Net income from discontinued operations[1]		(364)	(367)	621	83	-
Net income		**1,018**	**(2,058)**	**1,296**	**(3,611)**	**(61)**
Attributable to:						
- Shareholders of the Parent Company		764	(1,994)	1,101	(3,680)	(61)
- Minority interests		254	(64)	195	69	-
Net income, excluding special items						
Operating income (EBIT)		**6,702**	**6,089**	**4,294**	**922**	**-**
Income from joint ventures and associates		(1)	222	342	190	-
Net financials		(3,143)	(3,821)	(5,033)	(5,853)	(61)
Income before income taxes		**3,558**	**2,490**	**(397)**	**(4,741)**	**(61)**
Income taxes		(1,352)	(1,368)	442	1,215	-
Net income from continuing operations		**2,206**	**1,122**	**45**	**(3,526)**	**(61)**
Net income from discontinued operations[1]		(264)	(426)	(683)	87	-
Net income		**1,942**	**696**	**(638)**	**(3,439)**	**(61)**
Balance Sheets	DKKbn					
Total assets		90.3	100.7	106.9	114.6	7.6
Net interest-bearing debt		(42.0)	(49.0)	(71.1)	(84.0)	(6.2)
Total equity		17.4	16.3	2.5	1.0	1.3
Statements of Cash Flow	DKKm					
Operating activities		8,946	6,794	8,057	6,636	(38)
Investing activities		(6,314)	600	7,886	(48,875)	(7,627)
Financing activities		(5,146)	(8,995)	(10,989)	46,040	7,668
Total Cash Flow		**(2,514)**	**(1,601)**	**4,954**	**3,801**	**3**
Operating free cash flow	DKKm					
Operating free cash flow		8,779	7,105	7,335	n.a.	n.a.
Capital expenditures	DKKbn					
Capital expenditures excluding share acquisitions		(5.0)	(4.7)	(4.8)	(4.8)	-

1 The operations of the following enterprises are presented as discontinued operations for the period 2005-2009: Invitel (divested in 2009), Talkline (divested in 2007) and TDC Directories (divested in 2006). Other divestments are included in the respective accounting items during the ownership.

NTCA Group

		2009	2008	2007	2006	2005
Key financial ratios						
EBITDA margin (EBITDA divided by revenue)	%	36.2	34.2	31.9	32.3	-
Capex, excluding share acquisitions-to-revenue ratio	%	13.8	13.2	13.2	13.5	-
Cash conversion	%	67.4	58.3	62.5	-	-
Net debt/EBITDA	#	3.2	4.0	6.1	7.4	-
EBITDA/interest	**#**	**4.9**	**3.1**	**2.1**	**2.0**	**-**
Customer base (end-of-year)	**('000)**					
Landline		2,680	2,890	2,844	3,102	-
Mobile		5,484	4,922	4,406	6,194	-
Internet		1,946	1,825	1,791	1,754	-
Other networks and data connections		308	380	310	189	-
TV customers		1,249	1,140	1,105	1,062	-
Total customers		**11,667**	**11,157**	**10,456**	**12,301**	**-**
Domestic dual-play bundles		213	-	-	-	-
Domestic triple-play bundles		86	-	-	-	-
Full-time employee equivalents		**12,827**	**13,246**	**15,975**	**17,466**	**-**
DKK/USD exchange rate		5.1901	5.2849	5.0753	5.6614	6.3241
DKK/EUR exchange rate		7.4415	7.4506	7.4566	7.4560	7.4605
DKK/CHF exchange rate		5.0017	4.9793	4.4908	4.6400	4.7974

[1] The operations of the following enterprises are presented as discontinued operations for the period 2005-2009: Invitel (divested in 2009), Talkline (divested in 2007) and TDC Directories (divested in 2006). Other divestments are included in the respective accounting items during the ownership.

Business activities

Customers

All operating activities in the NTCA Group are related to TDC.

The figures presented below reflect the data for the TDC Group on a stand-alone basis, as previously reported by TDC.

By year-end 2009, the TDC Group had 8.6m domestic customers, with an additional 2.9m customers in Switzerland and 0.2m customers in TDC Nordic. In total, TDC's customer base rose to 11.7m, up 4.6% compared with 2008.

The domestic customer base totaled 8.6m, up 0.5m or 6.1%, compared with 2008. Key contributing factors:

- A considerable increase in most mobility service areas, e.g. residential voice – both postpaid and prepaid, telemetrics, wholesale voice and mobile data/broadband.

- The TDC Group's TV customer base increased by 9.6% due to the success of HomeTrio and growth in the cable-

Customer base (end-of-year) ('000)

TDC Group	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
Domestic, retail and wholesale:					
Landline customers	1,990	2,113	2,371	(5.8)	(10.9)
- Retail	1,748	1,816	2,002	(3.7)	(9.3)
- Wholesale	242	297	369	(18.5)	(19.5)
Mobile customers	3,372	3,011	2,795	12.0	7.7
- Retail voice	2,711	2,558	2,434	6.0	5.1
- of which Telmore	707	662	610	6.8	8.5
- Wholesale voice	316	227	221	39.2	2.7
- Telemetric	345	226	140	52.7	61.4
Mobile Data	205	119	73	72.3	63.0
Landline internet customers	1,508	1,371	1,401	10.0	(2.1)
- Broadband, retail	1,296	1,151	1,138	12.6	1.1
- Broadband, wholesale	139	124	134	12.1	(7.5)
- Non-broadband	73	96	129	(24.0)	(25.6)
Other networks and data connections	308	380	310	(18.9)	22.6
- Retail	68	67	61	1.5	9.8
- Wholesale	240	313	249	(23.3)	25.7
TV customers	1,249	1,140	1,105	9.6	3.2
of which YouSee Plus	146	105	82	39.0	28.0
Domestic customers, total	**8,632**	**8,134**	**8,055**	**6.1**	**1.0**
Dual-play bundles	213	-	-	-	-
Triple-play bundles	86	-	-	-	-
International:					
Landline customers	690	777	473	(11.2)	64.3
Mobile customers	1,907	1,792	1,538	6.4	16.5
Landline internet customers	438	454	390	(3.5)	16.4
International customers, total	**3,035**	**3,023**	**2,401**	**0.4**	**25.9**
Group customers, total	**11,667**	**11,157**	**10,456**	**4.6**	**6.7**

TV business.

- TDC's landline internet customer base increased by 10.0%, due mainly to the acquisitions of Fullrate and A+.
- TDC limited the reduction in the landline base to 5.8%, and largely offset the migration from traditional landline telephony by encouraging a significant increase in TDC's VoIP customer base triggered by the success in sales of multi-play bundles and the acquisition of Fullrate.
- TDC's other network and data connection customer base fell by 18.9%. This was due almost exclusively to a reduction in ULL connections caused by the acquisition of Fullrate. Thus, TDC's broadband customer base (including ULL) was not affected by the acquisition of Fullrate, as these customers were simply transferred from wholesale to retail.

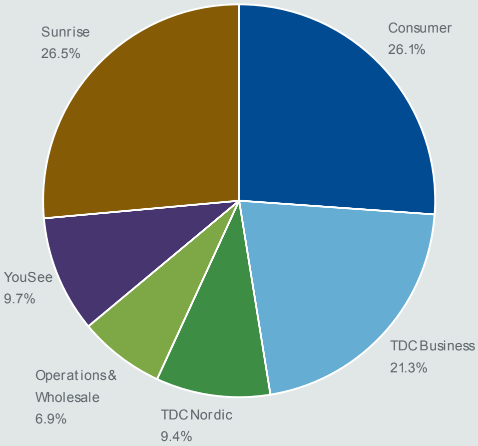
The TDC Group

TDC's main business lines and their contributions to revenue and EBITDA for the year ended December 31, 2009 were:

- **Consumer** (26% of revenue, 30% of EBITDA[12]) is the leading provider of landline and mobility services for residential customers, including SoHo (Small Office and Home Office) customers in Denmark. Its landline services include PSTN/ISDN and VoIP telephony, xDSL broadband, TVoIP, CPE and various value added services, for example, security services. Mobile communications services consist of postpaid and prepaid voice services, mobile broadband and content. Consumer also offers the bundled multi-play products TDC HomeDuo and TDC HomeTrio, and the landline mobile convergent product Duét. In addition, TDC operates the no-frills brands Telmore and Fullrate in Denmark. Telmore is the Danish market leader in the online mobile self-service segment and provides mobile voice, mobile broadband and xDSL products, whereas Fullrate (acquired in the first quarter of 2009) offers a combined xDSL and VoIP dual-play product as well as mobile broadband.
- **TDC Business** (21% of revenue, 28% of EBITDA) provides telecommunications solutions for small, medium and large businesses as well as public customers in Denmark. Its activities include broadband solutions, landline telephony, convergence products (combined landline and

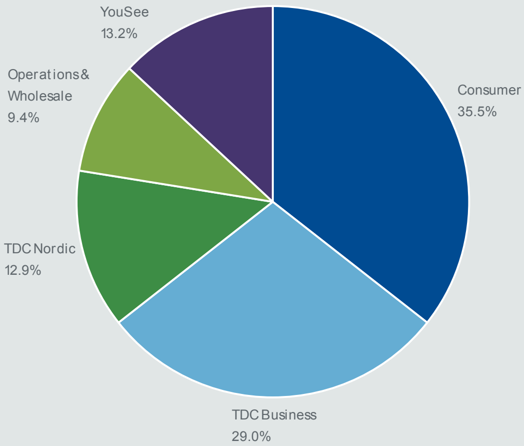
[12] All revenue and EBITDA shares are calculated as each business line's share of the total revenue and EBITDA in the TDC Group excluding eliminations.

Revenue breakdown 2009, TDC Group including Sunrise



All revenue shares are calculated as each business line's share of the total revenue in the TDC Group excluding eliminations.

Revenue breakdown 2009, Nordic Business



All revenue shares are calculated as each business line's share of the total revenue in Nordic Business excluding eliminations.

mobile telephony), mobile services, fiber access and leased lines. TDC Business now also provides the TDC HomeTrio Work broadband-based multi-play product, as well as systems integration on IP PBX and LAN networks through NetDesign.

- **TDC Nordic** (9% of revenue, 4% of EBITDA) is primarily responsible for TDC's activities in the Nordic region excluding Denmark, delivering telecommunications solutions for businesses. Its products include mainly landline voice, IP-VPN and internet access on its pan-Nordic network. TDC Hosting, which provides hosting solutions and IT outsourcing throughout the Nordic region, is also included in TDC Nordic.

- **Operations & Wholesale** (7% of revenue, 11% of EBITDA) operates TDC's Danish landline and mobile networks and provides network-based services and products for TDC's business lines, Consumer and TDC Business, as well as TDC's wholesale customers in Denmark. Operations also covers the installations business, IT solutions and supply of supporting facilities to other business lines. Operating expenses in Operations related to other business lines' use of the infrastructure and supply functions are allocated to the relevant business lines.

- **YouSee** (10% of revenue, 9% of EBITDA) is the leading Danish cable-TV provider offering its customers TV, broadband and telephony. YouSee offers digital TV to almost all its TV customers at no extra charge through a fully digitalized hybrid fiber coaxial-cable network. YouSee's network has been almost fully upgraded to DOCSIS 3.0 standard offering higher bandwidths to 1.4m homes passed. From the second quarter of 2009, YouSee has also offered mobile broadband.

- **Sunrise** (27% of revenue, 19% of EBITDA) is the second-largest integrated telecommunications provider in Switzerland (measured by total revenue). Its activities include mobile and landline telephony and internet services. Sunrise also supplies IP-VPN and leased lines for the business market. Sunrise has its own national landline backbone and ISP network, as well as its own mobile network based on GSM/EDGE and UMTS/HSDPA technology. At year-end 2009, Sunrise had equipped 453 Swisscom exchanges with its own infrastructure, in order to increase its xDSL coverage via ULL. The UMTS/HSDPA network is still being expanded, and Sunrise's management expects this to be completed at the end of 2011.

- **Headquarters** undertakes the TDC Group's staff functions, including finance, legal affairs, human resources, marketing and communications.

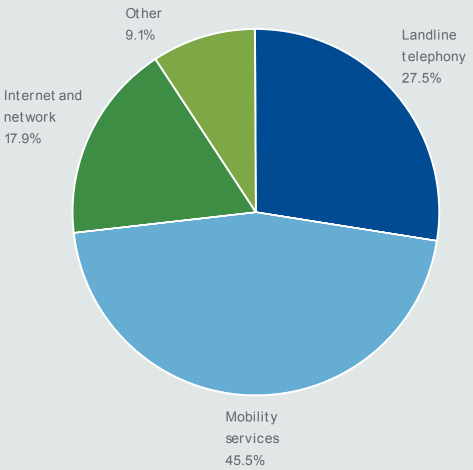
Consumer

Overview
TDC's leading position in the competitive consumer segment of the Danish market was confirmed over the past year. In all main product categories within its consumer segment, TDC managed to increase its leading market share thanks to an efficient product offering, strong value proposition, competitive pricing and acquisition of Fullrate.

At year-end 2009, Consumer's revenue was DKK 9,711m with 4.2m customers. Mobility services accounted for 46% of Consumer's revenue in 2009, while landline telephony accounted for 28%, and internet and network generated 18%.

At year-end 2009, Consumer had 2,160 full-time employee equivalents.

Revenue breakdown 2009, Consumer



Other includes terminal equipment, operator services and TV

Strategy
In the consumer market, TDC will build on its position as the preferred supplier of integrated communications solutions and entertainment. Our focus will remain on continued creation of long-lasting customer relations through attractive and innovative product combinations featuring all relevant technologies. This is to be achieved with sustained broad brand appeal to families and individuals in Denmark, through a comprehensive network of own stores, call center and our intuitive web portal. In the no-frills market, the Consumer division will seek to continue to grow its market share via affordable services by further developing its two leading no-frills brands Fullrate and Telmore.

Services and products
Brands
Consumer offers a broad portfolio of brands and services covering mobile, landline, internet and TV to residential and SoHo customers in Denmark. Consumer addresses the mass market with the TDC brand, and the no-frills market with the two leading no-frills providers, Telmore and Fullrate.

Telmore offers mobile voice, mobile broadband and xDSL. Fullrate offers xDSL and VoIP bundles as well as mobile broadband.

Mobility services
Consumer's mobile telephony business consists largely of traditional voice for the residential market, but also includes the landline-mobile convergence product Duét and mobile broadband. With revenue of DKK 4,418m in 2009, mobility services represented the largest share of Consumer's revenue.

Consumer's mobile subscriber base increased by 207,000 to 2,178,000 at year-end 2009.

Recent developments in Consumer mobility services include:
- Within Denmark's four mobile networks, TDC increased its market share of the residential mobile voice market from 40% at the end of 2008 to 43%[13] at year-end 2009.

[13] Including TDC's service provider customers. In January 2010, TDC acquired two of the main service providers, M1 and Unotel.

- TDC also experienced a boom in mobile broadband usage in 2009, primarily from notebooks and laptops. Although the landline broadband market is close to saturation, an accelerating increase in the mobile broadband base contributed to a total increase of 30% in Consumer's mobile and landline broadband customer bases[14] from year-end 2008 to year-end 2009. Adjusted for the acquisition of Fullrate, the increase was 12%. Consumer had 99,000 mobile broadband customers at year-end 2009 and TDC made further inroads into the residential market with a 6 percentage point market share increase from 19% to 25% at year-end 2009[15].

- In May 2009, Consumer introduced 'TDC-til-TDC' ('TDC-to-TDC'), an add-on mobile product giving mobile customers unlimited telephony to other TDC mobile customers at an attractive monthly flat-rate charge. At year-end 2009, the add-on product had attracted more than 82,000 customers.

- Telmore introduced flat-rate voice and expanded both its mobile broadband and mobile voice portfolios, reaching a total of 725,000 mobile customers.

Landline telephony

Consumer's landline telephony business consists largely of traditional landline telephony and VoIP for the residential market. With revenue of DKK 2,675m in 2009, landline telephony represented the second-largest share of Consumer's revenue.

Consumer's total landline customer base had a limited decline of 49,000 to 1,238,000 at year-end 2009.

Recent developments in Consumer's landline telephony include:

- In December 2009, Consumer launched 'TDC Samtale-Plus' ('TDC TalkPlus'), an innovative flat-rate all-inclusive package. TDC has a total of 359,000 flat-rate customers.

- In the declining traditional landline market (PSTN/ISDN), TDC was able to increase its share of the residential market from 83% to 84%.

[14] Excluding non-broadband customers.
[15] Including service providers.

- In the residential VoIP market, TDC (including YouSee) became market leader in 2009 with a steep increase in market share from 23% in 2008 to 50% at year-end 2009 due to the success of the multi-play offers and the in-market consolidation.

Internet and network

Consumer's internet and network activities consist mainly of broadband subscription packages. In 2009, revenue from internet and network amounted to DKK 1,734m.

At year-end 2009, Consumer's broadband customer base was 633,000, including Fullrate and Telmore[16].

Recent developments in Consumer Internet and network include:

TDC HomeDuo and HomeTrio TDC HomeTrio

TDC successfully introduced the broadband-based multi-play products TDC HomeDuo and TDC HomeTrio[17] in January 2009. Temporary employees were hired and technicians worked weekend shifts to keep up with demand. At year-end 2009, TDC had sold 111,000 TDC HomeDuo and 86,000 TDC HomeTrio products had been sold, and TDC's triple-play market share had soared from zero to 62% at year-end.

- In the slightly increasing residential broadband market, TDC (including YouSee) was able to increase its market share from 54% to 61%. This was due to the in-market consolidation but also very strong growth rates in Telmore and Fullrate following the acquisition.

- As most mobile broadband customers use mobile access to supplement their existing landline internet access, TDC launched a unique connection manager, 'Connect it', in July 2009, to ensure that customers are always connected to the best network possible – e.g. xDSL at home, TDC wireless hotspots when traveling with DSB (Danish State Railways), and otherwise the 3G mobile network.

[16] Excluding the 72,000 non-broadband customers.
[17] TDC HomeDuo consists of internet access at speeds of up to 10 Mbps, and PSTN or VoIP telephony. TDC HomeTrio consists of digital TVoIP with almost 50 channels, internet access at speeds of up to 20 Mbps and PSTN or VoIP telephony.

TDC Play: Free and unlimited music downloads

TDC Play

TDC Play, launched in 2008, is an example of a market-leading innovative product introduced by TDC. TDC was the first telco to offer free and unlimited music downloads of more than 6 million music tracks to its broadband and mobile postpaid customers. TDC Play proved to be very popular with customers, i.e. approximately 8 million music downloads per month in 2009.

TDC Play won the Danish Best Broadband Service Award in 2008[18].

[18] The Broadband Award was announced at the Broadband Day 2008 conference based on the votes of the almost 1,000 participants from the broadband industry.

Other

TDC TV, which is a digital TVoIP offering through TDC broadband, was re-launched in 2009 as part of the HomeTrio package. In addition to almost 50 of the most popular Danish and international channels available for the whole family, TDC TV includes on-demand TV functionalities such as movies on demand, start-again, pause and reeling functions, and an archive function that will be launched in 2010. TDC TV successfully complements YouSee's full Pay-TV product suite.

Consumer, including TDC Shop, also offers operator services and terminal equipment such as handsets and accessories. Most of Consumer's shops were refurbished in 2009 to improve the customer experience and facilitate cross-selling and-upselling.

Recent developments in Consumer's other activities include:

- TDC TV's customer base had increased to 96,000[19] subscribers at year-end 2009 thanks to a strong uptake in TDC's triple-play offering and the completion of the analog switch-off.

- In 2009, Consumer made an ongoing effort to upgrade TDC Online, TDC's online web portal.

[19] Including TDC Business' supply to residential customers.

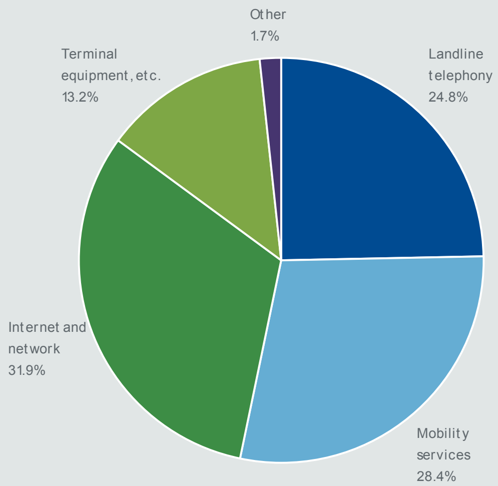
TDC Business

Overview
TDC Business is recognized as the premium provider of business solutions in Denmark and has leading market positions in all key product categories, well above European peers. TDC Business offers a wide range of communications solutions to business customers in Denmark including mainly internet and network services, landline telephony, mobility services and terminal equipment. TDC Business also provides systems integration services through its subsidiary, NetDesign, which offers IT, data, video conferencing and telephony systems tailored to business customers.

In 2009, TDC Business had revenue of DKK 7,926m and 1.9m customers at year-end. Internet and network services accounted for 32% of revenue in 2009, while mobility services, landline telephony and terminal equipment accounted for 28%, 25% and 13%, respectively.

At year-end 2009, TDC Business had 1,528 full-time employee equivalents.

Revenue breakdown 2009, TDC Business



Strategy
TDC Business is recognized as the premium provider of business solutions in Denmark and has leading market positions in all key product categories, well above European peers. The ambition for 2010 is to maintain strong market positions and positioning as the premium provider in Denmark. In order to deliver this, TDC Business will:

- Improve customer satisfaction through continued simplification and process optimization
- Increase market pressure by increased sales activities and channel capacity
- Manage and improve revenue through better and proactive account management and planning
- Strengthen NetDesign's commercial capabilities in order to accelerate growth

TDC Business has structured its market facing functions toward three customer segments:

- **Enterprises & public sector**: Fully customized solutions are designed for this segment which comprises the largest corporations in Denmark and the public sector - both in Denmark and the other Nordic countries. Sector-specific solutions include areas such as education and training, health and banking. A direct-sales Key Account Management model is employed in this segment supported by specialized solution architects.
- **Large businesses**: This segment comprises large and medium-sized accounts in Denmark for which a full portfolio of telecommunications products are marketed. A combination of Direct Key Account Management and Tele-Account Management models are used for this segment.
- **Small accounts**: This segment comprises smaller accounts which are offered package solutions covering the main telecommunications requirements for smaller businesses in Denmark. The sales model used in this segment features telemarketing and a network of Business Centers and other indirect partners.

Services and products

Internet and network services

TDC Business' internet and network services consist largely of broadband subscription packages, private IP-based networks, data communications services and leased-line services – as well as service level agreements and security packages. With revenue of DKK 2,526m in 2009, internet and network services represented the largest share of TDC Business' revenue.

The landline broadband subscriber base was 270,000[20] at year-end 2009.

Recent developments in internet and network services include:

- TDC Business has increased its focus on fiber-access sales covering the transmission of both telephony and data traffic, and experienced strong growth in this area in 2009.
- The acquisition of DONG Energy's fiber network will strengthen TDC's position in the densely populated areas of Copenhagen and North Zealand and enhances TDC's network quality for provision of broadband services.
- In 2009, TDC Business introduced its TDC HomeTrio Work multi-play product. Employers can now offer employees who already have employee broadband or employee phones a bundled product with the option of almost 50 digital TV channels in addition to broadband of up to 10 Mbps and PSTN or VoIP landline telephony.
- In a market characterized by a small number of regionally limited providers and small utility companies providing broadband through a limited fiber network, TDC held an impressive 77% market share of the business broadband market[21] in 2009, which was only a slight decline of 1 percentage point from 2008.

Mobility services

TDC Business' mobility services consist mainly of postpaid mobile voice, mobile broadband and telemetric solutions. With revenue of DKK 2,251m in 2009, mobility services contributed the second-largest share of TDC Business' revenue that year. At year-end 2009, TDC Business had 1,074,000 mobile customers, a strong 16% increase compared with 2008, including growth in mobile broadband.

Recent developments in mobility services include:

- TDC Business offers mobile broadband access and TDC wireless hotspots in airports, trains, cafés, petrol stations and rest areas along main roads throughout Denmark.
- The migration from traditional landline to mobile voice has led to further expansion of mobile business subscriptions in 2009, even though the customer base is beginning to stagnate due to the high penetration rates in Denmark. TDC maintained a leading 57% market share of the mobile voice business market during 2009.
- Flat-rate products and free internal traffic between employees within the same organization are becoming increasingly common.

Landline telephony

TDC Business' landline telephony segment consists of traditional landline telephony, convergence products and VoIP. With revenue of DKK 1,968m, landline telephony accounted for 25% of TDC Business' revenue in 2009. TDC Business had 439,000 landline customers at year-end 2009.

Recent developments in landline telephony include:

- Convergence products that combine landline and mobile telephony products offered in one package are becoming increasingly popular. These enable Business customers to use the same internal telephone numbers for both landline and mobile phones.
- Despite a structural decline in traditional landline telephony in Denmark due mainly to mobile and VoIP substitution, TDC maintained a leading 85% market share of the PSTN/ISDN business segment.
- In the growing VoIP business market, competition consists largely of several small IP telephony companies providing single-line products and/or multi-line hosted products designed especially for small and medium-sized businesses. TDC's success in the VoIP and IP-Scale market is increasing.

[20] Excluding 2,000 non-broadband customers.
[21] The market share is based on NITA's definition of the business market, and includes business customers in other parts of TDC.

TDC connects BEC to its 65 affiliated financial institutions

BEC has chosen TDC as the telecoms supplier for its 65 affiliated banks and the BEC headquarters delivering mobility services, WAN, broadband and consulting services as well as VoIP. TDC won the contract for its ability to deliver a unique integrated solution that unifies all the products into one package with a single point of contact within TDC. The solution is flexible, easy to budget and scalable.

For example, with IP-Scale, an IP-telephony product that is part of the solution, customers pay a fixed price per user.

BEC (Bankernes EDB-Central) is a full-service Danish IT house owned by 65 financial institutions and has a customer list spanning several hundred financial enterprises within the areas of banking and pensions.

Terminal equipment, etc.

TDC Business' activities within systems integration for enterprise and public customers are carried out through NetDesign. NetDesign has a 29% share of the CPE market, and its main business areas are cabling, IP PBX, unified communications, LAN networks, video conferencing, contact centers and security. The solutions are typically complex, customer specific and based at the customers premises. NetDesign offers technology consultancy, hardware/software and long-term service contracts. In 2009, terminal equipment revenue was DKK 1,047m, corresponding to 13% of TDC Business' revenue.

TDC Nordic

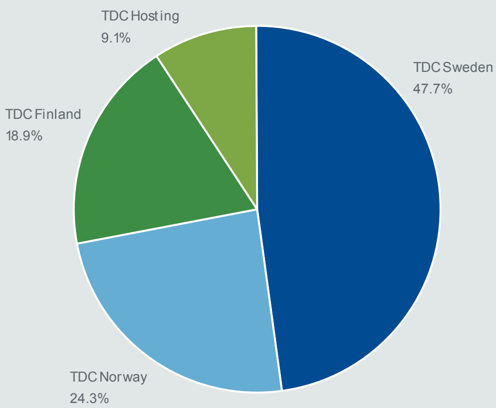
Overview

Through TDC Nordic, TDC offers a pan-Nordic solution to businesses and organizations across the Nordic countries. TDC Nordic aims to be a significant challenger in the Nordic market by leveraging an integrated network that targets the business and the wholesale markets in Sweden, Norway and Finland. From 2008 to 2009, through technically advanced telecommunications solutions combined with high-quality customer service, TDC Nordic increased its market share and now holds a strong position in the high-margin IP-VPN market and in capacity services. TDC Nordic provides landline telephony, internet and network services and mobile telephony to business customers in Sweden, Norway and Finland. Through TDC Hosting, TDC Nordic also offers hosting and IT operations solutions for customers in Denmark, Sweden and Finland.

TDC Nordic had revenue of DKK 3,515m in 2009, and 0.2m customers at year-end. TDC Sweden accounted for 48% of TDC Nordic's revenue in 2009[22], while TDC Norway generated 24%, TDC Finland 19%, and TDC Hosting 9%[23]. At year-end 2009, TDC Nordic had 1,437 full-time employee equivalents.

[22] Compared with total revenue before eliminations.
[23] The revenue shares are calculated as each division's share of the total revenue in TDC Nordic excluding eliminations.

Revenue breakdown 2009, TDC Nordic



All revenue shares are calculated as the each business area's share of total revenue excluding eliminations.

Strategy

The strategy in TDC Nordic is to provide landline and mobile communications services through a pan-Nordic network in Sweden, Norway and Finland, systems integration services in Sweden and hosting services for companies and organizations across all Nordic countries. To achieve this, TDC aims at leveraging its market leader position in Denmark and its important challenger positions in Sweden, Norway and Finland.

TDC Nordic leverages its state-of-the-art and frequently upgraded network infrastructure, including fiber-based backbone (fiber cable and a pan-Nordic SDH network delivering landline point-to-point capacity), PSTN/ISDN and IP/ethernet networks. TDC Nordic's network covers primarily large and medium-sized towns in the Nordic region. In the mobile market, TDC Nordic operates as a service provider through MVNO agreements with local operators.

Services and products

TDC Sweden

TDC Sweden is an operator and a systems integrator business offering total solutions within voice (mobile and landline), data and video to companies and organizations. Its solutions help develop efficiency, customer relations and business for its customers. TDC Sweden had 799 full-time employee equivalents at year-end 2009.

In 2009, TDC Sweden's revenue totaled DKK 1,726m and the operator and integrator businesses contributed almost equal shares of TDC Sweden's revenue. In the operator business, 65% of revenue came from data and 34% from voice.

Recent developments in TDC Sweden include:

- In the operator business, demand for bundled landline and mobile voice services is increasing, and TDC Sweden is focused on building a strong challenger position. In 2009, TDC Sweden's market share of IP-VPN and capacity services increased as a consequence of competitive product offerings and VAS.

- In the integrator business, the focus on separating hardware sales from consultancy is increasing. Consultancy services and software applications comprise increasing parts of system integrator projects, and TDC Sweden is adjusting operational models by focusing on consultancy and applications to raise its margin.

TDC Norway

TDC Norway is an operator business offering total solutions within voice (mobile and landline) and data communications services to companies and organizations.

TDC Norway's business consists primarily of data and voice traffic, including VoIP, traditional landline and mobile telephony. TDC Norway had 213 full-time employee equivalents at the end of 2009.

In 2009, TDC Norway generated revenue of DKK 879m. In 2009, data (including IP-VPN) and voice contributed almost equal shares of TDC Norway's revenue.

Recent developments in TDC Norway include:

- Demand for flat-rate products within mobile voice and mobile data as well as preference for integrated IP-based solutions have increased. TDC Norway is aiming at growing its market share of mobile voice and VoIP services to retain customers and revenue, leveraging its strong position within data products and cross-selling voice products to existing customers.

TDC signs up Norsk Tipping

In September 2009, Norsk Tipping joined the ranks of blue-chip businesses in the Nordic region that have chosen TDC as their core supplier of data communications services. TDC Norway has been entrusted with handling Norsk Tipping's communication with its 4,000 commission agents across Norway, including Svalbard. TDC won the tender for what is considered to be one of the most prestigious IP-VPN contracts in Norway, in the face of competition from five other providers, thanks to its secure, reliable and comprehensive future-proof solution, which offers the best value for money. The contract duration is four years with an option to extend for an additional four-year period.

Norsk Tipping facilitates gaming and entertainment within a socially responsible framework. Its profits are distributed to Norwegian sports, cultural and voluntary organizations. It has 4,000 commission agents and 350 employees.

TDC Finland

TDC Finland has a similar business focus and product portfolio to TDC Norway. Data revenue contributed 52% and voice contributed 42% to TDC Finland's revenue which totaled DKK 686m.

At year-end 2009, TDC Finland had 247 full-time employee equivalents.

Recent developments in TDC Finland include:

- TDC has been leveraging lower price points in the IP-VPN market and the success of mobile flat-rate offerings with large customers to develop an aggressive 'go-to-market' strategy with better customer segmentation.

- TDC Finland strives to have the best high-end mobile extension solutions for large enterprises as well as self-service initiatives such as customer-encounter experience, quality and accuracy tools.

TDC Hosting

TDC Hosting consists of hosting and IT operations solutions for the Nordic market. The solutions comprise primarily managed hosting, co-location and shared hosting:

- Managed hosting solutions involve tailor-made IT operation and application management. With this solution, TDC Hosting is fully or partly responsible for individual business customers' IT usage.

- Through co-location, TDC Hosting sells space and connectivity in a professional datacenter environment, leaving most of the operational responsibility to the customer.

- Shared hosting (branded as Webmore) consists of defining and selling standard cloud-based IT solutions such as domains, e-mail, web space and software.

In 2009, TDC Hosting generated revenue of DKK 330m. TDC Hosting is a Nordic setup with activities in Denmark accounting for 83% of revenue and Sweden and Finland accounting for 11 % and 6%, respectively. In 2009, 62% of the revenue in TDC Hosting came from managed hosting.

At year-end 2009, TDC Hosting had 175 full-time employee equivalents.

Recent developments in TDC Hosting include:

- TDC Hosting is the market leader in Denmark in the SMB marketplace. In Denmark, its many competitors vary from the high-end competitors to competitors launching online services in the shared hosting market. TDC Hosting is a fast-growing challenger in Sweden and Finland, with a top 5 position in the hosting market for SMBs.

Operations & Wholesale

Overview

Operations & Wholesale is responsible for all TDC's domestic activities regarding landline and mobile networks, operations, infrastructure, IT and wholesale.

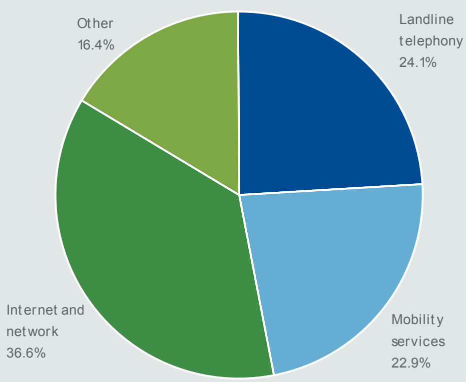
In 2009, Operations & Wholesale's revenue was DKK 2,582m, of which DKK 87% was from Wholesale. Internet and network services contributed the largest isolated share of revenue, corresponding to 37% of total revenue. At year-end 2009, Operations & Wholesale had 4,409 full-time employee equivalents.

Operations

Operations is organizationally structured in four divisions:

- IT: maintenance and development of IT systems, desktop support, systems operation, product development and billing.
- Supply Nordic: procurement, supply chain management and supply of support facilities, including floor space management.
- Installation: delivery and fault handling for external customers.
- Network: operation of domestic telecommunications network.

Revenue breakdown 2009, Operations & Wholesale



Operating expenses in Operations related to other business lines' use of the infrastructure, and supply functions are allocated to the relevant business lines.

The networks and IT platforms used by TDC Business, Consumer and Wholesale as well as operations, maintenance and investments are managed by Operations. Accordingly, Operations is responsible for a material part of the capex spent in TDC's domestic business. Capex is therefore recognized in full in Wholesale & Operations and not allocated to TDC Business, Consumer and Operations & Wholesale. Investments that are prioritized according to zero-based budgeting principles are tracked and reported both to the Operations management team and CMT.

Strategy

Operations aims at improving operational efficiency in installation and fault handling while maintaining a disciplined cost focus.

Network operations

Operations has an extensive telecommunications network spanning Denmark. The backbone network has high-capacity transmission capabilities and is fully digitalized. The landline access network reaches almost 100% of Denmark's population. The mobile access network includes GSM and UMTS.

The landline network

Operations' domestic landline network includes a fully invested PSTN/ISDN network, an MPLS/IP backbone network and xDSL coverage of 94%, 76% and 24% of potential customers at downstream speed of 8 Mbps, 20 Mbps and 50 Mbps, respectively. 99% of potential customers are covered at 512 kbps of downstream speed.

Backbone network

In Denmark, the fiber-based backbone is a key element of Operations' landline network. The backbone network carries voice, data services (IP, ethernet and ATM) and TV signals. In Denmark it consists of:

- 20,298 kilometers of fiber cable connecting all TDC's exchanges and nodes
- Wavelength-division multiplex systems to increase capacity per fiber

- SDH platform delivering fixed-capacity connection speeds with bandwidths of up to 2.5 Gbps in Denmark

Landline access network

The landline access network consists of copper pairs and optical fiber. The copper network in Denmark covers almost 100% of the population and is used to deliver both basic and advanced telephony services, leased lines and xDSL services. This network consists of:

- 228,000 kilometers of copper cable
- 10,954 kilometers of optical fiber cable[24]

For the last four years, TDC has prepared the access network for a future switch-over to fiber-based services through the deployment of hybrid (copper/fiber) cables in all new projects.

Data networks

The data networks in Denmark and the Nordic region include TDC's ATM, ethernet and IP networks. The ATM network delivers a range of data-connection services including frame-relay and ATM services. The ATM network's 137 PoPs provide coverage in Denmark and it is still a major platform for aggregated xDSL-based broadband access services, though xDSL customers are being gradually migrated to an ethernet-based platform. The IP network delivers internet access services, pan-Nordic MPLS-based IP-VPN services, VoIP services and content services such as TVoIP. MPLS plays a key role in delivering the necessary quality of service for VoIP. In order to prevent interruptions in the flow of traffic on the network, all PoPs are connected to the IP core network by at least two redundant connections, and with the exception of a few minor PoPs, each PoP is supported by redundant routers.

Operations' IP network extends to 149 PoPs in Denmark, and provides a range of IP access services, including dial-up, fixed-capacity leased-line access and ATM-based access.

The ethernet aggregation network extends to 1,070 PoPs in Denmark, and provides xDSL-based services as well as ethernet access services of up to 10 Gbps for the IP network.

[24] Excluding the DONG Energy fiber network.

The current xDSL roll-out in Operations focuses on ethernet DSLAMs offering high bandwidths as well as TVoIP. Currently, Operations has almost 1,900 PoPs with ethernet DSLAMs in the network. In 2009, rolling out remote DSLAMs was the main initiative for enhancing xDSL coverage. This process will be continuing in the years ahead. During 2010, TDC plans to start deploying services based on fiber access cards as well as GPON cards in the ethernet DSLAMs.

The DONG Energy fiber network

In 4Q 2009, TDC took over DONG Energy's fiber network operation. This network consists of 5,498 km optical cables in the access network, connected to 246 access sites. The aggregation and core network consists of some 42 PoPs with IP/ethernet equipment connected by 1,671 km of optical cables (of which approximately 50% was acquired on a long-term IRU basis). During 2010, the DONG Energy fiber network will be fully integrated in the overall TDC network. This integration will be supported by the migration of all electronics in the network to TDC standards.

The mobile network

Operations has rolled out a combined GSM 1800 and GSM 900 nationwide network in Denmark. Altogether, 99% of the Danish population and geography is covered by GSM (outdoor) whereas 86% of the population also has GSM indoor coverage. The whole GSM network has been upgraded with EDGE providing data speeds of up to 200 Kbps for all EDGE-enabled user terminals.

A UMTS network is being rolled-out and currently provides coverage for cities and towns with more than 1,000 inhabitants, recreational areas and additional rural areas. With population coverage of 90%, the UMTS network more than fulfills the requirements of TDC's Danish UMTS license. All TDC customers with 3G handsets or mobile broadband cards have automatic access to the UMTS network and any speed upgrades on the network. All UMTS networks are being upgraded to Turbo 3G, which is based on HSDPA technology and provides customers with high-bandwidth broadband access via the mobile network both for downlink (HSDPA) and uplink (EUL). Turbo 3G and EDGE on the GSM network provide customers with a seamless nationwide mobile broadband experience, with data speeds of up to 5 Mbps.

Operations' network includes platforms for voicemail, SMS, WAP, MMS, the mobile portal FLY[25] and an intelligent network platform for a large number of services, including prepaid services. In cooperation with DSB, TDC offers internet access (WLAN) based on 3G/HSDPA backbone in a selection of trains between Copenhagen and Aarhus.

Operations has outsourced the planning, roll-out and operation of its mobile network to Ericsson, while TDC continues to supervise that the contract is fulfilled and evaluate alternatives regarding network expansion and improvements.

Routine maintenance, inspections and tests are conducted daily, including network performance tests to monitor each of the technologies separately. In addition, Operations constantly monitors all network events through one common alarm-handling system at the network operations center in Copenhagen.

Wholesale

Wholesale provides landline telephony, mobility services and internet and network services for service providers and brand partners, as well as national and international traffic and roaming for other network operators.

At year-end 2009, Wholesale had 944,000 customers.

Strategy

The strategy is to grow and consolidate TDC's position as the preferred network provider for domestic and international telecommunications, particularly within mobility services and capacity.

Services and products

Wholesale offers a full range of network services to national and international operators on landline and mobile networks.

Landline telephony, internet and network services

Wholesale offers a range of access services such as full and shared unbundled access to the local loop, BSA and resale of PSTN, ISDN and xDSL services. Traffic products include termination of national and international traffic, and national transit services. TDC also offers infrastructure services, including traditional leased lines, IP-VPN, dedicated fiber, wavelengths and IP connectivity, and sells co-location to 1,200 TDC exchanges.

Recent developments in Wholesale's landline telephony and internet and network services include:

- In the landline voice segment, the migration to VoIP and mobile-only had an adverse effect on the number of landline telephony subscribers and minutes. The subscriber base declined by 19% in 2009 to 242,000 at year-end 2009.

- In the broadband segment, Wholesale is strongly positioned, as it offers a simple and cost-effective way for other operators to provide broadband services. TDC has also been addressing competition from fiber operators through the acquisition of DONG Energy's fiber network in Denmark. The total number of full-ULL, shared-ULL, BSA and resold xDSL customers amounted to 366,000, corresponding to 18% of the total broadband market at year-end 2009.

- Wholesale emphasized its portfolio of value added products during 2009. BSA net adds were better than ULL for the first time in many years. This shift was a result of a market-driven strategy.

Mobile network

Wholesale provides national and international roaming, MVN, resale of mobile voice and mobile broadband, as well as a brand partner concept and content provider services.

The brand partner concept allows partners with a strong added-value factor, e.g. a distribution network or media channels, to offer complete and targeted telecommunications solutions, including billing and customer service, to their customers under their own brand names.

Content Provider Services handles sales, consulting and business development within mobile data services, e.g. mobile payment, barcodes, location services, telemetrics, mobile marketing and NFC.

[25] Through the FLY mobile portal, customers can surf on the internet, buy and download music, games, news, ring tones, etc., and watch TV on their mobile phones. Customers are not charged for Mbyte usage.

Recent developments in Wholesale's mobility services include:

- In mobile, Wholesale has a 6% share of the Danish residential and SoHo customer bases. In 2009, Wholesale managed to increase its subscriber base in the traditional market for reselling mobile services, even though the total market has been declining over the years due to the ongoing consolidation caused by several independent resellers being acquired by network operators. On the other hand, the market for brand partner concepts and content services is expanding in certain segments such as transportation, vending, and ticketing.

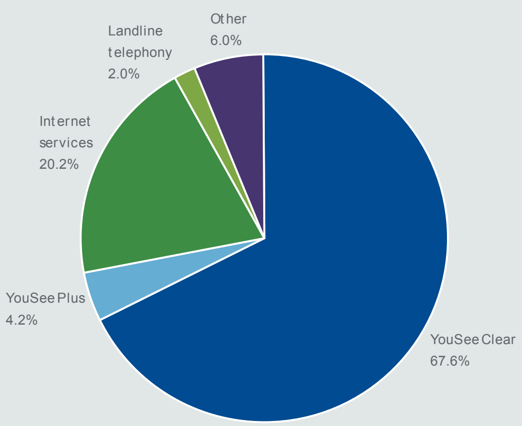
YouSee

Overview
YouSee is the leading Danish cable-TV provider offering its customers TV, broadband and telephony. At year-end 2009, YouSee had 1.2m cable-TV customers, of whom 393,000 also subscribed to broadband and 71,000 to telephony. YouSee's revenue was DKK 3,597m and at year-end 2009, the number of full-time employee equivalents was 1,265. A+ was acquired in 2009, and is included in YouSee's figures from the second half of 2009.

Strategy
YouSee's strategy is to consolidate the company's market position by offering the best TV content and functionalities and superior broadband bandwidth, and increase the number of services used by YouSee customers. The Strategy 2010-12 is centered on five commercial excellence initiatives: defended core, best digital offering, expanded market focus, strengthened broadband position, and film universe.

Services and products
YouSee offers cable TV, landline and mobile broadband, and landline telephony through a fully digitalized hybrid fiber coaxial-cable network, almost fully upgraded with DOCSIS 3.0.

Revenue breakdown 2009, YouSee



TV
YouSee, with TV as its core business, offers digital and analog cable TV in three standard packages (basic, medium and full) for individual households and organized customers (antenna and housing associations), representing 44% and 56% of YouSee's TV business, respectively.

The YouSee Plus add-on product provides additional digital TV consisting of HD TV, extra TV packages and on-demand services. On-demand services are VoD with movie rental, TV archiving of previous 30 days' broadcasting on selected channels, start-over and pause and reeling functions. At year-end 2009, 146,000 customers subscribed to YouSee Plus.

The channels in the cable-TV packages are selected with consideration for customer preferences:

- The basic package, which has 207,000 customers, contains primarily free channels from the Danish and neighboring countries' public-service TV stations.

- The medium package, which has 130,000 customers, contains some of the most popular pay channels (mostly Danish) as well as the channels from the basic package.

- The full package, which has 647,000 customers, includes 19 domestic and foreign channels in addition to those offered in the medium package.

- Some organized customers, i.e. large antenna associations representing an additional 153,000 households, receive individually customized content packages from YouSee. And finally, 16,000 customers are reached through YouSee's subsidiaries.

YouSee is the largest TV distributor in Denmark and has a market-leading 68% share of the coax-TV household market in Denmark. YouSee's cable network passes 1.4m Danish households, with a penetration rate of 81%.

Recent development in YouSee's TV services include:

- At TDC Group level (which also includes Consumer and TDC Business customers) the share of the Pay-TV market had risen to 54% at the end of 2009, up 3 percentage points compared with year-end 2008.

- TDC's purchase of DONG Energy's fiber network in Copenhagen and North Zealand gives YouSee an exceptional opportunity to offer cable TV to more than 100,000 households in areas that YouSee does not currently cover.

Free digital TV to YouSee customers
To enhance its position as the leading Pay-TV distributor, YouSee removed encryption of the 39 digital TV channels in September 2009 in the three TV packages. This took place one month before the Danish terrestrial analog switch-off on November 1, 2009. Consequently, almost all YouSee cable-TV customers[26] have access to both digital and analog unencrypted channels in their TV packages. Unlike most other TV providers, YouSee offers multiroom without set top box and free of charge.

Internet services
YouSee's broadband products are flat-rate with customers billed for a fixed monthly subscription with unlimited uploads and downloads.

At year-end 2009, YouSee had 393,000 broadband customers (including A+), and 2,000 mobile broadband customers.

Recent developments in YouSee's Internet services include:
- In 2009, 4 Mbps was the minimum bandwidth offered to YouSee's customers. On May 15, 2009, YouSee launched 50 Mbps downstream broadband and by the first quarter of 2010, a broadband speeds of 100 Mbps will be available to all homes passed by YouSee.

- YouSee increased the penetration rate among customers with YouSee cable-TV subscription from 29% to 34% during 2009.

[26] The only requirement is that customers must have a TV with a built-in digital receiver.

Landline telephony
YouSee offers VoIP with a quality of service that ensures a voice flow of the same quality as traditional landline. The product is a combined prepaid flat-rate subscription and consumption-based product.

At year-end 2009, YouSee had 9,000 PSTN/ISDN customers, and 62,000 VoIP customers. YouSee's landline customer base is increasing.

The cable network
YouSee has a fully digitalized network operated from one central head-end station in Copenhagen that provides playout for the entire network. It currently covers 55% of Danish households.

The head-end station also serves as a base for TDC's offerings of HomeTrio and Mobile TV and provides cable-modem provisioning and network management control servers for IP products. TV is transmitted digitally through TDC's domestic backbone network to 32 remote hubs where digital video streams are distributed via the HFC network to end customers. TV sets with integrated or set-top-box digital cable receivers are needed to receive the digital services. In many cases, the last few hundred meters of the HFC network are owned by landlords or organized customers.

High-speed broadband services are terminated and delivered to TDC's IP core network from the same 32 hubs. The HFC networks owned by YouSee are nearly completely return-path upgraded. YouSee has upgraded approximately two-thirds of the customer-owned network. HFC networks will be able to carry up to 5 Gbps of digital content. The current allocation is 1 Gbps for digital TV, 0.5 Gbps for TV on demand and VOD and 0.5 Gbps for DOCSIS. Almost all modems operate according to the DOCSIS 2.0 standard. YouSee has rolled out the additional downstream capacity required for DOCSIS 3.0 modems. As of December 1, 2009, DOCSIS 3.0 modems have been the standard for new customers. During 2009, YouSee expanded its upstream capacity by utilizing the full frequency spectrum up to 65 MHz. This enables YouSee to offer end-users high-speed data services of up to 100 Mbps.

Sunrise

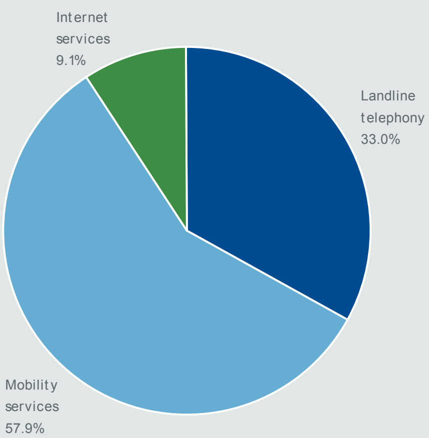
Overview
Sunrise is the leading challenger in Switzerland and offers mobile telephony and data services, landline telephony and internet services.

In 2009, Sunrise had revenue of DKK 9,866m and 2.9m customers at year-end. Mobile telephony accounted for 58% of Sunrise's revenue in 2009, while landline telephony and internet services represented 33% and 9% respectively.

At year-end 2009, Sunrise had 1,550 full-time employee equivalents.

In November 2009, TDC A/S announced that it had entered into a conditional agreement to combine Sunrise with Orange, a subsidiary of France Telecom. The signing of final transaction documentation is expected to take place in the second half of February 2010. The transaction shall be subject to conditions including confirmatory due diligence, and approvals from the Swiss Competition Authorities and TDC's lenders. TDC has obtained majority lender consent of the transaction. Closing is expected to occur in 2Q 2010, after which TDC will become a 25% shareholder of the business combination. However, as closing has not yet occurred, the following business description is based on the current situation.

Revenue breakdown 2009, Sunrise



Strategy
Sunrise's overall strategy is to continue to improve its market position in the postpaid market, further build its prepaid position, continue ULL roll-out, and turn around its business market position. This will be achieved by an even stronger customer focus, improved operational efficiency, increased commercial effort and innovative product offerings.

Services and products

Brands

As an integrated operator, Sunrise provides mobile, landline and internet services under its own brand. However, Sunrise is also developing secondary brands to target additional specific customer segments and has established various partnerships over the years. Besides its highly successful and well established yallo brand, a no-frills offer with Aldi was launched in 2008. At the end of October 2009, a partnership with Red Bull was also announced.

Mobile telephony

With revenue of DKK 5,712m in 2009, Sunrise's mobile business includes a retail segment that offers postpaid and prepaid services, PC cards and mobile handsets and a wholesale segment.

In a market dominated by the incumbent, Sunrise had achieved a mobile network market share of 23% at year-end 2009, up 1.4 percentage points on 2008, and had 1.9m customers at year-end 2009.

Recent developments in mobile telephony include:

- In 2009, service providers continued to penetrate the Swiss market. As a result, Sunrise expects the intense price competition to continue and has positioned itself well to compete in this market and react swiftly to changes.
- Sunrise's multi-brand strategy proved successful in 2009 achieving 22.5% growth in the customer base.

Landline telephony

Sunrise's landline telephony business covers the retail and wholesale markets. Retail voice includes mainly pre-fix plans, pre-select PSTN plans and ULL offers. Landline wholesale activities consist primarily of transit traffic and, to a smaller extent, data and internet services. With revenue of DKK 3,255m in 2009, landline telephony generated the second-largest share of Sunrise's total revenue.

Recent developments in landline telephony include:

- In 2009, Sunrise increased its commercial effort to provide extremely attractive bundled products. With 'sunrise click&call 5000+' and 'sunrise click&call 15000+', customers surf at bandwidths of up to 15 Mbps and can make free calls either in the evening or during weekends or 24 hours a day to the Swiss landline network.

Internet services

Sunrise's internet services cover different xDSL products, based on rebilling of the incumbents xDSL product or based on ULL through Sunrise's own platform, with downstream speeds of up to 15 Mbps as well as dial-up. With revenue of DKK 899m in 2009, internet services accounted for 9% of Sunrise's revenue during the period.

Sunrise achieved a fair share of the growing broadband market in Switzerland in 2009 with a 5% increase in the xDSL customer base. Sunrise's broadband subscriber base represented a 13% share of the Swiss broadband market, and the number of customers based on the ULL platform increased from 20,000 at year-end 2008 to 133,000 at year-end 2009.

Recent developments in internet services include:

- Starting with the cities of Zurich, Lucerne, Bern and Basel, Sunrise had equipped 453 exchanges with its own infrastructure, and reached more than 70% of the population with its own services by year-end 2009.

- Following the introduction of ULL-based products, Sunrise has launched several bundled products comprising landline access, landline voice and internet services. The continued migration to ULL is expected to result in growing margins in the future.

Networks

Sunrise has its own GSM/EDGE and UMTS/HSDPA mobile networks, and its own backbone and ISP landline networks, and has invested extensively to further upgrade its mobile network and build out the ULL infrastructure. As a result, Sunrise offers integrated services and can meet the high market demand for quality, reliability and easy access to telecommunications services.

Sunrise has outsourced its entire network operation and maintenance to Alcatel-Lucent. Key tasks, such as network planning and ownership of the full telecommunications infrastructure, remain exclusively with Sunrise. Sunrise is therefore employing the model already used by many European providers.

Mobile network

Despite difficult topographical circumstances and stringent environmental obligations that limit radiation from mobile antennas, Sunrise has achieved competitive coverage and quality with the GSM/EDGE network. In addition, Sunrise is further developing and expanding its mobile network based on UMTS/HSDPA technology, a process that its management expects to be completed at the end of 2011. The Sunrise mobile network has almost 100% population coverage. Sunrise's main objective for its UMTS network coverage is to achieve HSDPA indoor services in major cities including Zurich, Basel, Bern, Lausanne, Geneva and Lucerne and then expand to less densely populated areas.

Landline network

The Sunrise landline network consists of an SDH/DWDM backbone (own fiber-optic network measuring approximately 9,000 kilometers), and over 2,300 connected sites including customers with direct connections, interconnections with all interconnect points at Swisscom as well as several international carriers. Sunrise has built an IP/MPLS network with six core nodes that delivers data services to residential and business customers.

ISP network

The Sunrise ISP network is designed with full redundancy on two independent sites, providing a range of internet services.

Employees

Overview, domestic activities
TDC places considerable importance on employee training, and employee satisfaction is monitored in a quarterly employee survey, TDC Kompasset (The TDC Compass). The employee satisfaction survey engages TDC's employees in dialogue to identify ways to improve work environment processes and goal setting.

TDC has a number of incentive programs that are described in the Financial Statements section (see note 6 to the Consolidated Financial Statements).

TDC has implemented a number of general domestic redundancy programs in recent years. As a consequence of those programs, in 2009, TDC reduced its workforce by approximately 800 based on procedures and terms agreed with the unions.

Unions
Almost all employees except for employees on senior management contracts are covered by collective labor agreements.

Collective labor agreements are in place with the telecommunications department of the Danish Metal Workers Union (Dansk Metal), the Association of Managers and Employees in Special Positions of Trust in TDC (Lederforeningen i TDC, LTD), the Danish Confederation of Professional Associations (Akademikernes Centralorganisation) and a few other unions. TDC's agreement with the Association of Managers and Employees in Special Positions of Trust in TDC prohibits striking and other industrial action.

TDC has entered into collective Truce Agreements with the Danish Metal Workers Union, the Association of Managers and Employees in Special Positions of Trust in TDC, and the Danish Confederation of Professional Associations (collectively, the 'Truce Agreement Unions'). TDC has thus agreed to follow certain procedural guidelines when implementing workforce reductions, including providing redundant employees with training that would prepare them for reassignment within TDC under certain circumstances. Pursuant to the Truce Agreement with the Danish Metal Workers Union, the parties have agreed to enter into dialogue within 24 hours of an imminent conflict in order to prevent industrial action. The Truce Agreements will expire at the end of 2011, however they may be terminated by TDC or the unions subject to three months' notice in the event that the assumptions behind the agreements lapse or change.

TDC has also entered into collective agreements with the 'Truce Agreement Unions' regarding terms and conditions that will serve to encourage voluntary resignations. These agreements may be terminated by either party, subject to two months' notice.

Pension schemes
TDC's workforce consists of (i) former civil servants covered by defined benefit plans, (ii) employees with pension rights in TDC-related pension funds (which are defined benefit plans) and (iii) employees with ordinary pension plans (which are defined contribution plans).

The pension terms of employees who are former civil servants are similar to those that apply to government civil servants under the Danish Civil Servants Plan. When joining TDC in 1994, they retained their right to a civil-service pension in accordance with the Danish Act on Pensions for Civil Servants. Employees who are former civil servants also retain their right to special severance pay in the amount of three years' salary (tied-over allowance) in the event of dismissal due to insufficient workload. The pension is paid by the Danish state pursuant to an agreement with the Danish state in 1994.

Contract types / collective agreements	Ordinary pension plans	TDC pension funds members	Former government civil servants	Total
AC	1,037	5	2	1,044
Dansk Metal	3,222	1,829	267	5,318
LTD	775	347	71	1,193
Other or no collective agreement	279	9	2	290
Seconded		188		188
Total	**5,313**	**2,378**	**342**	**8,033**

The pension terms of the members of the TDC-related pension funds are similar to those provided by the Danish Civil Servants Plan. However, some of these employees have a right to special severance pay in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds of the full monthly salary for four years and nine months (stand-off pay).

The table shows the number of employees (head count) participating in each of TDC's pension plans as at December 31, 2009[27]. At year-end 2009 TDC employed 2,720 former civil servants.

Other activities

In Sunrise and TDC Nordic a mixture of collective agreements and individual contracts are used. All countries have incentive programs in the form of bonus and sales commissions tailored to meet local standards. All international activities run various pension schemes mainly in the form of defined contribution schemes.

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[27] The figures cover TDC A/S and YouSee A/S and represent headcounts and not full-time employee equivalents. The following employees are included: permanent employees and temporary employees except employees on leave, expatriates, employees included in a redundancy plan and employees seconded to external parties in connection with outsourcing of tasks or divestment of operations.

Guidance

Guidance 2010

Guidance for 2010 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 section on risk factors and in the Safe Harbor Statement.

The guidance for 2010 is for the NTCA Group including Sunrise.

NTCA expects revenue growth of 1to 3% compared with 2009.

NTCA expects EBITDA growth of 3 to 4% compared with 2009.

Management's Discussion and Analysis of Financial Statements

Key financial data

NTCA Group		2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
	DKKm					
Revenue		**35,939**	**35,609**	**36,779**	**0.9**	**(3.2)**
Transmission costs and cost of goods sold		(10,149)	(10,433)	(11,206)	2.7	6.9
Gross profit		**25,790**	**25,176**	**25,573**	**2.4**	**(1.6)**
Other external expenses		(7,511)	(7,291)	(7,288)	(3.0)	(0.0)
Wages, salaries and pension costs		(5,486)	(6,166)	(6,808)	11.0	9.4
Total operating expenses before depreciation, etc.		(23,146)	(23,890)	(25,302)	3.1	5.6
Other income and expenses		228	470	263	(51.5)	78.7
EBITDA		**13,021**	**12,189**	**11,740**	**6.8**	**3.8**
Depreciation, amortization and impairment losses		(6,319)	(6,100)	(7,446)	(3.6)	18.1
Operating income (EBIT), excluding special items		**6,702**	**6,089**	**4,294**	**10.1**	**41.8**
Special items		(1,192)	(3,070)	503	61.2	-
Income from joint ventures and associates		76	200	266	(62.0)	(24.8)
- of which special items		77	(22)	(76)	-	71.1
Net financials		(3,143)	(3,821)	(5,033)	17.7	24.1
Income before income taxes		**2,443**	**(602)**	**30**	**-**	**-**
Income taxes		(1,061)	(1,089)	645	2.6	-
- of which special items		291	279	203	4.3	37.4
Net income from continuing operations		**1,382**	**(1,691)**	**675**	**181.7**	**-**
Net income from discontinued operations		(364)	(367)	621	0.8	(159.1)
- of which special items		(100)	59	1,304	-	(95.5)
Net income		**1,018**	**(2,058)**	**1,296**	**149.5**	**-**
Net income from continuing operations excluding special items		**2,206**	**1,122**	**45**	**96.6**	**-**
Net interest-bearing debt		**(42,046)**	**(48,958)**	**(71,089)**	**14.1**	**31.1**
Statements of Cash Flow						
Operating activities		8,946	6,794	8,057	31.7	(15.7)
Investing activities		(6,314)	600	7,886	-	(92.4)
Financing activities		(5,146)	(8,995)	(10,989)	42.8	18.1
Total Cash Flow		**(2,514)**	**(1,601)**	**4,954**	**(57.0)**	**(132.3)**
Key financial ratios						
EBITDA margin	%	36.2	34.2	31.9	-	-
Capital expenditures excl. share acquisitions	DKKm	(4,950)	(4,710)	(4,837)	(5.1)	2.6
Capex excl. share acquisitions-to-revenue ratio	%	13.8	13.2	13.2	-	-
Operating free cash flow	DKKm	8,779	7,105	7,335	23.6	(3.1)
Cash conversion	%	67.4	58.3	62.5	-	-
Net debt/EBITDA	#	3.2	4.0	6.1	-	-
EBITDA/interest	#	4.9	3.1	2.1	-	-

The NTCA Group

All figures in these financial statements, including comparative figures, reflect the merger between NTCH, NTCF, NTCA and NTCI with NTCA as the surviving company, which was effective from January 1, 2009 for accounting purposes.

Revenue

In 2009, NTCA's revenue amounted to DKK 35,939m, up by DKK 330m or 0.9% compared with 2008. In Nordic Business, the DKK 839m or 3.1% decline in revenue was more than offset by growth of DKK 1,161m or 13.3% in Sunrise[28].

Revenue in Nordic Business was negatively affected by the macroeconomic downturn as well as the divestment of the international voice business, divestment and outsourcing of handset sales and CPE sales to business customers, other minor divestments and the negative exchange-rate developments in TDC Sweden and TDC Norway. This was partly offset by the acquisitions of Fullrate and A+. Excluding these impacts, revenue decreased by approximately 1%, which related mainly to declining domestic revenue from traditional landline telephony in both the business and residential segments as a consequence of the migration toward mobile only and VoIP, and lower CPE sales. The success of Home Duo/Trio offerings helped curb this decline. EU price regulation on international roaming implied a (DKK 140m) decrease in revenue, and national price regulation on mobile termination resulted in a (DKK 130m)[29] revenue decrease compared with 2008. The reduced revenue was also affected by lower income from the integrator business in TDC Sweden, which was significantly affected by the economic downturn. The decline in revenue in Nordic Business was partly offset by strong customer growth and higher ARPU on TV, mainly in YouSee, as well as increased traffic in the no-frills mobile voice segment, and more domestic mobile voice and mobile broadband customers.

During 2009, the quarter-over-quarter revenue decline in Nordic Business improved in each quarter, and revenue development in 4Q 2009 was stable compared with 4Q 2008.

In Sunrise, the acquisition of Tele2 in Switzerland, in particular, and a significant favorable exchange-rate development generated positive growth, whereas the divestment of SBC in 2008 contributed negatively. Adjusted for this, revenue increased by approximately 3%, which related primarily to increased landline wholesale revenue, and an increase in the mobile prepaid and postpaid customer base. This was only partly offset by reduced revenue from mobile termination[30] caused by price reductions as a result of national regulation.

Adjusted for acquisitions and divestments[31], outsourcing[32] and currency effects, NTCA's revenue was unchanged from 2008 to 2009.

[28] The split between Nordic Business and Sunrise excludes other activities.
[29] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on NTCA's costs.
[30] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on Sunrise's costs.
[31] Acquisitions and divestments from 2008 to 2009 were impacted by the following changes in ownership shares: Acquisitions: Tele2, Fullrate, A+ and DONG Energy's fibernetwork. Divestments Uppsala Stadsnät, Digital Signatur, Business Phone, SBC, the international voice business, LG, the satellite business, hosting & power net business, Rejsekort and Telepunkt activities. In the remainder of the Annual Report, 'adjusted for acquisitions and divestments from 2008 to 2009' refers to reported figures for the TDC Group adjusted for these acquisitions and divestments.
[32] Outsourcing from 2008 to 2009 was impacted by: TopNordic.

Revenue DKKm

NTCA Group	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
Consumer	9,711	9,901	10,115	(1.9)	(2.1)
TDC Business	7,926	8,546	8,864	(7.3)	(3.6)
TDC Nordic	3,515	3,854	3,863	(8.8)	(0.2)
Operations & Wholesale	2,582	2,748	3,601	(6.0)	(23.7)
YouSee	3,597	3,188	2,829	12.8	12.7
Sunrise	9,866	8,705	8,842	13.3	(1.5)
Other activities[1]	(1,258)	(1,333)	(1,335)	5.6	0.1
NTCA Group	**35,939**	**35,609**	**36,779**	**0.9**	**(3.2)**
Nordic Business incl. YouSee	26,079	26,918	27,850	(3.1)	(3.3)

[1] Includes Headquarters and eliminations.

In 2008, NTCA's revenue amounted to DKK 35,609m, down by DKK 1,170m or 3.2% compared with 2007. This was attributed to a DKK 932m or 3.3% revenue decline in Nordic Business and a DKK 137m or 1.5% decline in Sunrise[33]. Further, revenue in the NTCA Group was negatively impacted by the divestment of Bité.

Adjusted for acquisitions and divestments[34], outsourcing[35] and currency effects, NTCA's revenue decreased by approximately 1% from 2007 to 2008.

Gross profit

Gross profit amounted to DKK 25,790m in 2009, up by DKK 614m or 2.4% compared with 2008. The DKK 42m or 0.2% decline in gross profit in Nordic Business was more than offset by a DKK 661m or 12.0% increase in Sunrise[36].

[33] The split between Nordic Business and Sunrise excludes other activities.
[34] Acquisitions and divestments from 2007 to 2008 were impacted by the following changes in ownership shares: Acquisitions: Tele2, Uni2. Divestments: Bité, Digital Signatur, Business Phone, SBC, the international voice business, LG, Connect Partner, hosting & power net business. In the remainder of the Annual Report, 'adjusted for acquisitions and divestments from 2007 to 2008' refers to reported figures for the NTCA Group adjusted for these acquisitions and divestments.
[35] Outsourcing from 2007 to 2008 was impacted by: TopNordic.
[36] The split between Nordic Business and Sunrise excludes other activities.

The revenue reduction in Nordic Business was largely offset by a DKK 797m or 11.0% reduction in transmission costs and cost of goods sold, reflecting that some of the divestments made in both 2008 and 2009 that led to reduced revenue (with full-year effect in 2009) were in low margin segments such as international voice and CPE. The reduction in transmission costs was also a consequence of savings on mobile termination (DKK 146m) and international roaming (DKK 90m) as the direct impact from regulation. Transmission costs and cost of goods sold also decreased due to lower activity in the traditional domestic landline market and the Nordic integrator business. This was partly offset by increased transmission costs and cost of goods sold following the acquisition of Fullrate and A+, higher program costs related to increased TV activity, and, to a lesser degree, increased costs related to higher activity in mobile voice, mobile broadband and VoIP.

Gross profit DKKm

NTCA Group	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
Consumer	6,691	6,715	6,839	(0.4)	(1.8)
TDC Business	5,283	5,341	5,624	(1.1)	(5.0)
TDC Nordic	1,609	1,726	1,667	(6.8)	3.5
Operations & Wholesale	2,146	2,265	2,591	(5.3)	(12.6)
YouSee	2,072	1,844	1,676	12.4	10.0
Sunrise	6,156	5,495	5,562	12.0	(1.2)
Other activities[1]	1,833	1,790	1,614	2.4	10.9
NTCA Group	**25,790**	**25,176**	**25,573**	**2.4**	**(1.6)**
Nordic Business incl. YouSee	19,634	19,676	20,063	(0.2)	(1.9)

[1] Includes Headquarters and eliminations.

In Sunrise, transmission costs and cost of goods sold increased by DKK 500m or 15.6%, amounting to DKK 3,710m in 2009. This increase related mainly to increased landline wholesale activity and, to a lesser extent, the acquisition of Tele2, increased costs from 2008 to 2009 due to a non-recurring compensation from Swisscom in 2008 regarding excessive termination charges from 2006 to 2008, and the currency effect. This was partly offset by the divestment of SBC, and lower mobile termination and international roaming costs per minute.

In 2008, the NTCA Group's gross profit amounted to DKK 25,176m, down by DKK 397m or 1.6% compared with 2007. This was attributed to a DKK 387m or 1.9% decline in Nordic Business' gross profit and a reduction of DKK 67m or 1.2% in Sunrise[37].

Income before depreciation, amortization and special items (EBITDA)

NTCA's EBITDA amounted to DKK 13,021m in 2009, up by DKK 832m or 6.8% on 2008, stemming from DKK 484m or 4.8% growth in Nordic Business, and DKK 363m or 16.9% growth in Sunrise[38].

Nordic Business experienced a strong EBITDA development from 2008 to 2009, leading to an EBITDA margin of 40.3%. The EBITDA development was achieved despite a negative EBITDA effect from divestments and outsourcing of business activities and the negative exchange-rate developments in TDC Sweden and TDC Norway, which were only partly offset by the acquisitions of Fullrate and A+. Excluding these impacts, EBITDA increased by approximately 6%, and resulted from cost reductions in other external expenses and wages, salaries and pension costs. Other external expenses decreased by DKK 169m or 3.4% to DKK 4,752m in 2009 and stemmed principally from lower costs for facility management, IT equipment and property, and a general cost reduction across all business lines including Headquarters. Also, marketing costs were lower, as were employee-related costs due to fewer employees. Wages, salaries and pension costs dropped by DKK 587m or 11.3% to DKK 4,598m, driven by a decrease in the number of full-time employee equivalents.

[37] The split between Nordic Business and Sunrise excludes other activities.
[38] The split between Nordic Business and Sunrise excludes other activities.

EBITDA DKKm

NTCA Group	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
Consumer	3,965	3,873	3,717	2.4	4.2
TDC Business	3,666	3,613	3,495	1.5	3.4
TDC Nordic	497	458	425	8.5	7.8
Operations & Wholesale	1,498	1,574	1,420	(4.8)	10.8
YouSee	1,141	954	814	19.6	17.2
Sunrise	2,510	2,147	2,387	16.9	(10.1)
Other activities[1]	(256)	(430)	(518)	40.5	17.0
NTCA Group	**13,021**	**12,189**	**11,740**	**6.8**	**3.8**
Nordic Business incl. YouSee	10,510	10,026	9,333	4.8	7.4

[1] Includes Headquarters and eliminations.

The number of full-time employee equivalents in Nordic Business totaled 11,277 at year-end 2009, a decrease of 495 or 4.2% compared with 11,772 at year-end 2008. The domestic workforce fell from 10,293 full-time employee equivalents at year-end 2008, to 9,986 at year-end 2009, down by 3.0%, driven primarily by redundancy programs[39] (804) and to a lesser extent outsourcing (15), which was partly offset by the net effect of the divestment and acquisition of business activities (a negative 353).

In Sunrise, the positive EBITDA growth related primarily to the acquisition of Tele2 in Switzerland, and the favorable exchange-rate development, which was partly offset by increased costs from 2008 to 2009 due to a non-recurring compensation from Swisscom in 2008 regarding excessive termination charges from 2006 to 2008. Excluding these issues, EBITDA increased by approximately 9% and related primarily to growth in the residential mobile market. Outsourcing of the network operations also contributed to the EBITDA growth by reducing wages, salaries and pension costs, though this was partly offset by a corresponding increase in other external expenses. At year-end 2009, Sunrise had 1,550 full-time employee equivalents – an increase of 76 or 5.2% compared with year-end 2008 due primarily to the acquisition of Tele2 (53)[40].

Adjusted for acquisitions and divestments, currency effects and the non-recurring compensation from Swisscom in 2008, NTCA's EBITDA increased by approximately 6% from 2008 to 2009.

In 2008, NTCA's EBITDA amounted to DKK 12,189m, up by DKK 449m or 3.8% on 2007, and stemmed from DKK 693m or 7.4% growth in Nordic Business, which was partly offset by a DKK 240m or 10.1% reduction in Sunrise[41].

Adjusted for acquisitions and divestments, currency effects and the non-recurring compensation from Swisscom in 2008, NTCA's EBITDA increased by approximately 2% from 2007 to 2008.

[39] Including redundancy programs implemented in 2007 and 2008 with effect in 2009. Only retired employees are included, not employees transferred to other positions and terminated positions.
[40] Though the company was acquired in 2008, the employees from Tele2 were not included in Sunrise's full-time employee equivalents until January 2009.
[41] The split between Nordic Business and Sunrise excludes other activities.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose by DKK 219m or 3.6% to DKK 6,319m in 2009. This increase reflected mainly the CHF exchange-rate development and acquisitions of Fullrate and Tele2 by Sunrise. This was partly offset by the write-down of the Song and Dotcom brands in 2008, and lower depreciation related to landline networks.

In 2008, depreciation, amortization and impairment losses decreased by DKK 1,346m or 18.1% to DKK 6,100m. The reduction reflected mainly lower depreciation of property, plant and equipment and amortization of software due to assets fully depreciated and amortized during 2007 as well as lower amortization of customer relationships according to the diminishing balance method.

Special items

Special items include significant amounts that cannot be attributed to normal operations such as special write-downs for impairment of intangible assets and property, plant and equipment as well as provisions for restructuring and any reversals of such. Special items also include large gains and losses related to divestments of subsidiaries.

Items of a similar nature for non-consolidated enterprises and discontinued operations are recognized under income from joint ventures and associates and net income from discontinued operations, respectively.

Special items from continuing operations are specified in the table together with a reconciliation of net income from continuing operations excluding and including special items.

Special items from continuing operations amounted to expenses of DKK 824m after tax in 2009 compared with expenses of DKK 2,813m in 2008 and income of DKK 630m in 2007.

In 2009, special items comprised primarily restructuring costs resulting largely from redundancy programs including costs related to surplus office capacity. Impairment losses related to write-down of software. Special items in joint ventures and associates related to an adjustment of the loss from the divestment of shares in Polkomtel in 2008.

In 2008, special items comprised primarily impairment losses related mainly to goodwill and other intangible assets from TDC Sweden and TDC Finland. Restructuring costs related largely to IT activities including write-down of software as well as redundancy programs including costs related to surplus office capacity. Special items in joint ventures and associates related mainly to a loss from the divestment of shares in Polkomtel.

In 2007, special items amounted to DKK 918m comprising a gain from divestment of properties and Bité. This was partly counterbalanced by restructuring costs of DKK (446)m related largely to redundancy programs in Nordic Business and costs regarding discontinued use of sea cables.

Income from joint ventures and associates

Income from joint ventures and associates decreased by DKK 124m to DKK 76m in 2009. Income from joint ventures and associates excluding special items decreased by DKK 223m to DKK(1)m. The decrease in income reflected the divestment of shares in Polkomtel in 2008.

In 2008, income from joint ventures and associates decreased by DKK 66m to DKK 200m compared with 2007. Income from joint ventures and associates excluding special items decreased by DKK 120m to DKK 222m. The decrease reflected lower income following the divestment of TDC's shares in Polkomtel in 2008. Although the shares were not divested until December 2008, NTCA ceased to recognize income from Polkomtel during 2Q 2008, as the net carrying value of the investment in Polkomtel equaled the expected sales proceeds.

Net financials

Net financials totaled an expense of DKK 3,143m in 2009, down by DKK 678m compared with 2008. Financial income and expenses, net declined by DKK 1,236m, reflecting lower interest expenses as a result of the conversion of Preferred Equity Certificates (PECs) into equity in July 2008 as well as long-term debt redemptions and lower interest rates on long-term debt. In addition, there was a positive development of DKK 384m in fair value adjustments of derivative financial instruments. This development was partly offset by a negative development in currency translation adjustments of DKK 942m due to currency adjustments of debt denominated in NOK and SEK. Further, since early 2009, the investment in Sunrise has no longer been fully hedged, and the hedging of the investment in Sunrise is no longer

Special items DKKm

NTCA Group	2009	2008	2007
Net income from continuing operations excluding special items	**2,206**	**1,122**	**45**
Consolidated enterprises			
Gain/(loss) from divestment of enterprises and property	(36)	8	918
Income from rulings	(40)	29	166
Impairment losses and adjustments of goodwill	(119)	(1,879)	(135)
Restructuring costs, etc.	(997)	(1,228)	(446)
Special items before income taxes	**(1,192)**	**(3,070)**	**503**
Income taxes related to special items	291	279	203
Special items after income taxes in consolidated enterprises	**(901)**	**(2,791)**	**706**
Joint ventures and associates	77	(22)	(76)
Special items from continuing operations	**(824)**	**(2,813)**	**630**
Net income from continuing operations	**1,382**	**(1,691)**	**675**

treated as hedge accounting.
In 2008, net financials totaled an expense of DKK 3,821m, down by DKK 1,212m compared with 2007. Financial income and expenses, net declined by DKK 1,800m, reflecting lower interest expenses due to the conversion of Preferred Equity Certificates (PECs) into equity in July 2008, long-term debt redemptions and lower interest rates on long-term debt. In addition, currency translation adjustments improved by DKK 620m related to currency adjustments of debt denominated in NOK and SEK. This was partly offset by a negative development of DKK 1,208m in fair value adjustments of derivative financial instruments.

Income taxes

Income taxes amounted to an expense of DKK 1,061m in 2009 compared with an expense of DKK 1,089m in 2008 and a tax income of DKK 645m in 2007.

Income taxes related to net income, excluding special items totaled an expense of DKK 1,352m in 2009 compared with DKK 1,368m in 2008 and a tax income of DKK 442m in 2007.

The effective tax rate, excluding special items, was 38.0% in 2009 compared with 54.9% in 2008. The decrease related largely to the limitation of tax deductibility on interest expenses according to Danish tax legislation.

The effective tax rate, excluding special items, was 54.9% in 2008 compared with 111.3% in 2007. In 2008, the effective tax rate was higher than the Danish corporate income tax rate of 25% due primarily to the limited tax deductibility on interest expenses according to Danish tax legislation. In 2007, the limited tax deductibility was more than counterbalanced by a non-recurring positive impact on deferred taxes resulted from the reduction of the corporate tax rate to 25%.

Net income from discontinued operations

In 2009, net income from discontinued operations amounted to a loss of DKK 364m in 2009, largely unchanged from 2008. In 2007, net income from discontinued operations amounted to a profit of DKK 621m.

The loss in 2009 related mainly to Invitel and comprised a loss of DKK 264m from operations and a loss of DKK 100m related to divestment.

The loss in 2008 comprised DKK 426m in Invitel as well as positive adjustments of the gains from the divestment of Talkline in 2007 and TDC Directories in 2005, totaling DKK 59m.

The income in 2007 comprised a net loss of DKK 683m primarily in Invitel, however, this was partly offset by income in Talkline. The net loss was more than offset by gains from the divestments of discontinued operations, related largely to the DKK 1,297m gain from the divestment of Talkline.

Net income

In 2009, net income amounted to DKK 1,018m compared with a net loss of DKK 2,058m in 2008. The DKK 3,076m increase reflected primarily lower expenses related to special items, higher EBITDA and lower expenses from net financials.

Net income from continuing operations, excluding special items, amounted to DKK 2,206m in 2009, up by DKK 1,084m or 96.6% compared with 2008. The increase reflected higher EBITDA and lower expenses from net financials.

In 2008, net income, including special items, decreased to DKK (2,058)m from DKK 1,296m in 2007. The decrease reflected mainly the development in special items. Special items had a negative impact in 2008 due primarily to impairment losses related to goodwill from TDC Sweden and TDC Finland as well as restructuring costs. Net income was also negatively affected by a negative development in fair value adjustments. This was only partly offset by lower depreciation, etc. and net financial expenses, and higher EBITDA. Special items had a positive impact in 2007 due largely to gains from the divestment of Bité and One as well as the sale and leaseback of properties. Special items related to discontinued operations also had a positive impact in 2007, which was caused by the gain from the divestment of Talkline.

Net income from continuing operations, excluding special items, amounted to DKK 1,122m in 2008, up DKK 1,077m compared with DKK 45m in 2007. The increase reflected mainly higher EBITDA and lower expenses from net financials.

Comprehensive income

Total comprehensive income amounted to DKK 2,093m in 2009 compared with a loss of DKK 2,723m in 2008 and an income of DKK 1,583m in 2007.

The DKK 4,816m increase from 2008 to 2009 reflected mainly a positive development related to currency translation adjustments of foreign enterprises before tax, which totaled a gain of DKK 631m in 2009 compared with a loss in 2008 of DKK 2,111m. In addition, net income increased whereas actuarial gains related to defined benefit pension plans decreased.

The DKK 4,306m decrease from 2007 to 2008 related primarily to a decrease in net income. In addition, currency translation losses increased, however these were partly counterbalanced by increased actuarial gains related to defined benefit pension plans.

Balance sheet

Total assets amounted to DKK 90,304m at year-end 2009, compared with DKK 100,671m at year-end 2008, down by DKK 10,367m. The decrease was due chiefly to the divestment of Invitel and lower cash.

In 2008, total assets were down by DKK 6,276m compared with DKK 106,947m at year-end 2007. The decrease was due mainly to lower investments in joint ventures and associates due to the divestment of shares in Polkomtel in 2008.

Equity aggregated DKK 17,433m at year-end 2009, up by DKK 1,167m compared with DKK 16,266m at year-end 2008. The increase reflected primarily total comprehensive income of DKK 2,093m partly offset by dividends of DKK 931m distributed to minority interests.

In 2008, equity was up by DKK 13,722m compared with DKK 2,544m at year-end 2007. The increase reflected primarily a conversion of DKK 16,530m in Preferred Equity Certificates (PECs) into equity that was partly offset by total comprehensive loss of DKK 2,723m.

Total liabilities declined by DKK 11,534m to DKK 72,871m compared with DKK 84,405m at year-end 2008. The decrease was due primarily to the conversion of Preferred Equity Certificates (PECs) into equity, which was partly offset by increased short-term bank loans.

In 2008, total liabilities declined by DKK 19,998m compared with DKK 104,403m at year-end 2007. The decrease was due mainly to lower long-term loans.

Net interest-bearing debt [1] DKKm

NTCA Group	2009	2008	2007
Senior Facilities	26,173	28,415	34,922
High Yield Bonds	12,465	14,519	14,379
Euro Medium Term Notes (EMTN)	5,325	7,316	9,632
Subordinated loans (Preferred Equity Certificates)	-	-	15,722
Other loans	2,900	6,024	5,259
Loans	**46,863**	**56,274**	**79,914**
Interest-bearing payables	-	-	3
Gross interest-bearing debt	**46,863**	**56,274**	**79,917**
Interest-bearing receivables	(174)	(159)	(69)
Cash	(4,643)	(7,157)	(8,759)
Net interest-bearing debt	**42,046**	**48,958**	**71,089**

[1] Net carrying value measured at amortized cost, ensures 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		Facilities			
		A	B	C	Total
Maturity		Dec. 31, 2011	Jan. 30, 2014	Jan. 30, 2015	
Fixed/floating interest rate		Floating	Floating	Floating	
Interest rate margin		1.250%	1.500%	2.125%	
Outstanding amount[1] at January 1, 2009	EURm	803	1,401	1,671	3,874
Mandatory payment following the divestment of Polkomtel	EURm	(306)	-	-	(306)
Outstanding amount[1] at December 31, 2009	**EURm**	**497**	**1,401**	**1,671**	**3,569**
Outstanding amount[1] at December 31, 2009	**DKKm**	**3,696**	**10,428**	**12,432**	**26,556**

Euro Medium Term Notes (EMTN)		Bonds			
		2009	2012	2015	Total
Maturity		Feb. 6, 2009	April 19, 2012	Dec. 16, 2015	
Fixed/floating interest rate		Fixed	Fixed	Fixed	
Coupon		5.625%	6.500%	5.875%	
Outstanding amount[1] at January 1, 2009	EURm	251	724	-	975
Redemption	EURm	(251)	-	-	(251)
Buy-back	EURm	-	(11)	-	(11)
Exchange offer	EURm	-	(256)	274	18
Outstanding amount[1] at December 31, 2009	**EURm**	**-**	**457**	**274**	**731**
Outstanding amount[1] at December 31, 2009	**DKKm**	**-**	**3,404**	**2,036**	**5,440**

High Yield Bonds					
		EUR Floating	EUR Fixed	US Fixed	Total
Maturity		May 01, 2016	May 01, 2016	May 01, 2016	
Fixed/floating interest rate		Floating	Fixed	Fixed	
Interest rate margin/coupon		3M Euribor + 550bp	8.250%	8.875%	
Outstanding amount[1] at January 1, 2009	EURm	750	800	418	1,968
Tender offer	EURm	(98)	(177)	-	(275)
Outstanding amount[1] at December 31, 2009	**EURm**	**652**	**623**	**418**	**1,693**
Outstanding amount[1] at December 31, 2009	**DKKm**	**4,856**	**4,635**	**3,112**	**12,603**

[1] Nominal value.

Net interest-bearing debt

Net interest-bearing debt totaled DKK 42,046m at year-end 2009, down DKK 6,912m compared with year-end 2008. In addition to the positive net cash flow from operating and investing activities in 2009, the divestment of Invitel had a positive impact of approximately DKK 5bn.

Net interest-bearing debt totaled DKK 48,958m at year-end 2008, down DKK 22,131m compared with year-end 2007. The decrease in net interest-bearing debt resulted mainly from the conversion of PECs previously categorized as debt, into equity, and from the divestment of Polkomtel.

The Senior Facilities Agreement (SFA) and the High Yield Bonds (HYB) are the main debt-financing instrument in NTCA, representing 56% and 27%, respectively, of the total loans (in terms of net carrying value).

On February 2, 2010 NTCA redeemed DKK 1,973m (EUR 265m) of High Yield Bonds EUR floating. As a result of this redemption, the outstanding amount of High Yield Bonds is DKK 10,630m (EUR 1,428m).

NTCA may occasionally continue to buy back and prepay its debt, including the Senior Facilities, EMTNs and High Yield Bonds.

Capital expenditures[42]

Capital expenditures totaled DKK 4,950m in 2009, up by DKK 240m compared with 2008. The increase stemmed mainly from higher investments in Sunrise related to landline, the expansion of ULL coverage and software as well as impacts from the CHF exchange-rate development. Capital expenditures in Nordic Business amounted to DKK 3,891m in 2009, down by DKK 84m compared with 2008, and investments in domestic landline networks increased due to the success in sales of TDC HomeDuo and TDC HomeTrio, which were only partly offset by lower IT investments.

The capex-to-revenue ratio increased to 13.8% in 2009 from 13.2% in 2008. In Nordic Business, the capex-to-revenue ratio increased to 14.9% in 2009 from 14.8% in 2008.

In 2008, capital expenditures were DKK 4,710m, down by DKK 127m compared with 2007. Capital expenditures in Nordic Business amounted to DKK 3,975m in 2008, up by DKK 7m compared with 2007. The increase was caused mainly by a capacity expansion and future proving of the access and backbone network, an increase in capitalized IT investments, and an increase in capital expenditure related to higher activity in YouSee. The increase was almost fully offset by fewer fiber and xDSL customer installations related to fewer installations at a lower unit price. Also, outsourcing of the operation of the GSM and UMTS networks to Ericsson resulted in decreased capex, as the roll-out of 3G and HDSPA expanded compared with 2007.

The capex-to-revenue ratio was 13.2% in both 2007 and 2008. In Nordic Business, the capex-to-revenue ratio increased to 14.8% in 2008 from 14.2% in 2007.

[42] Excluding share acquisitions.

Capital expenditures — DKKm

NTCA Group	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
Nordic Business incl. YouSee	3,891	3,975	3,968	2.1	(0.2)
Nordic Business excl. YouSee[1]	3,411	3,623	3,695	5.9	1.9
Hereoff TDC Nordic	375	411	398	8.8	(3.3)
YouSee	480	352	273	(36.4)	(28.9)
Sunrise	1,059	735	858	(44.1)	14.3
Other	-	-	11	-	-
NTCA Group	**4,950**	**4,710**	**4,837**	**(5.1)**	**2.6**

[1] As domestic infrastructure (excl. YouSee) is based in Operations & Wholesale, domestic capex cannot be allocated to the separate domestic business lines in the Nordic Business, excl. YouSee.

Statements of cash flow

Cash flow from operating activities rose by DKK 2,152m or 31.7% in 2009. The increase was due mainly to higher EBITDA, lower net interest paid as well as improvement of working capital of DKK 1,043m which was higher than the DKK 509m improvement in 2008.

Cash conversion increased by 9.1% percentage points to 67.4% in 2009. The higher increase in operating free cash flow than in EBITDA was driven mainly by the additional working capital improvements in 2009.

In 2008, cash flow from operating activities decreased by DKK 1,263m or 15.7% compared with 2007. The decrease was due mainly to currency translation adjustments from hedging activities, higher corporate income tax paid and higher outflow related to special items, partly offset by lower net interest paid.

In 2008, cash conversion decreased by 4.2 percentage points to 58.3% from 62.5% in 2007. Despite the increase in EBITDA operating free cash flow decreased as a result of a negative development in the other components of operating free cash flow including a lower working capital improvement in 2008 than in 2007.

Cash flow from investing activities totaled an outflow of DKK 6,314m in 2009 compared with an inflow of DKK 600m in 2008. The development reflected primarily higher investments in enterprises, and related to the acquisitions of Fullrate, A+ and DONG Energy's fiber network in 2009 as well as the divestment of TDC's shares in Polkomtel in 2008.

In 2008, cash outflow from investing activities decreased by DKK 7,286m compared with 2007. The development was driven by the lower proceeds from divestment of enterprises in 2008 than in 2007.

Cash outflow from financing activities decreased by DKK 3,849m in 2009. The lower outflow was due largely to lower repayments of loans that were partly offset by higher dividends for minority interests.

In 2008, cash outflow from financing activities decreased by DKK 1,994m compared with 2007. The lower outflow related mainly to lower repayment of long-term debt.

"In 2009, Consumer revitalised its revenue streams by launching its TDC HomeDuo and HomeTrio multi-play products"

Consumer

In 2009, Consumer's revenue and EBITDA were DKK 9,711m and DKK 3,965m, respectively, compared with DKK 9,901m and DKK 3,873m in 2008. The EBITDA margin was 40.8% in 2009 compared with 39.1% in 2008.

At year-end 2009, Consumer had 2,160 full-time employee equivalents compared with 2,212 in 2008, and 4.2m customers at year-end 2009, up 7.9% compared with year-end 2008, due to the acquisition of Fullrate, more mobile voice and broadband customers and an increased TV-customer base.

Revenue

Consumer's revenue decreased by DKK 190m or 1.9% to DKK 9,711m in 2009. The decrease was due mainly to a reduction of DKK 419m in landline telephony, related to a 18% decrease in the average number of PSTN/ISDN customers, causing a reduction in revenue from both subscriptions and traffic. This was partly counterbalanced by the increase in the VoIP customer base, including the impact from the acquisition of Fullrate, which had 63,000 active VoIP customers at the time of acquisition, and the commercial success of HomeDuo/Trio that helped stem line loss. Revenue from mobility services rose by DKK 211m or 5.0% and related mainly to Telmore as a result of a larger customer base. Revenue in mobility services was also positively affected by mobile broadband due to an increase in the number of customers, from 33,000 at year-end 2008 to 99,000 at year-end 2009. Furthermore, revenue increased in the SoHo segment due to the larger customer base. This was partly counterbalanced by lower ARPU from postpaid residential voice customers due to lower mobile termination charges[43] and lower international mobile roaming charges caused by national and EU price regulation, respectively. Revenue in internet and network rose by DKK 113m and related mainly to the acquisition of Fullrate and Telmore's larger customer base, which was partly counterbalanced by fewer ADSL customers and lower ARPU in Consumer (parent). Revenue from terminal equipment, etc. decreased by DKK 112m due to lower sales in TDC Shops, and operator services fell by DKK 71m due to fewer calls to directory services. Finally, other revenue increased by DKK 88m in 2009, due mainly to an increase in revenue from TVoIP of DKK 112m. Revenue from the TDC TV product soared in 2009 with an increase in customers from 27,000 at year-end 2008 to 96,000 customers at year-end 2009[44] due to the TDC HomeTrio success and the analog switch-off in November.

In 2008, Consumer's revenue decreased by DKK 214m or 2.1% to DKK 9,901m. This related primarily to a DKK 320m decline in landline telephony due to the reduced customer base and lower MoU. Reduced sales of data CPE by TDC Shop also contributed to the negative development, and in total, terminal equipment, etc. decreased by DKK 73m. This was partly offset by increased revenue of DKK 125m from mobility services due mainly to the larger customer base in Telmore, postpaid voice and the SoHo segment, as well as revenue from mobile broadband, which was introduced in 2008. This was offset by lower revenue on prepaid voice due to the smaller customer base. Revenue was also positively affected by internet and network, which increased by DKK 32m due to an increase in the number of broadband customers. Furthermore, other revenue was positively affected by the increase in the number of TV customers.

[43] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on TDC's costs.
[44] Including TDC Business' supply of residential customers.

Gross profit

Gross profit decreased by 0.4% or DKK 24m to DKK 6,691m in 2009. This was a result of the decrease in revenue and increased transmission costs related to more VoIP and TVoIP customers. This was partly offset by reduced transmission costs related to lower mobile termination and lower international roaming, and lower costs related to fewer traditional landline and broadband customers. Overall, transmission costs decreased by DKK 115m or 4.1%. Cost of goods sold decreased by DKK 51m due to reduced sales in TDC Shop.

In 2008, gross profit decreased by 1.8% or DKK 124m to DKK 6,715m as a consequence of the decrease in revenue. This was partly offset by a DKK 78m or 2.7% decrease in transmission costs caused primarily by lower landline telephony activity. Transmission costs were also affected by lower mobile termination and lower international roaming costs, which were partly offset by increased outgoing traffic in Telmore, and more mobile broadband and TV customers. Cost of goods sold also fell due to lower sales of CPE by TDC Shop.

Income before depreciation, amortization and special items (EBITDA)

In 2009, Consumer's EBITDA rose by DKK 92m or 2.4% to DKK 3,965m reflecting savings in other external expenses and wages, salary and pension costs. Other external expenses decreased by DKK 44m or 2.3% to DKK 1,899m in 2009 and stemmed primarily from lower staff-related costs due to fewer employees, reduced rental and IT costs, and lower marketing costs. This was offset mainly by higher costs related to temporary employees and increased costs in Telmore associated with subscriber acquisition and retention costs. Wages, salaries and pension costs fell by DKK 64m or 7.1% to DKK 837m as a result of a reduction in average full-time employee equivalents. Adjusted for the acquisition of Fullrate, Consumer's EBITDA fell by DKK 33m.

In 2008, Consumer's EBITDA rose by DKK 156m or 4.2% to DKK 3,873m reflecting savings in other external expenses and wages, salaries and pension costs. Other external expenses decreased by DKK 126m or 6.1% reflecting lower IT and billing costs, lower employee-related costs as well as lower costs for consultancy, marketing and temporary employees, which were offset by an increase in acquisitions and license costs. The latter was related to the introduction of TDC Play in 2008. Wages, salaries and pension costs decreased by DKK 169m or 15.8% due to a reduction in average full-time employee equivalents.

Selected financial and operational data						Excluding special items
Consumer		**2009**	**2008**	**2007**	**Growth in % 2009 vs. 2008**	**Growth in % 2008 vs. 2007**
	DKKm					
Revenue		**9,711**	**9,901**	**10,115**	**(1.9)**	**(2.1)**
Landline telephony		2,675	3,094	3,414	(13.5)	(9.4)
Mobility services		4,418	4,207	4,082	5.0	3.1
Internet and network		1,734	1,621	1,589	7.0	2.0
Terminal equipment, etc.		381	493	566	(22.7)	(12.9)
Operator services		228	299	311	(23.7)	(3.9)
Other		275	187	153	47.1	22.2
Transmission costs and cost of goods sold		(3,020)	(3,186)	(3,276)	5.2	2.7
Gross profit		**6,691**	**6,715**	**6,839**	**(0.4)**	**(1.8)**
Other external expenses		(1,899)	(1,943)	(2,069)	2.3	6.1
Wages, salaries and pension costs		(837)	(901)	(1,070)	7.1	15.8
Operating expenses before depreciation, etc.		**(5,756)**	**(6,030)**	**(6,415)**	**4.5**	**6.0**
Other income and expenses		10	2	17	-	(88.2)
EBITDA		**3,965**	**3,873**	**3,717**	**2.4**	**4.2**
Key financial ratios						
EBITDA margin	%	40.8	39.1	36.7	-	-
Customer base (end-of-year)	(1,000)					
Landline customers		1,238	1,287	1,463	(3.8)	(12.0)
Mobile customers		2,079	1,938	1,864	7.3	4.0
Mobile broadband and data customers		99	33	-	-	-
Internet customers		705	624	645	13.0	(3.3)
TDC TV customers		96	27	13	-	107.7
Customer base, total		**4,217**	**3,909**	**3,985**	**7.9**	**(1.9)**
Dual-play bundles		213	-	-	-	-
Triple-play bundles		86	-	-	-	-
ARPU (year-average)	**DKK / month**					
PSTN/ISDN		186	188	n.a.	(1.1)	-
Mobile voice, blended		183	189	n.a.	(3.2)	-
Mobile voice, prepaid		148	145	n.a.	2.1	-
Mobile voice, postpaid		219	235	n.a.	(6.8)	-
Broadband		221	227	n.a.	(2.6)	-
Number of employees		**2,160**	**2,212**	**2,681**	**(2.4)**	**(17.5)**

"TDC Business successfully increased its EBITDA margin from 42.3% in 2008 to 46.3% in 2009"

TDC Business

In 2009, TDC Business' revenue and EBITDA were DKK 7,926m and DKK 3,666m, respectively, compared with DKK 8,546m and DKK 3,613m in 2008. The EBITDA margin was 46.3% in 2009 compared with 42.3% in 2008.

At year-end 2009, TDC Business had 1,528 full-time employee equivalents compared with 1,620 in 2008 and 1.9m customers at year-end 2009, up 4.2% compared with year-end 2008.

From 2008 to 2009, TDC Business successfully streamlined its business to focus on high-margin products and reduced expenses. As a result, TDC Business successfully increased its EBITDA margin from 42.3% in 2008 to 46.3% in 2009 in spite of the general economic slowdown.

Revenue

TDC Business' revenue decreased by DKK 620m or 7.3% to DKK 7,926m in 2009. Outsourcing of mobile handset sales to large customers, and divestment of business activities, i.e. LG[45], Business Phone[46], Rejsekort and Digital Signatur in 2008, contributed negatively to revenue growth. Excluding outsourcing and divestments, revenue declined by approximately 4%. The adjusted revenue decrease was driven by lower revenue from traditional landline telephony. This related primarily to a 10% decrease in the customer base due to migration to the mobile networks and VoIP. Revenue on mobility services also decreased by DKK 95m or 4.0%, and was driven by lower ARPU on mobile voice as a result of more flat-rate subscribers, less incoming traffic from landline telephony as well as lower mobile termination charges[47] and lower international mobile roaming charges caused by national and EU price regulation, respectively. This was partly offset by increased revenue from mobile broadband and telemetrics. Moreover, revenue from internet and network decreased by DKK 43m or 1.7%. This was due to fewer domestic broadband subscribers, and lower broadband ARPU. Revenue in NetDesign decreased due to lower sales.

In 2008, TDC Business' revenue decreased by DKK 318m or 3.6% to DKK 8,546m. In both years, revenue was affected by outsourcing of mobile terminal sales to large customers and divestment of business activities, i.e. LG, Business Phone and Digital Signatur. Excluding this, revenue declined by approximately 1%. The revenue decrease was also driven by lower revenue from traditional landline telephony, which decreased by DKK 146m or 6.6% and related primarily to a decrease in the customer base and lower MoU due to migration to the mobile networks, and VoIP. This was partly offset by increasing revenue from mobility services, up DKK 38m or 1.6% to DKK 2,346m, driven by a larger mobile voice customer base, partly offset by lower mobile termination fees and lower international roaming prices caused by national and EU price regulation, respectively.

Gross profit

In 2009, gross profit decreased by DKK 58m or 1.1% to DKK 5,283m and transmission costs and cost of goods sold therefore almost offset the negative revenue growth. Transmission costs decreased by DKK 354m or 14.3%, due to lower landline traffic and lower mobile termination costs

[45] LG refers to import, sales, installation and service of telecommunications installations from LG-Nortel.
[46] Telecommunications solutions for small and medium-sized business customers.
[47] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on TDC's costs.

per minute. Cost of goods sold decreased by DKK 208m or 28.2%, due primarily to the outsourcing and divestment of CPE business activities.

In 2008, gross profit decreased by DKK 283m or 5.0% to DKK 5,341m. Besides the revenue decrease, the gross profit decrease stemmed from higher transmission costs of DKK 101m or 4.3%, due to higher mobile activity, partly offset by lower landline traffic and lower mobile termination costs per minute. This was offset by lower cost of goods sold of DKK 136m or 15.6%, due primarily to outsourcing and divestment of CPE business activities.

Income before depreciation, amortization and special items (EBITDA)

In 2009, EBITDA increased by DKK 53m or 1.5% to DKK 3,666m. Adjusted for disposed business areas, EBITDA increased by approximately 4%. The positive EBITDA development was therefore a result of TDC Business' successful implementation of cost reductions on other external expenses and wages, salaries and pension costs. Other external expenses fell by DKK 106m or 12.5% to DKK 744m in 2009. In addition to lower costs due to the divestment of minor business areas, this resulted from an ongoing streamlining of the business. Wages, salaries and pension costs dropped by DKK 125m or 12.5% to DKK 875m, driven by a decrease in the number of full-time employee equivalents due to redundancy programs and the sale of minor business areas. Other income and expenses declined by DKK 120m and related solely to the gain from divestments of minor business areas in 2008.

In 2008, EBITDA increased by DKK 118m or 3.4% to DKK 3,613m, reflecting largely lower operating expenses as a result of ongoing streamlining of the business to focus on high-margin products, and a decrease in the number of full-time employee equivalents, which more than offset the lower revenue from traditional landline telephony. Gains from the divestment of minor business areas also contributed to the increase.

Selected financial and operational data						**Excluding special items**
TDC Business		**2009**	**2008**	**2007**	**Growth in % 2009 vs. 2008**	**Growth in % 2008 vs. 2007**
	DKKm					
Revenue		**7,926**	**8,546**	**8,864**	**(7.3)**	**(3.6)**
Landline telephony		1,968	2,072	2,218	(5.0)	(6.6)
Mobility services		2,251	2,346	2,308	(4.0)	1.6
Internet and network		2,526	2,569	2,604	(1.7)	(1.3)
Terminal equipment, etc.		1,047	1,395	1,542	(24.9)	(9.5)
Other		134	164	192	(18.3)	(14.6)
Transmission costs and cost of goods sold		(2,643)	(3,205)	(3,240)	17.5	1.1
Gross profit		**5,283**	**5,341**	**5,624**	**(1.1)**	**(5.0)**
Other external expenses		(744)	(850)	(1,038)	12.5	18.1
Wages, salaries and pension costs		(875)	(1,000)	(1,122)	12.5	10.9
Operating expenses before depreciation, etc.		**(4,262)**	**(5,055)**	**(5,400)**	**15.7**	**6.4**
Other income and expenses		2	122	31	(98.4)	-
EBITDA		**3,666**	**3,613**	**3,495**	**1.5**	**3.4**
Key financial ratios						
EBITDA margin	%	46.3	42.3	39.4	-	-
Customer base (end-of-year)	(1,000)					
Landline customers		439	482	504	(8.9)	(4.4)
Mobile customers		977	846	710	15.5	19.2
Mobile data card customers		97	83	73	16.9	13.7
Internet customers		272	300	313	(9.3)	(4.2)
Other networks and data connections		68	67	61	1.5	9.8
Customer base, total		**1,853**	**1,778**	**1,661**	**4.2**	**7.0**
ARPU (year-average)	**DKK / month**					
PSTN/ISDN		364	354	n.a.	2.8	-
Mobile voice		274	308	n.a.	(11.0)	-
Broadband		365	372	n.a.	(1.9)	-
Number of employees		**1,528**	**1,620**	**2,212**	**(5.7)**	**(26.8)**

“In 2009, TDC Nordic increased its market share and now holds a strong position in the high-margin IP-VPN market”

TDC Nordic

In 2009, TDC Nordic’s revenue and EBITDA totaled DKK 3,515m and DKK 497m, respectively, compared with DKK 3,854m and DKK 458m in 2008. The EBITDA margin was 14.1% in 2009 compared with 11.9% in 2008.

At year-end 2009, TDC Nordic had 1,437 full-time employee equivalents compared with 1,619 in 2008 and 0.2m customers at year-end 2009, up 9.7% compared with year-end 2008.

From 2008 to 2009, TDC Nordic increased its market share and now holds a strong position in the high-margin IP-VPN market and in capacity services. This has been accomplished through improved product offerings and value added services.

Revenue

TDC Nordic’s revenue decreased by DKK 339m or 8.8% to DKK 3,515m in 2009. The decrease was driven largely by unfavorable exchange-rate developments in Sweden and Norway. Adjusted for the exchange-rate development, revenue decreased by approximately 2%. The adjusted revenue decrease was driven by TDC Sweden due primarily to a decline in the integrator business. This decline was due mainly to lower project sales that have been highly impacted by the economic downturn. The reduced revenue in TDC Sweden was partly offset by an increase in the operator business (related mainly to revenue from IP-VPN). Adjusted for the unfavorable exchange-rate development, TDC Norway achieved positive revenue growth from 2008 to 2009 due to IP-VPN and data. TDC Finland showed an increase in revenue in 2009, due mostly to growth in the data and IP-VPN businesses. This was partly offset by a slight fall in voice revenue. The increased revenue in TDC Hosting was driven by revenue growth in Denmark, Sweden and Finland.

In 2008, TDC Nordic’s revenue decreased by DKK 9m or 0.2% to DKK 3,854m. The decrease was driven largely by unfavorable exchange-rate developments in Sweden and Norway, and the sale of the residential customer base, which was partly offset by the acquisition of UNI2 in September 2007. Adjusted for the exchange-rate development and acquisitions and divestments, revenue increased by approximately 0.4%. The adjusted revenue increase was driven primarily by an increase in the data business, which was partly offset by a decline in voice revenue in TDC Sweden. Despite an unfavorable exchange-rate development, the revenue in TDC Norway in 2008 was in line with 2007. In TDC Finland, revenue increased by DKK 14m, stemming from data revenue due to an increasing customer base related to IP-VPN. The growth in IP-VPN revenue was partly offset by a slight decrease in landline voice revenue. Including the acquisition of UNI2, revenue in TDC Hosting increased by DKK 139m, which also related to the establishment of Hosting AB and Hosting OY in January 2008 and general organic growth.

Gross profit

In 2009, TDC Nordic’s gross profit decreased by DKK 117m or 6.8% to DKK 1,609m. The decrease in revenue was partly offset by a DKK 222m or 10.4% decrease in transmission costs and cost of goods sold, as a result of the lower activity related to the integrator business in TDC Sweden.

In 2008, TDC Nordic's gross profit increased by DKK 59m or 3.5% to DKK 1,726m. The increase was driven by a DKK 68m decrease in transmission costs and cost of goods sold due mainly to decreasing activities in Sweden primarily within the voice business, but also due to the sale of the residential customer base.

Income before depreciation, amortization and special items (EBITDA)

TDC Nordic's EBITDA increased by DKK 39m or 8.5% to DKK 497m in 2009. This related mainly to lower other external expenses and wages, salaries and pension costs, both of which were affected by the exchange-rate development. Other external expenses fell by DKK 65m or 18.0% to DKK 296m in 2009, and related to a strict focus on cost control and a reduction in personnel-related costs as a consequence of fewer FTEs. Wages, salaries and pension costs decreased by DKK 86m or 9.2% to DKK 851m due largely to the decrease in full-time employee equivalents.

In 2008, TDC Nordic's EBITDA rose by DKK 33m or 7.8% to DKK 458m. The increase was positively affected by a decrease of DKK 56m to DKK 361m in other external expenses in 2008, as a consequence of the strict focus on cost control and minimization of personnel-related costs that was partly offset by increases in other external expenses in TDC Hosting due to the expansion of the business. The development in EBITDA from 2007 to 2008 was negatively affected by a DKK 43m or 4.8% increase in wages, salaries and pension costs, up to DKK 937m. This increase was due primarily to more FTEs in TDC Hosting.

Selected financial and operational data					Excluding special items
TDC Nordic	**2009**	**2008**	**2007**	**Growth in % 2009 vs. 2008**	**Growth in % 2008 vs. 2007**
DKKm					
Revenue	**3,515**	**3,854**	**3,863**	**(8.8)**	**(0.2)**
TDC Sweden	1,726	2,064	2,236	(16.4)	(7.7)
TDC Norway	879	905	906	(2.9)	(0.1)
TDC Finland	686	673	659	1.9	2.1
TDC Hosting	330	308	169	7.1	82.2
Other, incl. eliminations	(106)	(96)	(107)	(10.4)	10.3
Landline telephony	852	937	1,038	(9.1)	(9.7)
Mobility services	106	62	69	71.0	(10.1)
Internet and network	1,385	1,424	1,395	(2.7)	2.1
Terminal equipment, etc.	912	1,153	1,163	(20.9)	(0.9)
Other	260	278	198	(6.5)	40.4
Transmission costs and cost of goods sold	(1,906)	(2,128)	(2,196)	10.4	3.1
Gross profit	**1,609**	**1,726**	**1,667**	**(6.8)**	**3.5**
Other external expenses	(296)	(361)	(417)	18.0	13.4
Wages, salaries and pension costs	(851)	(937)	(894)	9.2	(4.8)
Operating expenses before depreciation, etc.	**(3,053)**	**(3,426)**	**(3,507)**	**10.9**	**2.3**
Other income and expenses	35	30	69	16.7	(56.5)
EBITDA	**497**	**458**	**425**	**8.5**	**7.8**
Key financial ratios					
EBITDA margin %	14.1	11.9	11.0	-	-
Customer base (end-of-year) (1,000)					
Landline customers	55	47	16	17.0	193.8
Mobile customers	44	24	14	83.3	71.4
Internet customers	82	94	98	(12.8)	(4.1)
Customer base, total	**181**	**165**	**128**	**9.7**	**28.9**
Number of employees	**1,437**	**1,619**	**1,596**	**(11.2)**	**1.4**

"Operations & Wholesale successfully carried out extensive cost reductions from 2008 to 2009"

Operations & Wholesale

In 2009, Operations & Wholesale's revenue and EBITDA were DKK 2,582m and DKK 1,498m, respectively, compared with DKK 2,748m and DKK 1,574m in 2008. The EBITDA margin was 58.0% in 2009 compared with 57.3% in 2008.

At year-end 2009, Operations & Wholesale had 4,409 full-time employee equivalents compared with 4,406 in 2008, and 0.9m customers at year-end 2009, down 2.1% compared with year-end 2008. This resulted primarily from TDC's acquisition of Fullrate, which moved Fullrate's customer portfolio from Wholesale to Consumer.

Operations & Wholesale successfully implemented extensive cost reductions from 2008 to 2009. The decline in EBITDA in 2009 was therefore a result of the divestment and outsourcing of business activities in both 2008 and 2009, and loss of service-provider revenue from Fullrate after the acquisition. Adjusted for these impacts, EBITDA increased by approximately 2% in 2009.

Revenue

Operations & Wholesale's revenue decreased by DKK 166m or 6.0% to DKK 2,582m in 2009. This overall decline was due partly to lower transit traffic after the divestment of the international voice business, and lower internet and network revenue due to Consumer's acquisition of Fullrate. Moreover, sale of the satellite business and outsourcing of the mobile network in 2008 affected the revenue development negatively. Excluding these issues, revenue increased by approximately 2%. The adjusted revenue increase was driven mainly by an increase of DKK 80m in mobility services due to more customers, although this was partly offset by lower mobile termination charges[48] and lower international mobile roaming charges caused by national and EU price regulation, respectively. The economic downturn also had an impact on roaming revenue involving a 12% decrease in roaming traffic on TDC's mobile network in Denmark. Moreover, fewer service-provider landline customers also had a negative effect on revenue.

In 2008, Operations & Wholesale's revenue decreased to DKK 2,748m, down by DKK 853m or 23.7%, of which DKK 781m related to Wholesale. The decrease was driven primarily by a DKK 600m decrease in landline telephony due to less revenue from transit traffic as a result of the divestment of international voice business. Traditional landline telephony was also negatively affected by fewer customers. Revenue from mobility services also decreased by DKK 142m due to fewer customers as a consequence of the loss of Debitel, lower mobile termination charges and lower international mobile roaming charges caused by price regulation.

Gross profit

In 2009, gross profit decreased by DKK 119m or 5.3% to DKK 2,146m. Wholesale accounted for DKK 167m of the decrease in gross profit due chiefly to fewer landline customers. Transmission costs increased by DKK 7m in spite of lower total activity. This was a result of the rising activity in mobility services where transmission costs are higher than in landline telephony. However, cost of goods sold decreased by DKK 54m due to cost savings, primarily in Installations, and thus contributed positively to the gross profit development.

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[48] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on TDC's costs.

In 2008, gross profit decreased by DKK 326m or 12.6% to DKK 2,265m, which largely reflected the fall in revenue but was partly offset by a DKK 525m reduction in transmission costs to DKK 377m that related primarily to the divestment of the international voice business. Transmission costs also decreased following reduced mobile termination charges. Cost of goods sold was almost unchanged, and decreased by DKK 2m to DKK 106m in 2008.

Income before depreciation, amortization and special items (EBITDA)

In 2009, EBITDA decreased by DKK 76m, or 4.8% to DKK 1,498m. This was caused mainly by a DKK 119m decrease in gross profit, but was also negatively affected by a DKK 114m reduction in other income and expenses, which reflected lower gains from divestment and outsourcing of business activities. This was partly compensated for by a DKK 256m or 9.8% reduction in other external expenses to DKK 2,343m that related to lower property, facility management and IT equipment costs, and a decrease in wages, salaries and pension costs of DKK 233m, or 14.1%, to DKK 1,414m. The latter was driven by the full-year FTE effect of outsourcing and divestments and further streamlining of the organization.

In 2008, EBITDA rose by DKK 154m or 10.8% to DKK 1,574m. The positive EBITDA development was a result of Operations & Wholesale's successful implementation of cost reductions on other external expenses and wages, salaries and pension costs, which more than compensated for the decrease in gross profit. Wages, salaries and pension costs decreased by DKK 271m or 14.1% to DKK 1,647m in 2008 as a consequence of outsourcing 886 full-time employee equivalents to Ericsson and CSC, which took place in March and June 2008. However, the wage reduction related to the outsourcing was partly offset by an increase in other external expenses. Still, other external expenses decreased by DKK 119m, or 4.4% to DKK 2,599m, which related chiefly to lower personnel-related costs due to fewer employees, as well as lower consultancy costs.

Selected financial and operational data					Excluding special items
Operations & Wholesale	2009	2008	2007	Growth in % 2009 vs. 2008	Growth in % 2008 vs. 2007
DKKm					
Revenue	**2,582**	**2,748**	**3,601**	**(6.0)**	**(23.7)**
Wholesale	2,235	2,390	3,171	(6.5)	(24.6)
Other	347	358	430	(3.1)	(16.7)
Landline telephony	623	889	1,489	(29.9)	(40.3)
Mobility services	590	510	652	15.7	(21.8)
Internet and network	945	982	983	(3.8)	(0.1)
Other	424	367	477	15.5	(23.1)
Transmission costs and cost of goods sold	(436)	(483)	(1,010)	9.7	52.2
Gross profit	**2,146**	**2,265**	**2,591**	**(5.3)**	**(12.6)**
Other external expenses	(2,343)	(2,599)	(2,718)	9.8	4.4
Wages, salaries and pension costs	(1,414)	(1,647)	(1,918)	14.1	14.1
	(4,193)	(4,729)	(5,646)	11.3	16.2
Operating expenses allocated to other business lines	3,009	3,341	3,327	(9.9)	0.4
Operating expenses before depreciation, etc.	**(1,184)**	**(1,388)**	**(2,319)**	**14.7**	**40.1**
Other income and expenses	100	214	138	(53.3)	55.1
EBITDA	**1,498**	**1,574**	**1,420**	**(4.8)**	**10.8**
Key financial ratios					
EBITDA margin %	58.0	57.3	39.4	-	-
Customer base (end-of-year) (1,000)					
Landline customers	242	297	369	(18.5)	(19.5)
Mobile customers	316	227	221	39.2	2.7
Mobile broadband and data customers	6	3	-	100.0	-
Internet customers	139	124	134	12.1	(7.5)
Other networks and data connections	240	313	249	(23.3)	25.7
TDC TV customers	1	0	-	-	-
Customer base, total	**944**	**964**	**973**	**(2.1)**	**(0.9)**
ARPU (year-average) DKK / month					
PSTN/ISDN	100	100	n.a.	-	-
Mobile voice, Service Provider	120	93	n.a.	29.0	-
Number of employees	**4,409**	**4,406**	**5,557**	**0.1**	**(20.7)**

"In 2009, YouSee accomplished subscriber and revenue growth in all product lines, while containing operating expenses"

YouSee

In 2009, YouSee's revenue and EBITDA totaled DKK 3,597m and DKK 1,141m, respectively, compared with DKK 3,188m and DKK 954m in 2008. The EBITDA margin was 31.7% in 2009 compared with 29.9% in 2008.

At year-end 2009, YouSee had 1,265 full-time employee equivalents compared with 1,174 in 2008. YouSee's cable-TV customers totaled 1.2m, up 3.6% compared with 2008. Broadband and telephony customers totaled 393,000 and 71,000, up 21.7% and 51.1%, respectively.

From 2008 to 2009, YouSee achieved subscriber and revenue growth in all product lines, while containing operating expenses. The most significant growth was obtained in the digital-TV segment, including significant growth in the number of YouSee Plus subscribers.

Revenue

YouSee's revenue rose by DKK 409m or 12.8% to DKK 3,597m in 2009. The acquisition of A+ on June 1, 2009 contributed DKK 78m to the revenue growth, while the partial divestment of Connect Partner contributed negatively by DKK 42m. Adjusted for these impacts, YouSee's revenue increased by approximately 10%, as YouSee managed to increase its customer base in all business areas from 2008 to 2009. The growth was attributed mainly to YouSee Clear, which increased by DKK 222m or 10.0% to DKK 2,433m, and related to an increasing customer base and higher ARPU. YouSee Plus increased by DKK 50m or 50% to DKK 150m due to a significant increase in the customer base and ARPU. Revenue from internet services and landline telephony also increased, related to more customers. This was partly offset by decreased revenue from installation related to lower activity.

In 2008, revenue increased by DKK 359m or 12.7% to DKK 3,188m. The increase was driven largely by higher TV revenue of 15.4% due to a larger customer base and higher ARPU as a result of a wider range of TV channels. YouSee's broadband and telephony businesses exhibited revenue growth of 10.0% and 14.9% due mainly to larger customer bases.

Gross profit

In 2009, YouSee's gross profit increased by DKK 228m or 12.4% to DKK 2,072m, which related to the increased revenue. Transmission costs and cost of goods sold increased by DKK 181m to DKK 1,525m. The increase was related primarily to higher program costs of DKK 134m, stemming from an increased customer base, new programs and higher prices.

In 2008, gross profit increased by DKK 168m or 10.0% to DKK 1.844m, which was related to the increased revenue. This was partly offset by transmission costs and cost of goods sold, which increased by DKK 191m to DKK 1,344m in 2008, stemming mainly from increased program expenses due to more customers and a wider range of channels in the packages.

Income before depreciation, amortization and special items (EBITDA)

YouSee's EBITDA increased by DKK 187m or 19.6% to DKK 1,141m in 2009. The increase related mainly to increased revenues from a larger customer base and higher ARPU, especially on TV, but also on broadband. This was partly offset by an increase in wages, salaries and pension costs of DKK 36m or 7.7% to DKK 503m, due primarily to an increase in full-time employee equivalents that related primarily to the acquisition of A+. Other external expenses remained almost unchanged at DKK 429m in 2009.

In 2008, YouSee's EBITDA increased by DKK 140m or 17.2% to DKK 954m. This is related mainly to increased revenue from a larger customer base and higher ARPU on TV and broadband. Other external expenses increased by DKK 4m or 0.9% to DKK 430m in 2008, and related primarily to more installation work linked to changing customers' TV packages, increased rent of network and more cable faults. Wages, salaries and pension costs rose by DKK 30m or 6.9% to DKK 467m, due largely to an increase in full-time employee equivalents.

Selected financial and operational data					Excluding special items	
YouSee		**2009**	**2008**	**2007**	**Growth in % 2009 vs. 2008**	**Growth in % 2008 vs. 2007**
	DKKm					
Revenue		**3,597**	**3,188**	**2,829**	**12.8**	**12.7**
YouSee Clear		2,433	2,211	1,912	10.0	15.6
YouSee Plus		150	100	90	50.0	11.1
Internet services		725	640	582	13.3	10.0
Landline telephony		72	54	47	33.3	14.9
Other		217	183	198	18.6	(7.6)
Transmission costs and cost of goods sold		(1,525)	(1,344)	(1,153)	(13.5)	(16.6)
Gross profit		**2,072**	**1,844**	**1,676**	**12.4**	**10.0**
Other external expenses		(429)	(430)	(426)	0.2	(0.9)
Wages, salaries and pension costs		(503)	(467)	(437)	(7.7)	(6.9)
Operating expenses before depreciation, etc.		**(2,457)**	**(2,241)**	**(2,016)**	**(9.6)**	**(11.2)**
Other income and expenses		1	7	1	(85.7)	-
EBITDA		**1,141**	**954**	**814**	**19.6**	**17.2**
Key financial ratios						
EBITDA margin	%	31.7	29.9	28.8	-	-
Customer base (end-of-year)	**(1,000)**					
TV customers		1,153	1,113	1,092	3.6	1.9
of which YouSee Plus		146	105	82	39.0	28.0
Internet customers		393	323	309	21.7	4.5
Landline customers		71	47	35	51.1	34.3
Mobile broadband customers		2	-	-	-	-
Customer base, total		**1,619**	**1,483**	**1,436**	**9.2**	**3.3**
ARPU (year-average)	DKK / month					
Landline internet		167	168	n.a.	(0.6)	-
TV, total		188	173	n.a.	8.7	-
YouSee Clear		177	166	n.a.	6.6	-
Additional ARPU YouSee Plus		100	89	n.a.	12.4	-
Other KPIs						
Homes passed	(1,000)	1,401	1,333	n.a.	5.1	-
Penetration	%	81%	84%	n.a.	-	-
Number of employees		**1,265**	**1,174**	**1,110**	**7.8**	**5.8**

"Sunrise has achieved a successful turnaround with strong revenue and EBITDA growth"

Sunrise

In 2009, revenue and EBITDA in Sunrise totaled DKK 9,866m and DKK 2,510m, respectively, compared with DKK 8,705m and DKK 2,147m in 2008. The EBITDA margin was 25.4% in 2009, compared with 24.7% in 2008.

At year-end 2009 Sunrise had 1,550 full-time employee equivalents, compared with 1,474 in 2008. At year-end 2009, Sunrise had 2.9m customers, which was unchanged compared with year-end 2008.

Revenue

In 2009, Sunrise's revenue totaled DKK 9,866m, up by DKK 1,161 or 13.3%. In local currency, revenue increased by 7.8%. The significant revenue growth was due mainly to the acquisition of Tele2 in 4Q 2008, which had a full-year effect in 2009, and a significant favorable exchange-rate development, which was, however, partly offset by the divestment of SBC in 2008. Excluding these issues, revenue increased by approximately 3%. Revenue from landline telephony amounted to DKK 3,255m, up by DKK 578m, or 21.6%. In local currency, revenue from landline telephony increased by CHF 90m, or 15.8%. Besides the acquisition of Tele2, which was only partly offset by the divestment of SBC, the growth in landline telephony was positively affected by increased wholesale revenue. In 2009, revenue from internet services amounted to DKK 899m, up by DKK 188m, or 26.4%. In local currency, revenue from internet services increased by CHF 31m, or 20.5%. Besides Tele2, revenue was affected by an increase in the ADSL customer base that was partly offset by the discounts given to the larger number of subscribers on the ULL platform, which increased from 20,000 to 133,000 at year-end 2009.

Revenue from mobility services amounted to DKK 5,712m, up by DKK 395m, or 7.4%. In local currency, revenue from mobility services increased by CHF 23m, or 2.0%. Apart from the acquisition of Tele2, the increase in revenue from mobility services was driven by growth in both postpaid and prepaid revenues. However, this was offset by lower revenue from mobile termination due to price regulation[49] and a higher share of on-net calls. Further, revenue from sale of handsets declined.

In 2008, revenue totaled DKK 8,705m, a decrease of DKK 137m, or 1.5%. In local currency, revenue decreased by CHF 92m, or 4.7%. Revenue in Sunrise was negatively affected by the divestment of SBC, which was more than offset by a favorable exchange-rate development and to a lesser extent, the acquisition of Tele2 in 4Q 2008. Excluding these impacts, revenue in Sunrise decreased by approximately 3%. The decline in revenue was driven mainly by landline telephony with a DKK 68m or 2.5% decrease, which was driven by the divestment of SBC and lower activity prior to the divestment, and lower ARPU, partially offset by higher wholesale revenue. Mobility services also had a negative impact on revenue development with a decline of DKK 56m, or 1.0%, driven mainly by lower retail and termination prices. The latter related to national regulation. Mobility services was also affected by lower revenue from sale of handsets, partly offset by a larger prepaid and postpaid customer base.

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[49] The negative impact on EBITDA from price reductions on mobile termination was relatively low due to the spill-over effect on Sunrise's costs.

Gross profit

In 2009, gross profit totaled DKK 6,156m, up by DKK 661m, or 12.0%. In local currency, gross profit increased by 6.5%. Transmission costs totaled DKK 3,475m (CHF 705m), up by CHF 44m, or 6.7%. Cost of goods sold totaled DKK 235m (CHF 47m), up by CHF 24m, or 104.3%. The higher costs were driven mainly by increased landline wholesale activity, the full-year effect of Tele2, increases in costs from 2008 to 2009 due to non-recurring compensation from Swisscom in 2008 regarding an adjustment of excessive landline termination charges between 2006 and 2008, the currency effect, and higher ULL fees, which were almost entirely offset by ADSL related to cost savings. The increases were partly offset by the full-year effect of the divestment of SBC, as well as lower mobile roaming and termination prices due to regulation, and lower handset sales.

In 2008, gross profit totaled DKK 5,495m, a decrease of DKK 67m, or 1.2%. In local currency, gross profit decreased by CHF 53m, or 4.3%. Transmission costs and cost of goods sold were positively affected by non-recurring compensation from Swisscom in 2008 regarding an adjustment of excessive prices for termination charges of landline calls from 2006 to 2008, the divestment of SBC, as well as fewer sold handsets and lower ADSL wholesale and mobile termination prices from Swisscom. These effects were partly offset by the higher wholesale activity, the increased volume of prepaid subscribers, and the exchange-rate development.

Income before depreciation, amortization and special items (EBITDA)

In 2009, Sunrise EBITDA totaled DKK 2,510m, an increase of DKK 363m or 16.9%. In local currency, EBITDA increased by CHF 51m, or 11.1%. The EBITDA growth related primarily to the acquisition of Tele2, the favorable exchange-rate development, which was partially offset by the cost increase from 2008 to 2009 due to the non-recurring compensation from Swisscom in 2008 regarding excessive termination charges from 2006 to 2008. Excluding these issues, EBITDA increased by approximately 9%, which was driven by gross profit related in particular to increased mobile activity, and reduced wages, salaries and pension costs. The effect was partly offset by an increase in other external expenses. Other external expenses totaled DKK 2,763m, up DKK 390m or 16.4%. In local currency, other external expenses increased by CHF 55m, or 10.9%. The increase was driven by the full-year effect of the outsourcing agreement (which was offset by a corresponding wage reduction), service level agreements and other items for Tele2, as well as a higher call-center overflow. Sunrise wages, salaries and pension costs totaled DKK 888m, a decrease of DKK 93m, or 9.5%. In local currency, wages, salaries and pension costs declined by CHF 30m, or 14.3%. Besides the divestment of SBC, this was driven by the full-year effect of the network outsourcing, partly offset by the increase in the number of FTEs due to the acquisition of Tele2 (53)[50].

In 2008, EBITDA totaled DKK 2,147m, a decrease of DKK 240m, or 10.1%. In local currency, EBITDA decreased by CHF 68m, or 12.9%. The EBITDA development in Sunrise was negatively affected by the divestment of SBC, which was, however, more than offset by the non-recurring compensation from Swisscom in 2008 regarding excessive termination charges from 2006 to 2008, the positive exchange-rate development and the acquisition of Tele2. Excluding these impacts, EBITDA in Sunrise decreased by approximately 20%. The decline in EBITDA was driven mainly by other external expenses totaling DKK 2,373m, an increase of DKK 347m, or 17.1%, due primarily to higher customer acquisition and retention costs as well as outsourcing of network operations. Wages, salaries and pension costs totaled DKK 981m, a decrease of DKK 168m, or 14.6%. This was due mainly to outsourcing of network operations, divestment of SBC and additional FTE reductions in both 2007 and 2008 related to redundancy programs.

[50] Though the company was acquired in 2008, the employees from Tele2 were not included in Sunrise's full-time employee equivalents until January 2009.

Selected financial and operational data					Excluding special items	
Sunrise		**2009**	**2008**	**2007**	**Growth in % 2009 vs. 2008**	**Growth in % 2008 vs. 2007**
	DKKm					
Revenue		**9,866**	**8,705**	**8,842**	**13.3**	**(1.5)**
Landline telephony		3,255	2,677	2,745	21.6	(2.5)
Mobility services		5,712	5,317	5,373	7.4	(1.0)
Internet services		899	711	724	26.4	(1.8)
Transmission costs and cost of goods sold		(3,710)	(3,210)	(3,280)	(15.6)	2.1
Gross profit		**6,156**	**5,495**	**5,562**	**12.0**	**(1.2)**
Other external expenses		(2,763)	(2,373)	(2,026)	(16.4)	(17.1)
Wages, salaries and pension costs		(888)	(981)	(1,149)	9.5	14.6
Operating expenses before depreciation, etc.		**(7,361)**	**(6,564)**	**(6,455)**	**(12.1)**	**(1.7)**
Other income and expenses		5	6	0	(16.7)	-
EBITDA		**2,510**	**2,147**	**2,387**	**16.9**	**(10.1)**
Key financial ratios						
EBITDA margin	%	25.4	24.7	27.0	-	-
Customer base (end-of-year)	**(1,000)**					
Landline customers		635	730	457	(13.0)	59.7
Mobile customers		1,863	1,768	1,524	5.4	16.0
Internet customers		356	360	292	(1.1)	23.3
Customer base, total		**2,854**	**2,858**	**2,273**	**(0.1)**	**25.7**
Number of employees		**1,550**	**1,474**	**2,036**	**5.2**	**(27.6)**

Risk management

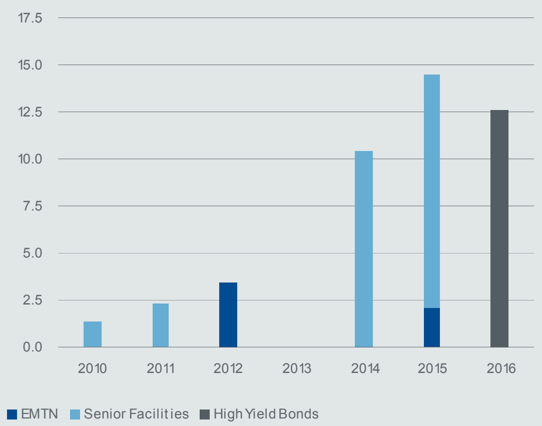
Operational risk management

The operational risks of NTCA relate exclusively to the operations of TDC and are managed by TDC through two central functions: the Risk Management function and a Corporate Security function. Additionally, each TDC subsidiary has appointed employees responsible for security and insurance issues who work closely together with the central Risk Management function. The risk management activities are governed mainly by a corporate insurance policy, which is anchored in TDC's corporate security policy.

The aim of the central Security and Risk Management functions is systematically to identify and reduce risks relating to assets, activities, and employees. It is TDC's policy to continuously reduce risks in general, and to transfer catastrophe risks to insurance companies.

As part of the risk management strategy, a comprehensive annual risk survey program is employed in close cooperation with external risk engineers. Insurance coverage is based on identified risk scenarios and insurance conditions available from insurance markets in Denmark and abroad.

Maturity profile of gross debt, nominal value, year-end 2009[1] **DKKbn**



[1] Nominal value of Senior Facilities and EMTN at TDC and High Yield Bonds at NTCA, as of December 31, 2009

The amount of self retention in TDC's insurance programs has been determined based on the risk assessment related to each individual area and the subsequent level of insurance premiums.

Financial management and market risk disclosures

NTCA is exposed to financial market and credit risks when buying and selling goods and services in foreign denominated currencies as well as investing in and financing activities. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures approved by TDC's Board of Directors. Maximum risk levels, both at NTCA and TDC Group levels, have been set for interest, exchange rate and credit exposures. Together with market values of financial assets and liabilities, these exposures are calculated and monitored daily (credit risks) or twice weekly (interest and exchange-rate risks). All risk measures are reported to the Group CFO on a weekly basis.

TDC's Group Treasury is responsible for the treasury management system and methodologies used to calculate and estimate risk positions. Group Treasury uses derivatives for hedging interest and exchange-rate exposure. The derivatives are used for hedging purposes only and not for taking speculative positions.

The general policies and procedures for NTCA's financial risk management are set out in NTCA's/TDC's financial strategy, which is reviewed and revised on an annual basis, if necessary.

TDC/NTCA's financial strategy was revised in December 2008 and defines maxima for interest and exchange-rate value at risk (VaR) as well as maxima/minima for a range of other risk variables.

Refinancing and liquidity risks

To reduce refinancing risk, the maturity profile of the debt portfolio is spread over several years. Further, voluntary prepayments and buy-backs of debt have reduced debt redemption hurdles to manageable levels. Therefore, NTCA has no significant debt positions to be refinanced in the coming years. A revolving credit facility of DKK 5.2bn (EUR

700m) with commitment from a broad base of banks and cash generated by the business activities are deemed sufficient to handle upcoming redemptions of debt.
All cash resources are highly liquid. Thus, NTCA's exposure to liquidity risk is limited.

Interest-rate risks

NTCA is exposed mainly to interest-rate risks in the euro area as the vast majority of the net interest-bearing debt is denominated or swapped into EUR. The interest-rate risks emerge from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

As a consequence of the interdependence between TDC and NTCA and their capital structure and financing, the scope of interest-rate risk management is considerable.NTCA's debt financing includes several financial covenants and undertakings to which NTCA must adhere.

Further, though TDC is not legally obliged to, it is TDC's aim to be able to pay out sufficient dividends on a continuous basis for NTCA to meet its debt service requirements on its high-yield bond debt.

As a consequence of these requirements, interest-rate risks are monitored and managed using several variables as stipulated in NTCA's/TDC's financial strategy for 2008. TDC has monitored and managed the following variables (for TDC and NTCA ApS in combination):

- Interest-rate VaR on gross debt (including related derivatives) shall not exceed DKK 2,500m
- Interest-rate VaR on the derivatives portfolio and marketable securities shall not exceed DKK 1,000m (for TDC)
- Floating interest-rate debt shall not exceed 60% of the total gross debt (including related derivatives)
- Duration of gross debt (including related derivatives) shall exceed 1.5 years
- Duration of cash accounts, marketable securities and deposits shall not exceed 0.5 years
- The maximum share of fixed interest-rate gross debt to be reset within one year shall not exceed 25% for the next upcoming 5 years (The CFO can approve breaches of the 25% limit for up to 3 months during which Group Treasury must take action or have plans approved by the

Monitored interest-rate risk variables (end-of-period) **DKKm**

	Maxima / minima	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	Interval 2009	Average 2009	Average 2008	Average 2007
Interest-rate VaR on gross debt	Max. 2,500	749	791	737	950	920	732-995	861	1,067	1,388
Interest-rate VaR on the derivatives portfolio and marketable securities	Max. 1,000	358	270	234	346	272	232-421	300	417	510
Share of floating interest-rate debt	Max. 60%	39%	37%	49%	46%	43%	27%-49%	43%	38%	35%
Duration of gross debt (years)	Min. 1.5	1.90	1.95	1.82	1.87	1.81	1.70-2.33	1.91	2.24	2.31
Duration of cash accounts, marketable securities and deposits (years)	Max. 0.5	0.02	0.00	0.00	0.02	0.00	0.00-0.03	0.01	0.01	0.01
The maximum share of fixed interest-rate gross debt to be reset within one year for the next upcoming 5 years	Max. 25%	21%	28%	26%	25%	25%	22%-40%	28%	18%	22%

CFO to reduce the interest resetting risk to below 25%).

The table shows the interest-rate risk variables monitored by TDC.

Exchange-rate risks

NTCA is primarily exposed to exchange-rate risks from EUR, CHF, USD and SEK. The exchange-rate exposure from NTCA's business activities relates principally to net income generated in foreign subsidiaries, as income and expenses generated in these entities are denominated in primarily local currencies. As the exposure is relatively insignificant, to date it has not been hedged. For domestic companies, the net exchange-rate exposure arising from accounts payable and receivable has been hedged on the date on which they are recognized.

Due to NTCA's capital structure, the exposure from financial activities in EUR is significant, as 98% of the nominal gross debt (including derivatives) is denominated in EUR. However, because of the fixed EUR/DKK exchange-rate policy of Danmarks Nationalbank (the Danish central bank), NTCA does not consider positions in EUR to constitute a significant risk.

With the exception of Sunrise, NTCA has not hedged investments in foreign entities. Because of the significant exposure arising from the investment in Sunrise, a minimum 50% of this investment has been hedged since early 2009. Previously, the investment in Sunrise was fully hedged.

Throughout 2009, TDC monitored and managed exchange-rate risk using the following variables:

- Exchange-rate VaR on EBITDA or Consolidated Cash Flow must not exceed 3% of EBITDA or Consolidated Cash Flow

- Exchange-rate VaR on equity investments and intra-group loans (both including related hedging instruments) shall not exceed DKK 2,000m (for TDC)

- Exchange-rate VaR on gross debt, hedging instruments (other than those used for equity investments and intra-group loans), loans to associates, cash accounts, marketable securities and accounts payable and receivable shall not exceed DKK 600m.

The table below shows the exchange-rate variables monitored by TDC.

In addition to the above variables, the financial strategy includes a range of exchange-rate hedging policies, which, e.g. stipulate that investments in non-core businesses as a guiding rule should be hedged, investments in core businesses should not be hedged and all Group accounts payable and receivable should be hedged against local currencies.

Monitored exchange-rate risk variables (end-of-period) **DKKm**

	Maxima	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	Interval 2009	Average 2009	Average 2008	Average 2007
Exchange-rate VaR on equity investments and intra-group loans	2,000	527	677	681	1,177	1,238	429-1,280	890	577	542
Exchange-rate VaR on the financial portfolio[1, 2]	600	127	93	92	151	125	84-167	113	134	137

[1]Gross debt, other hedging instruments, loans to associates, cash accounts, marketable securities and accounts payable and receivable.
[2]The average figures for 2007 & 2008 cannot be compared with the figures for 2009. Before 2009, the portfolio was split between a EUR denominated portfolio and non-EUR denominated portfolio. Thus, the 2007 and 2008 average figures are the sum of these two portfolios with no correlation effects taken into account.

Credit risks

NTCA is exposed to credit risks through TDC principally as a supplier of telecommunications services in Denmark and abroad and as a counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by the individual business lines under TDC, whereas the credit risk in relation to financial contracts is handled centrally by TDC's Group Treasury. Credit risk arising in relation to financial contracts is governed by a set of policies and procedures that ultimately defines a maximum exposure regarding each counterparty. The maxima, which are approved by TDC's Board of Directors, are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P) or Moody's Investor Services (Moody's). This policy serves to diversify counterparty exposure and reduce exposure to single counterparties. However, should a counterparty default, a loss might be incurred. Credit risk is monitored on a daily basis.

Credit rating

NTCA ApS is rated by S&P, Moody's and Fitch.

NTCA ApS Company Ratings at December 31, 2009

Rating	Senior Unsecured	Long-term	Outlook
S&P	BB-	BB-	Positive
Moody's	B1	Ba2	Stable
Fitch	BB-	-	Positive

During 2009, both NTCA's outlook as well as the company rating was upgraded.

On January 20, 2009, Fitch upgraded NTCA's outlook from stable to positive. Futhermore, on November 26, 2009, Fitch upgraded the Senior Unsecured Notes to BB- from B+. On January 30, 2009, Moody's upgraded NTCA's company rating to Ba2 (stable outlook) from Ba3 (positive outlook). At the same time, the credit rating of NTCA's Senior Facilities was upgraded to Ba1 from Ba2 and the credit rating of NTCA's Euro Medium Term Notes (EMTN) was upgraded to Ba3 from B1. The credit rating of NTCA's High Yield Bonds was upgraded to B1 from B2. On June 3, 2009, S&P upgraded the Senior Unsecured Notes to BB- from B+. Furthermore, on November 26, S&P changed NTCA's outlook to positive from stable.

TDC's related pension funds

The pension funds related to TDC invest in a wide variety of marketable securities (predominantly fixed income and equities) and real estate. The rate of return on the investments has implications for TDC's financial results and pension-plan funding requirements, as TDC is obliged to cover any shortfall in the pension funds' ability to comply with the capital adequacy requirements under the Danish Act on Company Pension Funds.

TDC continuously monitors the pension fund investments and the related risks.

Financial position

At year-end 2009, cash, marketable securities and interest-bearing receivables amounted to DKK 4,817m compared with DKK 7,316m at year-end 2008, while short-term interest-bearing debt amounted to DKK 5,759m at year-end 2009, leaving net liquid assets at DKK (942)m. The corresponding short-term interest-bearing debt and net liquid assets for year-end 2008 were DKK 4,718m and DKK 2,598m respectively.

Long-term interest-bearing debt totaled DKK 41,104m at year-end 2009, compared with DKK 51,556m at year-end 2008. Net interest-bearing debt was DKK 42,046m at year-end 2009, compared with DKK 48,958m at year-end 2008.

TDC's total cash, marketable securities, interest-bearing receivables and undrawn credit lines totaled DKK 8,141m at year-end 2009, a decrease of DKK 3,891m compared with year-end 2008.

In NTCA's opinion, the available cash, marketable securities, interest-bearing receivables and undrawn credit lines are sufficient to maintain current operations, to complete projects underway, to finance stated objectives and plans, and to meet short- and long-term cash requirements.

Year-end net interest-bearing debt and total cash, interest-bearing receivables and undrawn credit lines DKKm

TDC Group	2009	2008	2007
Cash and interest-bearing receivables	4,817	7,316	8,828
Short-term interest-bearing debt	(5,759)	(4,718)	(4,149)
Net liquid assets	(942)	2,598	4,679
Long-term interest-bearing debt	(41,104)	(51,556)	(75,768)
Net interest-bearing debt	**(42,046)**	**(48,958)**	**(71,089)**
Cash and interest-bearing receivables	4,817	7,316	8,828
Undrawn committed short- and long-term credit lines	3,324	4,716	4,789
Total cash, net interest-bearing receivables and undrawn credit lines	**8,141**	**12,032**	**13,617**

Risk factors

The risk factors described below relate primarily to the financial risks of NTCA. However, due to the interconnectivity of NTCA and TDC, the risk factors also relate to TDC. In addition to the risks described below, risks and uncertainties not currently known to NTCA or that NTCA currently deems to be immaterial may also materially adversely affect NTCA's business, financial position, results of operations or cash flows.

NTCA's international business activities expose NTCA's earnings to exchange-rate risk and the risks of a fluctuating global economy.

The exchange-rate risks NTCA is exposed to relate primarily to the business activities of TDC, as described in TDC's annual report.

The issuance of high-yield bonds by NTCA has resulted in NTCA incurring USD denominated debt obligations. However, the nominal value of all USD denominated debt was swapped into EUR immediately after issuance.

Risks related to NTCA's indebtedness and NTCA's structure

NTCA's high leverage and debt service obligations could materially and adversely affect NTCA's business, financial condition or results of operations.
NTCA's substantial leverage poses the risk that:

- NTCA's vulnerability to a downturn in its business or economic and industry conditions will increase

- NTCA's ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities and other corporate requirements will be limited

- NTCA may have a much higher level of debt than certain of its competitors, which may put it at a competitive disadvantage and hinder it from pursuing its business strategy and growing its business in accordance with strategy

- a substantial portion of NTCA's cash flow from operations will have to be dedicated to the payment of principal of, and interest on, its indebtedness, which means that this cash flow will not be available to fund its operations, capital expenditures or other corporate purposes

- NTCA's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the industry in which it operates will be limited.

Any of these or other consequences or events could have a material adverse effect on NTCA's ability to satisfy its debt obligations.

In addition, NTCA may incur substantial indebtedness in the future. The terms of the high-yield bond indenture and the SFA restrict NTCA from incurring additional indebtedness, but do not prohibit NTCA from doing so. The incurrence of additional indebtedness would increase the leverage-related risks described in this section.

NTCA requires a significant amount of cash to service its debt. NTCA's ability to generate sufficient cash depends on many factors beyond its control.

NTCA's ability to make payments on and to refinance its debt and to fund working capital and capital expenditures will depend on its future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond NTCA's control, as well as the other factors discussed in this section. Stakeholders cannot be sure that NTCA's business will generate sufficient cash flows from operations or that future debt and equity financing will be available for NTCA to pay its debts when due, or to fund NTCA's other liquidity needs. If NTCA's future cash flows from operations and other capital resources (including borrowings under the SFA) are insufficient to meet NTCA's obligations as they mature or to fund NTCA's liquidity needs, NTCA may be forced to:

- reduce or delay NTCA's business activities and capital expenditures

- sell assets

- obtain additional debt or equity

- restructure or refinance all or a portion of NTCA’s debt, on or before maturity.

NTCA’s stakeholders cannot be certain that any of these alternatives will be accomplished on a timely basis or on satisfactory terms, if at all. In addition, the terms of NTCA’s debt limit, and any future debt, may limit NTCA’s ability to pursue any of these alternatives.

Part of NTCA's debt has a floating interest rate and hence an increase in interest rates will raise NTCA’s payment obligations and negatively impact its financial results and position. Hedging may also be expensive to maintain and may inadequately protect NTCA against adverse movements in interest rates.

NTCA is subject to significant restrictive debt covenants that limit its operating flexibility under its existing borrowing facilities, including covenants that restrict NTCA’s ability to for example, incur or guarantee additional indebtedness, make investments or other restricted payments, create liens or consolidate, merge or sell all or substantially all of NTCA’s assets.

These covenants could limit NTCA’s ability to finance its future operations and capital needs and NTCA’s ability to pursue acquisitions, investments and other business activities that may be in its interest.

The SFA also requires NTCA to comply with financial ratios and satisfy specified financial tests. Events beyond NTCA’s control may affect its ability to do so and, as a result, NTCA cannot assure its stakeholders that these ratios and tests will be met. In the event of a default under the SFA or certain other defaults under any other agreement, the lenders could terminate their commitments (as regards the Revolving Credit Facility) and upon acceleration from majority lenders declare all amounts owed to them due and payable. A default under the high-yield bond indenture would also result in cross-default under the SFA. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions could also be accelerated and become due and payable in such circumstances. NTCA may be unable to pay these debts in such circumstances.

NTCA ApS is a holding company that has no revenue-generating operations of its own and depends on dividends or payments from its subsidiaries to make payments on its debt.

NTCA ApS is a holding company that was formed in connection with the acquisition of TDC. NTCA ApS conducts no business operations of its own and has not engaged in any activities other than the holding of ownership interests in TDC and the borrowing of funds under the SFA. Following the issuance of high-yield bonds, NTCA ApS has held no assets and has had no sources of revenue other than the ownership interests in its subsidiaries and the right to any dividends thereon. NTCA ApS must therefore rely on payments under loans, dividends and other distributions from its subsidiaries, as well as drawings under the Revolving Credit Facility, to fund its cash requirements, including interest payments under the high-yield bonds and any operating expenses.

NTCA ApS’ subsidiaries are subject to restrictions on payments to NTCA.
The terms of the SFA, the intercreditor agreement and applicable law restrict the ability of TDC’s subsidiaries to make payments and other distributions to NTCA ApS. NTCA ApS is therefore subject to all risks related to TDC’s ability to make distributions.

TDC's ability to pay dividends or otherwise distribute funds, including upstream loans, to assist in servicing NTCA ApS’ high-yield bonds and other debt will be subject to certain restrictions under applicable Danish law and certain other restrictions e.g. earnings retained for distribution. As of December 31, 2009, TDC A/S’ retained earnings on a standalone basis for TDC A/S amounted to DKK 28,620m, compared with DKK 30,440m as of December 31, 2008. The amount could be further reduced by the amount of any losses incurred or other dividends paid after December 31, 2009. Any dividends or other distributions are paid on a pro rata basis to all shareholders, thus NTCA ApS will receive only 87.9% of the dividends or other distributions from TDC. TDC's dividend and distribution capacity may be inadequate to fund distributions in amounts and at times sufficient to allow NTCA ApS to pay its obligations as they fall due, including its obligations under the high-yield bonds and the Revolving Credit Facility (to the extent drawn by NTCA ApS).

If distributable reserves are insufficient to make distributions to NTCA ApS, NTCA ApS can borrow under a Revolving Credit Facility provided under the SFA.

Minority shareholders may interfere with TDC's operations and future corporate decisions.
NTCA ApS owns approximately 87.9% of TDC's share capital. TDC employees and other shareholders unrelated to NTCA ApS hold the remainder of the outstanding TDC shares. Minority shareholders may be able to delay or prevent the implementation of TDC's corporate actions irrespective of the size of their shareholding. Further, shareholders holding 10% of the share capital enjoy certain privileges under the Danish Companies Act, such as, blocking certain resolutions, requesting that the board of directors convene an extraordinary general meeting, and electing a co-accountant. Any challenge by minority shareholders of the validity of a corporate action is subject to a judicial resolution that may substantially delay or hinder the implementation of such action. Such delays of, or interferences with, corporate actions as well as related litigation may limit the access of NTCA ApS to TDC's cash flows and make it difficult or impossible for NTCA ApS and TDC to take or implement corporate actions that may be desirable in view of the operating or financial requirements of NTCA ApS and/or TDC.

Risks related to the high-yield bonds

The enforceability of investors' rights under the high-yield bonds may be restricted.
NTCA ApS is a company organized under Danish law and the high-yield bond indenture is governed by New York law. There is no treaty between the United States and Denmark providing for the reciprocal recognition and enforcement of judgments. NTCA ApS has appointed an agent to receive service of process in any action against it in any federal court or court in the State of New York arising out of the issuance of high-yield bonds. NTCA ApS has not given consent for this agent to accept service of process in connection with any other claim.

All of the members of NTCA ApS' Board of Directors reside outside the United States and the assets of most of NTCA ApS' subsidiaries and the assets of most of its directors and managers are located outside the United States. Service of process upon individuals or companies that are not resident in the United States may be difficult to obtain within the United States. Furthermore, any judgment obtained in the United States against NTCA or such persons may not be collectible within the United States. In addition, there is doubt as to the enforceability in the foreign jurisdictions where most of NTCA's directors and assets are located (including Denmark and Switzerland) of liabilities predicated solely upon United States federal or state securities law against NTCA, NTCA's directors, controlling persons and management and other persons who are not residents of the United States, in original actions or in actions for enforcements of judgments of United States courts. Under applicable Danish law, a judgment of a state or federal court of the United States in respect of the high-yield bonds or the high-yield bond indenture will neither be recognized nor enforced in the Danish courts without a review of the merits underlying the judgment.

Investors' ability to recover under the security and the high-yield bonds is limited by subordination provisions and restrictions on enforcement.
The high-yield bonds are secured on a second-ranking basis by a charge by NTCA ApS of 100% of the shares in TDC A/S. The shares of TDC A/S are charged to secure obligations under the SFA on a first-priority basis. These priorities are contractually provided for in the intercreditor agreement. In addition, some claims may rank by operation of law before any other claim that may be secured by the share charge. These claims can include, among others, court costs and costs incurred for the preservation of the charged assets.

Investors may be unable to recover on the share charge because the lenders under the SFA will have a prior claim on all proceeds realized from any enforcement of this charge. If the proceeds realized from such sales of collateral exceed the amount owed under the SFA and certain expenses, any excess amount of such proceeds will be paid to the security agent for its own benefit and for the benefit of owners of the high-yield bonds and other creditors permitted by the high-yield bond indenture to share in the collateral on an equal and pro-rata basis with the high-yield bonds. If there are no excess proceeds from sales of collateral, or if the amount of such excess proceeds is less than the aggregate amount of the obligations under the high-yield bonds and other obligations that share in the collateral on an equal and pro-rata basis with the high-yield bonds, investors will not recover some or all of the amounts owed to investors under the high-yield bonds. The ability of the holders of the high-yield bonds to require the security agent to take enforcement action under the share charge is subject to significant restrictions imposed by the intercreditor agreement. In particular, the intercreditor agreement provides for a 179-day stand-still period on enforcement of the share charge after an event of default under the high-yield bonds, and thereafter in certain circumstances.

In the event that NTCA ApS or its subsidiaries incur additional debt, and the high-yield bond indenture permits such debt to be secured, then that debt may also be permitted to be secured by the same collateral as that securing the high-yield bonds, and may be ranked ahead of the security granted in favor of the high-yield bonds, without the need for the consent of the holders of the high-yield bonds or the trustee. In that event, the security in favor of the high-yield bonds will be subject to restrictions and disadvantages in favor of this additional debt similar to those outlined above in relation to the SFA. In addition, in the event that additional high-yield bonds are issued under the high-yield bond indenture, the security in favor of the high-yield bonds will be shared among a larger principal amount of indebtedness.

In addition, the intercreditor agreement provides that in certain circumstances payments must be made first to lenders under the SFA and only after the claims of such lenders have been satisfied will amounts be applied to satisfy the claims of the high-yield bond holders.

The share charge will not be granted directly to the holders of the high-yield bonds.
The share charge that will constitute security for obligations of NTCA will, under the high-yield bonds and the high-yield bond indenture, not be granted directly to the holders of the high-yield bonds but will be granted only in favor of the security agent, acting as joint creditor together with the holders of the high-yield bonds, of all such obligations. As a consequence, holders of the high-yield bonds will not have direct security and will not be entitled to take enforcement action in respect of the security for the high-yield bonds, except through the security agent, who has agreed to apply any proceeds of enforcement on such security towards such obligations. It is uncertain under Danish law whether obligations owing to beneficial owners of the high-yield bonds that are not identified as registered holders in the share pledge will be validly secured. The security agent will agree with the trustee that the security agent will hold the security and any proceeds of the security in trust for the benefit of holders of the high-yield bonds and the trustee under the high-yield bonds. However, the security agent has, as joint creditor together with the holders of the high-yield bonds, a claim against NTCA ApS for the full principal amount of the high-yield bonds. Holders of the high-yield bonds bear some risk associated with possible insolvency or bankruptcy of the security agent. The security agent will agree to proceed against the security with the approval only of the trustee acting on the instructions of the holders of the high-yield bonds and for the purpose of recovery against the pledged shares. Nonetheless, there can be no assurance that, in the event of insolvency or bankruptcy of the security agent, a trustee in bankruptcy, receiver or similar entity would not assert its rights as a joint creditor for the full amount of the high-yield bonds.

Applicable insolvency laws may affect the enforceability of NTCA's obligations.
In the event that any one or more of NTCA ApS’ or any of NTCA ApS’ subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of NTCA's obligations.

NTCA may be unable to obtain the funds required to repurchase the high-yield bonds upon a change of control.
The high-yield bond indenture contains provisions relating to certain events constituting a “change of control” of NTCA. Upon the occurrence of a change of control, NTCA ApS will be required to offer to repurchase all outstanding high-yield bonds at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, at the date of repurchase. If a change of control were to occur, NTCA ApS may have insufficient funds available, or may be unable to obtain the funds needed to pay the purchase price for all of the high-yield bonds tendered by holders deciding to accept the repurchase offer. The restrictions in the SFA and the intercreditor agreement and instruments governing NTCA ApS’ and its subsidiaries’ other existing and future indebtedness may

also prohibit NTCA ApS from being provided with the funds necessary to purchase any high-yield bonds prior to their stated maturity, including upon a change of control. Before NTCA ApS can be provided with any funds to purchase any high-yield bonds, NTCA ApS may be required to:

- repay indebtedness under the SFA, or, possibly, other existing and future indebtedness that ranks senior to the high-yield bonds; or
- obtain consent from lenders of senior indebtedness, including the lenders under the SFA, to make funds available to permit the repurchase of the high-yield bonds.

A change of control of NTCA may result in an event of default under the SFA and may cause the acceleration of other indebtedness that may be senior to the high-yield bonds. In any case, third-party financing could be required in order to provide the funds necessary for NTCA ApS to make the change-of-control offer. NTCA ApS may be unable to obtain such additional financing.

Transfer of the high-yield bonds will be restricted, which may adversely affect the value of the high-yield bonds.
The high-yield bonds have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and NTCA ApS has not undertaken to effect any exchange offer for the high-yield bonds in the future. Investors may not offer the high-yield bonds in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, or pursuant to an effective registration statement. The high-yield bonds and the high-yield bond indenture will contain provisions that will restrict the high-yield bonds from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. Furthermore, NTCA ApS has not registered the high-yield bonds under any other country's securities laws. It is the high-yield bond investors' obligation to ensure that their offers and sales of the high-yield bonds within the United States and other countries comply with applicable securities laws.

NTCA ApS cannot assure an active trading market for the high-yield bonds.
NTCA ApS cannot assure investors that an active trading market for the high-yield bonds will prevail at all times.

The liquidity of, and trading market for, the high-yield bonds may be affected by general declines in the market for similar securities. Such a decline may adversely affect any liquidity and trading of the high-yield bonds independent of NTCA ApS' financial performance and prospects.

Summary of risk factors related to TDC
TDC is exposed to various risks including intensified competition, changes in the economic environment, operational and technological developments, environmental challenges, changes in relation to suppliers and distributors, inability to control costs, loss of key personnel, regulatory changes, financial and taxation risks and legal risks. Any such risks could harm the TDC Group and adversely affect the TDC Group's business, financial position, results of operations or cash flow.

Domestic business activities

Market risks
The Danish telecommunications sector is highly competitive, and a number of the main markets in which TDC is present are either approaching saturation, for example, broadband and mobile telephony, or even declining, such as landline telephony. At the same time, price regulation is causing prices to be fixed in a number of markets or even reduced, resulting in revenue declining in areas such as mobile termination and international roaming.

In all markets in which the TDC Group operates, future success will depend on TDC's ability to maintaining a sufficiently large customer base to achieve profitable operations. TDC has to retain and continuously attract new customers by providing competitive customer service and by offering products and services that increase customer loyalty and usage.

TDC expects the future landline market to be dominated by providers offering bundles such as broadband, telephony and TV in one package, and early in 2009, TDC launched TDC HomeDuo and TDC HomeTrio, both bundled product combinations. However, such types of bundled products are complex due to the technological, logistical and pricing complexities of combining these three services as a single product offering.

If TDC fails to continuously reduce customer churn, offer attractive packages of bundled products, adapt to or lead technological developments and provide competitive customer service, TDC's market shares may be adversely affected and the TDC Group's business, financial position and results of operations could be materially adversely affected.

Competitors
TDC faces significant competition from both established competitors and newer competitors, mobile service providers and the DTT provider. TDC must match its competitors' product offerings, services, acquisition costs, and prices, or it may lose market shares. If TDC is forced to lower its prices to match its competitors and if cost savings initiatives are not implemented with the required speed and effect, the TDC Group may experience decreasing profit margins and earnings.

Telephony
The customer base for traditional landline telephony is decreasing owing to strong landline-to-mobile migration and migration to VoIP as mobile prices decrease and as broadband providers are offering VoIP at reduced prices compared with traditional landline telephony. Continuing competition is also expected in landline telephony e.g. from IP-VPN for business customers, antenna and housing association networks and the utility companies using their infrastructure to provide telephony and broadband. In all, TDC may risk losing its traditional landline customers even faster than expected. Compared with the traditional landline market, TDC has smaller shares of both the mobile telephony market and the VoIP market, which implies that migration may negatively affect the TDC Group's earnings. Even if TDC could manage to capture all the customer migration from traditional landline telephony to the substitution products, its total landline telephony business may still experience decreasing profit, as margins for these substitution products are generally lower than the margins for traditional telephony, for example, TDC's own price level for VoIP is lower than that for PSTN.

TDC Group's mobile telephony business is also experiencing continuing decreases in market prices of mobile telephony. Failure to lead or adapt to changes in the mobile telephony market, keep pace with new mobile technologies or compete with or adopt new business models may also have a materially adverse effect on the TDC Group's mobile telephony business.

Broadband and data
The Danish landline broadband market had minimal growth in 2009 and the market is approaching saturation. At the same time, competition has intensified among existing and new competitors, resulting in increased bandwidth at unchanged prices or even reduced prices as well as more competition for broadband add-on services. In turn, the market for mobile broadband is growing strongly, and mobile broadband appears for some customers to be a viable alternative to landline broadband, as prices have decreased while bandwidth and coverage have increased.

TDC, as the leading player in the Danish landline broadband market, has to lead or adapt to product and technological developments, including market demand for even higher xDSL speeds, add-on service offerings and bundling of mobile and landline broadband, telephony and TV, in order to maintain its customer base. In the mobile broadband market, TDC's market share is increasing, but the success of TDC will depend on its ability to further increase its mobile broadband market share as the overall market grows. This will require that TDC adapts to market demands for higher bandwidths, increased coverage and attractive pricing. If TDC does not succeed in increasing its mobile broadband market share, a possible migration from landline broadband to mobile broadband will negatively affect the TDC Group's business, financial position, results of operations and cash flow.

Continuing competition for leased lines is likely from substitution products, including IP-based transmission and fiber solutions. Such products are often priced lower than leased lines, and product quality may be considered sufficiently high by some customer segments to constitute a viable alternative to traditional leased line solutions. This may result in either increased pressure on the TDC Group's leased line prices or a reduced subscriber base.

TV

YouSee's cable-TV business, a subsidiary of the TDC Group, and the IP-based TDC TV are expected to face increasing competition from sources such as the utility companies and DTT. Competition is driven by price, convenience and the range of channels offered. Boxer, the Danish DTT gatekeeper, offers four basic packages with a variety of additional packages and channels. The increased range of channels in the generally accessible terrestrial network, as well as the supply of TV through the utility companies' roll-out of FTTH, will significantly increase competition and the TDC Group's profit margin on TV may be adversely affected. In the long term, increased competition in the Danish cable-TV market may also arise from internet-based content providers such as media and communications companies. Failure by TDC to meet these challenges may have a materially adverse effect on the TDC Group's market share of the Danish TV-distribution market.

Online

Online represents a channel of increasing importance for sale of telecommunications products and services. The online portal is a potential means of reducing selling expenses and stimulating sales per customer. TDC is challenged by competitors that may develop successful online portals more quickly. Thus, if TDC is unable to further develop the online channel to explore the potential market and develop an effective online procedure, this may negatively impact the TDC Group's revenue and costs.

Content

Technological developments are increasingly enabling customers to receive content whenever and wherever they wish, and are contributing to increasing demand for content. Future growth in content services is expected to be driven by increased quantitative and qualitative capabilities of content providers. The TDC Group's cable-TV business, YouSee, has given the TDC Group significant experience of, and access to, the content market and content delivery products. TDC's future success with content services will depend on its ability to offer attractive TV channels and popular music and games, and to adapt and lead technological developments in content delivery. Failure to provide content services and adapt to technological developments may negatively impact sales of the TDC Group's products and services with a content component, such as cable TV, broadband and mobile telephony.

Economic downturn

The negative growth in the Danish economy and the ongoing crisis in the global financial markets might affect both the residential and business telecommunications markets in which TDC operates. In the business markets, potential customers may be exposed to reduced investment levels, lower profit, restructuring and consolidation, leading to a review of telecommunications spending or increased level of foreclosures that could, for example, result in reduced revenue in TDC's integrator service business, and possibly increased churn in all business areas. Residential markets are experiencing higher unemployment, lower disposable income and a decrease in consumer spending, which may result in an increased focus on the basic telecommunications services and low-cost services. One consequence could be fewer mobile broadband customers than anticipated, and lower ARPU than expected for both mobile broadband and landline broadband, and possibly also increased churn rates in the residential telecommunications market. The economic downturn may in addition increase losses on debtors. These factors may negatively affect the TDC Group's business, financial position and results of operations in its Danish, Nordic and international businesses.

Operational risks

IT, technology and networks

TDC has recently completed the design of an end-state IT architecture that is expected to enable TDC to lower costs while improving customer satisfaction through reduced delivery times and improved customer insight. During the ongoing upgrade process, TDC may discover issues not included in the plan, which may entail additional investments that the TDC Group cannot be sure to have sufficient liquidity to fund in the future, and this may have adverse effects on its business and results of operations.

TDC has modern networks, is rolling out technologies such as 3G, FTTH and ethernet, and offers new products such as VoIP, mobile broadband and TVoIP. However, the technological innovation and product development is ongoing, and TDC must react to these changes and develop or apply new, enhanced products and services rapidly enough to maintain its position. If the technologies develop faster than TDC anticipates, greater capital investments may be required more quickly than expected for which TDC may not have the resources available. This would adversely affect TDC's business, as market shares and customers may be lost, and substitution technologies introduced by competitors may result in lower profit margins. New technologies may become dominant, rendering TDC's current systems obsolete. There is also a risk that the TDC Group may fail commercially, and not reach as many customers as expected despite the development of an attractive product portfolio.

Equipment and network systems are vulnerable in many respects. TDC's equipment and networks have been affected by floods and storms in the past, and steps have been taken to improve the situation through preventive maintenance. If, however, the damage to network and installations increases, TDC's costs will increase, and, moreover, the image of a reliable telecommunications provider could potentially suffer. TDC's networks and services may be damaged or disrupted by numerous other events, including fire, other natural disasters, power outages and equipment or system failures (major disruptive events). TDC's equipment and networks may further be subject to terrorist attacks, and other events that may disrupt the TDC Group's services.

A major disruption event could affect TDC's infrastructure or a third party's systems, resulting in failure of TDC's networks or systems or of the third-party-owned local and long-distance networks on which TDC relies to provide its subscribers with interconnection and roaming services. This could affect the quality of TDC's services or cause temporary service interruptions, which could result in customer dissatisfaction, regulatory penalties and reduced revenue. Network or system failures could also harm the TDC Group's reputation or impair TDC's ability to attract new customers, which could have a materially adverse effect on the TDC Group's business, financial position and results of operations. TDC's business continuity plans, network security policies, or the TDC Group's monitoring activities may not mitigate the impact of or prevent such disruptive events.

TDC's business relies on certain sophisticated critical systems, including exchanges, switches, other key network points and TDC's billing and customer service systems. The hardware supporting those systems is housed at relatively few locations and if damage were to occur to any of these locations, or if those systems develop other problems, the TDC Group's business could be materially adversely affected.

Based on risk analyses, it is TDC's policy not to insure a substantial part of the network (underground, air and sea cables). Losses in this part of the network due to numerous events, such as fire, flood or other natural disasters, power outages and equipment or system failures, and terrorist acts are not insured, and the TDC Group may not have the capital to make necessary repairs or replacements.

As the telecommunications sector has become increasingly digitalized, automated and online, TDC is also exposed to increasing risks of hacking, piracy and general IT system failures. Unanticipated IT problems, system failures, computer viruses or hacker attacks could affect the quality of TDC's services and cause service interruptions, which may reduce revenue and harm the TDC Group's reputation.

Risk of discontinuance of supplier relations

In the past, TDC has outsourced substantial parts of its IT operation and development to CSC and operation and development of the mobile network to Ericsson Danmark A/S. This has exposed TDC to additional operational dependency and risks, as TDC relies on these and other suppliers to maintain and upgrade its hardware, software and network. Any discontinuance of these supply agreements, or failure by TDC's suppliers to comply with their obligations under these agreements could lead to the delay of upgrades and new products and features from suppliers. These risks could be amplified in case of financial instability of suppliers, or if suppliers off-shore part of their businesses. Such actions could impact the TDC Group's product development programs and supply of existing products and the quality of the support services could deteriorate.

Failure by suppliers, which may delay or prevent TDC from providing its customers with products and services, may adversely impact TDC's revenue, and if this occurs, TDC may be unable to recover payments made to such suppliers for their products and services or obtain contractual damages. TDC's internal processes also depend on IT systems, and lack of development may weaken the TDC Group's competitiveness, resulting in loss of market shares.

Although most of TDC's equipment and software suppliers can be replaced, switching to alternative suppliers could cause difficulty or delays in providing support and maintenance, new products and upgrades, and operational services, which could harm TDC's financial position and results of operations. Moreover, the termination of such agreements may lead to loss of business from certain supplementary service providers that TDC may be unable to maintain through independent relationships. Furthermore, any price rises introduced by suppliers may cause a margin squeeze, which could also adversely impact the TDC Group's business, financial position and results of operations.

Risks regarding distributors

TDC depends on a small number of distributors, retailers and sales agencies to distribute or sell its mobile and broadband products and services to end users. There is a risk that TDC's distributors may stop distributing TDC's products to end users and that they may enter into further distribution agreements with TDC's competitors. New distributors that can provide the same level of sales may be difficult to find. In addition, TDC's distributors already have distribution agreements with TDC's competitors that may negatively affect customer intake and thus TDC's market share. If TDC fails to maintain these key distribution relationships, or its distribution partners fail to provide sufficient customer intake for TDC, this could have a materially adverse effect on the TDC Group's financial position and results of operations.

Risk of inability to recoup the UMTS and fiber investments

TDC's UMTS-based 3G service in Denmark has required substantial investments in UMTS services, networks, and licenses. A profitable market for mobile data services may, however, not develop, limiting TDC's ability to recoup its investments in UMTS services, licenses and networks, which could adversely affect its results of operations. The UMTS network will in addition require further investments, for which the TDC Group may not have resources available.

TDC's fiber network strategy has required substantial investments in networks, including the recent acquisition of DONG Energy fiber network. There is a risk that the investments may not be recouped if demand for fiber does not develop as expected by the TDC Group.

Risks regarding the revenue sharing model with DONG Energy

As a part of the sales agreement between DONG Energy and TDC regarding the acquisition of DONG Energy's fiber network, DONG Energy will receive a part of future fiber revenues generated by TDC. Although the revenue sharing model has been agreed, there is a risk that such a model will result in disputes between DONG Energy and TDC, given the duration of the agreement, which is very comprehensive and is set to proceed until 2023. If the revenue sharing agreement is disputed, the TDC Group may be compelled to settle with DONG Energy before expiration of the revenue sharing agreement at a higher price than expected.

Risk of inability to control other costs

As TDC's profitability is under pressure owing to generally declining market prices and market saturation, it is continuously required to reduce costs and improve efficiency to maintain and increase profitability.

As part of its cost reduction initiatives, TDC will continue to streamline its workforce in the years ahead. Many TDC Group employees in Denmark, however, have civil servant pension rights and some are entitled to special severance benefits. Therefore any workforce reduction entails significant redundancy costs, which would affect the TDC Group's earnings. Although Danish law imposes no significant restrictions on workforce reductions, and TDC's labor unions have no right under Danish law to veto any workforce reductions, reductions may lead to strikes, work stoppages or other industrial action. TDC has therefore entered into arrangements to prevent unrest with the telecommunications departments of the Danish Metal Workers Union, the Association of Managers and Employees in Special Positions of Trust in TDC (Lederforeningen i TDC, LTD) and the Danish Confederation of Professional Associations (Akademikernes Centralorganisation - AC). In these arrangements, which will expire at the end of 2011, the TDC Group has agreed to follow certain procedural guidelines when reducing its workforce.

In addition, costs associated with the operating licenses for TDC's existing networks and technologies, including UMTS and those that TDC may develop in the future, and related costs and rental expenses could be considerable. The amount and timing of future capital requirements may differ materially from current estimates due to various factors, many beyond TDC's control. It is uncertain whether sufficient cash flows will be generated in the future to meet capital expenditure needs, sustain operations or meet other capital requirements.

Risk of loss of key personnel
As TDC's business develops in a highly competitive market, TDC believes that its future success will depend on its continued ability to attract and retain highly skilled and qualified management and key employees. However, it is not given that the TDC Group will be able to retain and recruit such personnel.

Risks regarding third parties
TDC's cooperation agreements and contracts with suppliers are subject to change of control provisions which, if exercised by third parties, may adversely affect the TDC Group's competitiveness and profitability.

TDC's high-quality mobile and landline telecommunications services outside Denmark depend on interconnection with the telecommunications networks and services of other mobile and landline operators, particularly larger competitors, over which TDC has no direct control. Outside Denmark, TDC also relies on third-party operators for international roaming services for mobile telephony and broadband subscribers.

TDC has interconnection and roaming agreements with other operators, but has no direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or unreliable interconnection services, could result in a loss of subscribers or a decrease in traffic, which would reduce the TDC Group's revenue and adversely affect TDC's financial position and results of operations.

Regulatory risks

Denmark's regulatory regime governing its telco sector requires TDC to deliver a broad range of products to the retail and wholesale markets, and subjects TDC to price regulation and other regulatory requirements. The price regulation has in general resulted in favorable conditions for the TDC Group's competitors in Denmark and thus negatively affected TDC's competitiveness.

EU regulatory framework
Several EU directives implemented in Danish law specify a number of submarkets within landline telephony, mobile telephony, leased lines, unbundled access, broadband and TV and radio transmission on which NITA must perform market analyses. Based on the results of the market analyses, NITA may designate a dominant telecommunications provider as having 'significant market power' (SMP) in such a submarket. If imperfections in a submarket in which an operator has been designated as having SMP are identified, NITA may impose remedies against such an operator in order to promote competition. In the wholesale market, such measures may include the acceptance of a reasonable request for interconnection, non-discrimination, reference offers, transparency, accounting separation, specific cost-accounting obligations and price-control methods.

Initially, 18 submarkets were recommended by the EU Commission. NITA has now issued final decisions on all the submarkets. A new round of market analyses initiated by NITA in 2008 and based on a new EU Commission recommendation has reduced the number of submarkets to seven. To date, NITA has issued only one decision on the new submarkets. The current regulation will be maintained until new decisions are made.

The EU regulatory framework is currently being reviewed, which may result in new regulatory measures to be implemented into Danish law.

SMP designation
TDC has been designated as having SMP by NITA in 11 of the 18 initially specified submarkets in Denmark. TDC has also been designated as having SMP by NITA in the only decision to date on the new submarket for wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location, which replaces NITA's decision on the equivalent submarket included in the initial 18 submarkets.

As a result, TDC is subject to the regulatory burdens summarized below. NITA may impose additional regulatory requirements on TDC as a result of its current SMP status or give TDC SMP status in additional markets as a result of the analyses performed on the new markets.

Retail markets
The majority of TDC's retail offerings of leased lines must comply with a rule-of-cost orientation imposed as a result of TDC's SMP status. TDC is therefore required to calibrate leased line prices annually to ensure that they match the corresponding cost. TDC has also been designated as having SMP status on four retail submarkets for landline subscriptions and telephony without being subjected to any regulatory requirements.

Wholesale markets
The majority of TDC's prices are regulated in the wholesale markets where TDC has SMP status. NITA uses a landline LRAIC model to set TDC's prices for switched interconnection traffic, interconnection capacity, shared access and raw copper and related co-location. The pricing of BSA and subloops of ULL has also been included in the LRAIC model. NITA calculates these prices once a year in accordance with the LRAIC model. The LRAIC model has been revised in 2009 and is now based on a hypothetical 'all-internet protocol network'. This has led to significant reductions of the LRAIC regulated prices from January 1, 2010.

In the market for termination of mobile calls, NITA has decided that TDC, Telia, Sonofon, Barablu and Hi3G have SMP and are subject to price regulation. The mobile termination prices of TDC, Telia, Sonofon, and Hi3G are set using a LRAIC mobile model, whereas the mobile termination prices of Barablu are set according to a best practice analysis. The regulation has resulted in further price decreases compared with already regulated prices and will adversely impact the TDC Group's business and results of operations.

The EU Commission is currently drafting a recommendation for a fundamental change of the long-run investment cost pricing regulation method regarding both landline and mobile to the avoidable cost method, which could lead to a significant reduction in wholesale prices and may thus also adversely impact the TDC Group's earnings and increase the competitive power of the TDC Group's competitors.

NITA's decision in 2006 on the submarket for broadband access requires TDC to offer wholesale broadband solutions (BSA) without compulsory landline subscriptions. This improved TDC's competitors' conditions for offering broadband solutions combined with VoIP. NITA issued a revised market analysis and decision on the submarket for broadband access on December 22, 2009. According to the revised decision, broadband over the cable-TV network, as supplied by TDC's subsidiary YouSee, is now also included in the market definition and TDC is required to offer wholesale BSA to broadband over the cable-TV network. The requirement comes into effect when a LRAIC-model for wholesale BSA over the cable-TV network has been developed and a competitor has formally asked for BSA over the cable-TV network. After the requirement has come into effect, TDC has 6 months to implement and start offering BSA over the cable-TV network with prices set according to the LRAIC model. It is anticipated to have an adverse impact on the TDC Group's earnings and increase the competitive power of the TDC Group's competitors when it comes into effect, which is expected by the end of 2011. TDC has appealed the decision to the Telecommunications Complaints Board with respect to the obligation to offer wholesale BSA to broadband over cable-TV networks not owned by TDC but where TDC supplies TV and broadband services to the owner of the network and households connected to the network. In the opinion of TDC, TDC is not required to offer wholesale BSA to broadband over cable-TV network not owned by TDC unless this is explicitly provided for in an agreement between the owner of the network and TDC, but the decision is unclear in relation to these obligations.

EU Universal Service Obligation (USO) directive
TDC is designated as the universal service provider (USP) in Denmark, in line with the EU USO Directive and Danish USO Regulation, which are designed to ensure that all end users have access to certain basic affordable telecommunications services regardless of their geographical location. In the past, NITA fixed the prices that TDC could charge its Danish USO customers for using PSTN services, but these price caps were lifted at the end of 2005. However, NITA may reintroduce a price cap on TDC's USO products and services at some point in the future, which could also materially affect the TDC Group's profit margins.

EU international roaming charge regulation
The EU has adopted a new regulation that reduces the international roaming charges both for the wholesale and retail voice and SMS as well as for the wholesale data markets, which will have a negative impact on the TDC Group's revenue and earnings.

Anti-terror measures
As part of the anti-terrorism action plan issued in 2005, the Danish parliament has passed an act requiring telecommunications providers to provide communications interception services without cost compensation for investments. If further requirements are imposed, this could increase the TDC Group's operating costs and harm profit margins.

International business activities

Nordic Business
In the pan-Nordic market, TDC's business customers are increasingly demanding Nordic solutions covering cross-border landline telephony, data communications, broadband telephony and mobile communications, where competition is intense, especially from other pan-Nordic providers. TDC faces increasing competition from the Nordic operators Telenor and TeliaSonera, which both offer full product suites of landline and mobile voice, broadband and TV. These competitors may have better access to financing, more comprehensive product offerings, greater personnel resources, greater brand-name recognition and longer relationships with customers than TDC. If TDC is unable to provide competitive cross-border solutions for the TDC Group's Nordic business customers, an important segment of the TDC Group's customer base may be lost.

TDC's foreign subsidiaries outside the pan-Nordic market are also facing market saturation and increasing competition, which could adversely affect their revenue and profit margins.

Sunrise
On November 25, 2009, TDC announced that it has entered into a conditional agreement to combine its Swiss subsidiary Sunrise with Orange, a subsidiary of France Telecom.

The combined entity will have a share buyback program targeted at TDC's 25 percent shareholding to be executed at the discretion of the board of the combined entity using cash generated by the combined entity. If so decided, the annual share buybacks will be executed in the first quarter of each of 2012, 2013 and 2014. Furthermore, TDC will have the right to sell its stake to third parties from the second anniversary of the closing of the transaction or to conduct an initial public offering of the combined entity in respect of TDC's share from the third anniversary of the transaction's closing.

The transaction shall be subject to conditions including confirmatory due diligence, and approvals from the Swiss Competition Authorities and TDC's lenders. TDC has obtained majority lender consent of the transaction. Closing is expected to occur in 2Q 2010.

There is also a risk that the exit strategy as agreed by the parties may not be completed as anticipated, as the share buyback provisions are subject to the combined entity having sufficient available cash and reserves and board approval of the combined entity. TDC may not be able to avail itself of its rights to sell its holding to third parties after two years or its right to offer its shares in an IPO.

The TDC Group may be exposed to unsubstantiated or inadequate management decisions made on behalf of the combined entity over which TDC does not have full control. The other shareholder may fail to or be unwilling to supply the required operational, strategic and financial resources relating to, for example, the build-out of infrastructure, and the cost of meeting regulatory requirements or effective marketing, which could adversely affect the implementation of business plans of the combined entity, and the expected return on TDC's investment and/or exit strategy.

Risks also exist relating to the current business conducted by Sunrise. It has experienced price decreases in the Swiss landline market owing to competition from established competitors, for example, the incumbent Swisscom, which may result in loss of customers, reduced revenue and a lower profit margin in Switzerland. Such competition is expected to intensify, as established cable-network operators are offering landline telephony at very low or flat-rate prices through their existing networks.

Competition in the Swiss retail broadband market is weak due to Swisscom's dominant position in the wholesale and retail markets. Sunrise is currently investing substantial amounts in broadband infrastructure to enhance its capacity to deliver broadband based on Swisscom's ULL. This will reduce Sunrise's dependency on Swisscom's broadband wholesale services and is expected to increase Sunrise's contribution margin and competitiveness in the broadband market. Any roll-out delays will therefore adversely impact Sunrise's expected margin improvement.

In the Swiss mobile market, Sunrise faces the risk of increased price pressure from both new mobile virtual network operators entering the market and Swisscom. Future growth in revenue and earnings within the mobile telephony sector will also depend on Sunrise's ability to gain market shares in the business market, which Sunrise may be unable to achieve. In the past year, Swisscom's attempt to retain its market share has intensified competition, which may reduce margins and dilute earnings. The Swiss mobile market is beginning to approach saturation level. This may lead to fierce competition for remaining customers, which could, in turn, lead to rising customer acquisition and retention costs, and further pressure on earnings.

Sunrise has outsourced its operation and development of networks. The outsourcing to Alcatel-Lucent exposes Sunrise to the same risks as the TDC Group's domestic mobile business (as described in the section above on risk regarding discontinuance of suppliers).

Regulatory risks

Due to the EU regulation on international roaming and the subsequent price reduction made by Swisscom, political and regulatory pressure, especially for data roaming, could lead to price decreases in this area.

The Swiss competition authority is reviewing competition in the mobile call termination market and is currently investigating whether the Swiss mobile operators, including Sunrise, have a dominant position and, if so, abuse such a position. Consequently, the Swiss authorities may require Swisscom and/or Sunrise to cut the mobile call termination prices agreed between the operators step by step. Such price reductions may materially adversely affect the earnings and profit margins of the TDC Group's Swiss operations. It is uncertain whether the Swiss competition authority will impose a material fine on Sunrise if Sunrise is found to have a dominant position in the mobile call termination market and to have abused such a position.

The Swiss regulatory authority for the Swiss telecommunications market has decided ULL tariffs for 2007 and 2008 and Sunrise's business plan and earnings forecasts are based on ULL prices near the EU average. The decided prices are comparable with the EU average, but are increasing. If this trend continues, Sunrise's forecasts must be adjusted downwards. Moreover, utility companies will start using their infrastructure to provide telephony and broadband services, and they will probably subsidize the telecommunications business, which could lead to additional margin pressure.

The TDC Group's UMTS-based 3G service in Switzerland has required substantial investments in services, networks, and licenses. As in Denmark, a favorable market for UMTS-based 3G services may not develop, limiting the TDC Group's ability to recoup its investments in UMTS services, licenses and networks, which could adversely affect the TDC Group's business and results of operations.

Nawras

TDC has a 14.6 percent. share of the Omani Qatari Telecommunications Company SAOC (Nawras), a mobile telephony provider. This shareholding is subject to the same risks as the TDC Group, but also exposes the TDC Group's business to unsubstantiated or inadequate management decisions made on behalf of companies over which TDC does not have full control and that rely on TDC and/or other shareholders for strategic and financial support. Such other shareholders may fail to or be unwilling to supply the required operational, strategic and financial resources relating to, for example, the build-out of infrastructure, and the cost of meeting regulatory requirements or effective marketing, which could adversely affect the implementation of business plans, and the expected return on TDC's Groups investment.

Financial and taxation risks

Exchange-rate risks

The TDC Group is subject to exchange-rate risks owing to revenue originating in Switzerland, Sweden and Norway where TDC conducts its business operations and prepares its financial statements in currencies other than Danish kroner or euro. Any loss in the value of these currencies against the Danish kroner will reduce the value of the TDC Group's investments in the relevant business activities and the income derived from them.

Risks regarding borrowing facilities
Part of TDC's debt has a floating interest rate and hence an increase in interest rates will raise TDC's payment obligations and negatively impact its financial results and position. Hedging may also be expensive to maintain and may inadequately protect TDC against adverse movements in interest rates.

Risks regarding changes in tax legislation
The TDC Group is subject to the tax legislation in force in the countries where it conducts business. Consequently, an amendment of the tax and VAT rules in the countries in question may affect the TDC Group's payable corporate tax and VAT, and its future results. The TDC Group's Danish entities and its jointly-taxed related parties in the Nordic Telephone Company Investment Group are subject to the Danish rules on limitation of interest deduction.

TDC pursues an active tax policy and evaluates potential tax advantages against potential costs and other disadvantages. This tax policy implies a natural risk for TDC's tax position to be challenged by local tax authorities. Therefore, TDC keeps a well-documented transfer-pricing set-up in accordance with Danish and international directions as defined by the OECD.

Other risks

Risk of loss of important property rights
Some of TDC's intellectual property rights, including TDC's key trademarks and domain names, which are well known in the telecommunications markets, are vital to TDC's business. A significant part of TDC's revenue is derived from products and services marketed under the brand names TDC, Sunrise, YouSee, Telmore and Fullrate. TDC relies upon a combination of trademark laws, copyright and database protection as well as contractual arrangements to establish and protect its intellectual property rights. However, TDC's trademarks and domains may be violated, which could harm the TDC Group's business materially.

TDC also risks that a third party may claim that TDC is infringing intellectual property rights, for example, patent rights. As a result, TDC may be unable to use intellectual property that is material to the operation of its business. Alternatively, a third party may allege that one of TDC's suppliers is infringing on such a third party's intellectual property rights and may take legal action to prevent such a supplier from providing TDC with products or services important to the TDC Group's business.

TDC cannot be sure that any lawsuits, or similar actions initiated to protect its intellectual property rights will be successful or that its suppliers will be cleared of infringing the intellectual property rights of third parties. Although TDC is unaware of any material infringements of any intellectual property rights that are significant to TDC's business, any lawsuits, regardless of outcome, could result in substantial costs and diversion of resources. The illegal use by third parties or the loss of TDC's important intellectual property rights, such as trademarks and domain names, could also have a materially adverse effect on TDC's business, financial position and results of operations. TDC could also be prevented from using certain products and services or be forced to pay significant damages or higher prices for important products or services due to a third party's successful intellectual property claim, which may affect the TDC Group's business.

Risk regarding loss of key technologies
TDC is licensed to provide mobile telecommunications services in Denmark and in Switzerland. For example, TDC has UMTS licenses to provide 3G services in Denmark and Switzerland, three GSM licenses in Denmark (including licenses for DCS 1800, DC56 and GSM, respectively) and one GSM license in Switzerland. TDC's Danish and Swiss UMTS licenses are valid until October 31, 2021 and December 31, 2016, respectively. TDC's Danish GSM licenses are valid until June 12, 2017, January 1, 2011 and March 1, 2012, respectively, and TDC's Swiss GSM license is valid until December 31, 2013. NITA or the Swiss regulator may withdraw existing licenses if TDC cannot meet the license conditions, including obtaining the regulator's consent in the event of a change of control. After the expiry dates, TDC will have to re-apply for a new Danish UMTS license and new Swiss GSM and UMTS licenses. Any application for renewal of such licenses may be unsuccessful. The three Danish GSM licenses will be extended automatically for periods of 10 years unless NITA decides otherwise no later than one year before the scheduled expiry date. In the event that TDC is unable to renew a license or obtain a new license for any technology that is important for the provision of TDC's service offerings, for instance the 2.6 GHz license that is ex-

pected to be auctioned in 2010, the TDC Group could be forced to stop using that technology and the TDC Group's financial position and results of operations could be materially adversely affected.

Risks regarding alleged health risks from the use of mobile phones and environmental protection legislation

TDC is subject to regulations and guidelines relating to radio frequency emissions and other non-ionizing radiation. Alleged health risks, including some forms of cancer, have been associated with such emissions from mobile telephones and from other mobile telecommunications devices. The European Commission has been investigating these concerns since 1995, and although the results of these studies have been inconclusive, TDC cannot provide assurances that further medical research will not establish a link between the radio frequency emissions of mobile handsets and health concerns. Consequently, the EU or Danish or Swiss authorities could increase regulation of mobile phones and base stations. In Switzerland in particular, public concern over alleged adverse health effects related to electromagnetic radiation, and strict Swiss rules on radiation may result in increased costs related to the GSM and UMTS networks and may thereby impede both the continuation of the TDC Group's 2G and the growth of the TDC Group's 3G mobile telephony business. The actual or perceived risk of mobile telecommunications devices, press reports or litigation relating to such risks could adversely affect TDC's customer base, usage and ARPU and increasing regulatory burdens on the TDC Group or significant litigation costs.

TDC is also subject to various laws and regulations relating to land use and environmental protection, including those governing the storage, management and disposal of hazardous materials and clean-up of contaminated sites. TDC could incur substantial costs, including clean-up costs, fines, sanctions and third-party claims for property damage and personal injury, as a result of violations of, or liabilities under, such laws and regulations. However, the TDC Group believes that it is in substantial compliance with such laws and regulations.

Safe Harbor Statement

Certain sections of this Annual 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 financials
- 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 therefore undue reliance should 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 us 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 by the Danish National IT and Telecom Agency whereby the regulatory obligations of TDC are extended
- increase in interest rates that 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 competition within domestic and international communications solutions
- 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 in and divestitures of domestic and foreign companies

We caution that the above list of important factors is not exhaustive. When relying on forward-looking statements 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.

Social responsibility

The following constitutes NTCA's statutory reporting on social responsibility in accordance with Section 99a of the Danish Financial Statements Act. All the NTCA's Groups' social responsibility activities are related to TDC.

The statutory reporting is supplemented by TDC's CSR Report, which is available from http://tdc.com/csr/. The CSR Report has been prepared in accordance with the Global Reporting Initiative's sustainability reporting guidelines (G3)[51], level B, with self-declaration based on own assessments. Read more about the GRI3 guidelines at http://www.globalreporting.org.

In June 2009, TDC joined the UN Global Compact and in 2010 will submit its first Communication on Progress (COP), which will constitute TDC's CSR Report prepared in accordance with the abovementioned G3 guidelines. TDC could therefore have omitted a detailed report in this Annual Report, but with its focus on clarity and transparency, has decided to present below the most significant areas of the company's work with social responsibility.

Systematization of CSR work

In 2009, TDC's Corporate Management Team adopted an official CSR policy defining clear goals for TDC's role in the IT society, for TDC's work on environmental affairs and climate change and for the wellbeing of TDC's employees. The CSR policy in its entirety is available at http://tdc.com/csr.

As mentioned above, TDC also joined the UN Global Compact in 2009, and thus committed itself to supporting the ten principles spanning human and labor rights, environmental and climate protection and anti-corruption. Read more about TDC's UN Global Compact commitment at http://tdc.com/csr.

The ten principles supplement TDC's basic work as a socially responsible company that has focused for many years on workforce diversity, reduced environmental impact and proper business conduct.

[51] G3 is a set of global guidelines for reporting on sustainability based on a range of indicators within; finance, the climate and environment, product liability, working conditions, human rights, and society. G3 is flexible, as it gives the opportunity for reporting at levels A, A+, B, B+, C, C+, D or D+. The levels state the reporting scope and the plus symbol indicates that TDC has been assessed by a third party to ensure that the company is reporting in compliance with G3. In 2009, TDC chose to report at level B using a self-assessment (see TDC's self-assessment at http://tdc.com/csr)

In future, TDC will work at implementing the ten principles of the UN Global Compact in the Company's operations and CSR work. A number of examples of how TDC is currently striving to fulfill its corporate social responsibility are given below. As stated, more details are given in TDC's CSR report, and at http://tdc.com/csr (click on Reporting) you can read more about the cohesion between TDC's CSR policy and its efforts to involve the UN Global Compact principles.

TDC's role in the IT society

In 2009, TDC set a goal to ensure increased high-speed broadband coverage, both mobile and landline, together with increased digital TV via the coaxial cable, and landline network for Danish households. For instance, more than 90% of the Danish population currently has access to Turbo 3G via mobile broadband and 76% has broadband access with up to 20 Mbps connections via TDC's landline networks. With so many fast connections, TDC achieves its goal of being Denmark's IT backbone and therefore supports a vast number of vital parts of Danish society, e.g. emergency services. It also ensures that its customers benefit fully from the digital options available from both authorities and other service providers.

The change from analog to digital TV signals has resulted in more rigorous demands on cable TV and IP-TV, which for TDC means YouSee and TDC TV. The change also means that many more Danes can now benefit from the digital offers, including two new public service channels from Danmarks Radio.

Read more about TDC's contributions to the IT society on pages 28-35 of the CSR Report 2009.

TDC's environmental and climate work

At the end of 2008, TDC adopted an ambitious climate plan to reduce its CO_2 emissions by five percent before 2014 based on its emission of 151,000 tons of CO_2 in 2007.

In 2009, TDC invested more than DKK 5m in specific CO_2-saving projects, including a project to reduce power consumed by TDC's landline customers by 11,000 tons CO_2. The project is due for completion in 2014.

In addition, TDC has asked its more than 10,000 employees at Danish locations to commit themselves to reducing power consumption at TDC's offices. The campaign was implemented with help from Elsparefonden (the Danish Electricity Saving Trust), with whom TDC has also entered into a 'curve breaker agreement'. In this agreement, TDC undertakes to improve its energy impact by 15% annually measured by the number of joules per kilobyte moving through TDC's networks. The campaign will continue in 2010.

TDC considers climate-friendly products to be a future competitive advantage and saving TDC's resources makes good financial sense. A proactive approach to reducing TDC's own carbon footprint is therefore the first step toward a more competitive and cost-conscious company – also in terms of climate change.

Read more about TDC's environmental and climate change efforts on pages 20-27 of TDC's CSR Report 2009.

Employees

This year, TDC has had to say goodbye to a number of employees. As in many other companies, the global financial crisis has had an impact on TDC. However, TDC takes pride in taking leave of its employees in a decent manner. It therefore facilitates an extensive outplacement process with support and guidance for its employees to help them through the transition to another career outside TDC.

TDC's revenue is generated by its employees and their qualifications. The company's employees broadly reflect Danish society, i.e. its customers, which puts TDC in a good position to meet customer requirements. TDC has employees of all ages in all corners of Denmark, though with a male-dominated representation, as it is a technology-heavy company.

TDC's ambition, however, is to ensure that all employees, irrespective of age, gender, ethnicity or sexual orientation, enjoy promising career opportunities in the company. This explains the particular attention paid to equal opportunities in 2009. Henrik Poulsen, TDC's President and CEO, was appointed Equal Opportunity Ambassador by the Confederation of Danish Industries, and TDC signed the Charter for Women in Management devised by the Danish Ministry of Employment and Ministry of Gender Equality to ensure commitment to including women as candidates for executive positions in TDC. At present, TDC has 34% female employees and 36% female managers at all levels, but only 22% female managers at an executive level – a figure that TDC will endeavor to increase. In 2015, the figure must reach 33%.

Read more about TDC's employee initiatives on pages 12-19 of TDC's CSR Report 2009.

Social responsibility is about competencies

When preparing its new CSR policy, TDC also adopted a new strategy for societal sponsorships. In future, instead of making direct sponsorships, TDC will enter into more partnerships where TDC has special competencies and where the company can contribute more than just cash. When TDC's employees can contribute their skills, they become more involved in the projects than in traditional sponsorships. In this way, both TDC and its partners get more value for their money.

The Danish Red Cross

In 2009, based on its CSR policy, TDC initiated co-operation with the Danish Red Cross with a special focus on its efforts to be a world center for the International Red Cross within IT and telecommunications in connection with disasters. Every year, TDC donates DKK 500,000 to this particular cause.

As part of the partnership agreement, TDC places the latest technology, a modern warehouse in Copenhagen and financial support at the disposal of the Danish Red Cross. TDC has also set up a team of TDC specialists for the Danish Red Cross to use in connection with development tasks around the world. TDC pays the employees' wages and salaries when they are stationed abroad.

Read more about the partnership with the Danish Red Cross on pages 10-11 of TDC's CSR Report 2009.

The Circle

TDC has worked closely on The Circle project with Copenhagen University Hospital and Skejby Hospital since 2008. This project aims at providing long-stay children in hospitals with an opportunity to participate in lessons from their sickbeds. Besides having devastating and potentially life-threatening illnesses, these children have to live with losing their social life as their illness prevents them from attending lessons in a normal school.

As the largest IT company in Denmark, TDC contributes broadband connections, interactive whiteboards, webcams and state-of-the-art software to The Circle as well as a wide range of resources and DKK 500,000 annually.

The Circle project is expected to be completed during 2010. Read more on page 7 of TDC's CSR Report 2009.

Open World

During the summer of 2009, TDC, in collaboration with Ericsson, the IT University of Copenhagen and Copenhagen Business School, held a summer school for students attending technical as well as business courses. The aim was to support a study and exchange environment for telecommunications services.

Particular emphasis was put on mobile applications, and during the fortnight the course lasted, students were taught by experts from TDC in technical as well as business aspects of developing viable business cases. The Open World Summer School ended with an examination and competition won by a mobile application that can reduce the emission of CO2 through carpooling.

Read more about Open World on page 7 of TDC's CSR Report 2009.

TDC's "Tidsbank"

Since 2001, TDC has run "Tidsbanken" (The Time Bank), a corporate program through which employees can volunteer to work eight hours a year for "Børns Vilkår" (Welfare for Children), the Danish Cancer Society and Danish Red Cross. In 2009, TDC employees were collectors for the national fundraising campaigns of the Danish Cancer Society and Danish Red Cross, answered phone calls at "Danmarksindsamlingen" (the national emergency relief show) and taught children in kindergartens about sun protection as part of TDC's involvement in the Danish Cancer Society's "Turn down the sun" campaign.

Read more about "Tidsbanken" on page 13 of TDC's CSR Report.

Anti-corruption

TDC conducts its business based on the core values of integrity, reliability, honesty and transparency. Employees at all levels are encouraged to ensure that their financial and personal interests have no negative impact on their work-related transactions, attract no suspicion and do not clash with TDC's interests. Corruption is not a major problem, as TDC's day-to-day work is conducted mainly in the Nordic countries, which are all considered to be among the least corrupt countries in the world. Nevertheless, TDC is focusing on the issue. As part of its work with the UN Global Compact principles, TDC is currently revising its policy on giving and receiving presents. In the future this practice must comply with Transparency International's Business Principles for Countering Bribery. Gifts to and from external partners must comply with the fairness principle, and must not be given as an inducement to achieve anything dishonest or illegal or encourage breaches of confidence in favor of any of the TDC's business lines. The policy is expected to come into force in 2010.

The issue will also be addressed in TDC's general Code of Supplier Conduct.

TDC's CSR efforts in 2010

In 2010, while ensuring implementation of the UN Global Compact principles through, e.g. regular assessment of TDC's CSR initiatives and policy, TDC will focus on improving its reporting of climate, environmental and other CSR targets.

TDC's entire CSR Report is available at http://tdc.com/csr from February 12 2010, where you can also find a detailed description of TDC's social responsibility initiatives. TDC's status and CSR objectives are described on pages 36-41 of the CSR Report.

Corporate governance

Internal control and risk management systems in connection with financial reporting[52]

Introduction

All financial reporting for the NTCA Group is handled by TDC and is thereby subject to TDC's internal control and risk management systems concerning financial reporting.

TDC's internal control and risk management systems concerning financial reporting are planned to obtain assurance that internal and external financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements for annual reports of listed companies, and assurance that true and fair financial statements without material misstatements and irregularities are presented.

Internal control and risk management systems are updated regularly and are designed to detect and eliminate errors and inconsistencies in the financial statements. Due to an inherent risk of misappropriation of assets, unexpected losses, etc. the established internal control and risk management systems may only provide reasonable and not absolute assurance that material misstatements and irregularities in the financial reporting be detected and corrected.

Control environment

The TDC Board of Directors has set up a TDC Audit Committee mainly to assist the TDC Board of Directors in monitoring financial reporting and the efficiency of TDC's internal control and risk management systems.

The TDC Audit Committee has a supervising responsibility and reports to the entire TDC Board of Directors. The TDC Executive Committee is responsible for keeping efficient internal control and risk management systems in connection with financial reporting.

Powers and responsibilities are defined in policies and procedures. The TDC Board of Directors and the TDC Executive Committee define policies and procedures in significant areas concerning the financial reporting process. Relevant responsible functions define other guidelines and control, and supervise that policies and procedures are applied, including required separation of incompatible functions.

[52] Statutory statement regarding corporate governance, see Section 107 b of the Danish Financial Statements Act.

Risk assessment

The TDC Board of Directors and the TDC Executive Committee continuously assess the risks incumbent on TDC, including risks that affect financial reporting. The risk of errors in items in the financial statements based on estimates and complex processes is relatively larger than in other items. The section 'Critical accounting estimates and judgments' in the Consolidated Financial Statements includes a description of the most significant identified risks concerning financial reporting. Such matters are subject to specific review and evaluation by the TDC Audit Committee and the TDC Board of Directors.

Control activities

Control activities area based on risk assessments. The purpose of the activities is to ensure that policies, procedures, guidelines, manuals, etc. are complied with, and that any errors and inconsistencies are prevented, detected and corrected on a timely basis. The control activities are an integral part of TDC's accounting and financial reporting procedure and cover, e.g. authorization, approval, reconciliation, performance analyses, performance assessment and fulfillment of agreed targets (Key Performance Indicators, etc.), control of IT applications and general IT control.

Information and communication

TDC keeps and maintains information and communication systems to ensure correct financial reporting. The accounting manual and other reporting instructions, including budgeting and monthly closing procedures, are updated regularly and when required. These and other policies, procedures and descriptions of business procedures concerning financial reporting are available for relevant employees. Changes in procedures, etc. are reported and explained to the business lines in the relevant fora.

Information systems are designed to regularly identify, collect and communicate relevant information at relevant levels in compliance with the prescribed confidentiality for listed companies.

Surveillance

TDC uses an extensive financial control system to monitor performance, which facilitates detection and correction of any errors and irregularities in the financial reporting at an early stage, including weaknesses found in the internal control system and non-compliance with policies and procedures.

The group reporting process covers budget reporting and monthly reporting of actual results, including variance reports with regular estimates for the year. In addition to the statement of income, balance sheets and cash flow statement, notes and supplementary financial and operational data and analyses are also part of the financial reporting.

The detailed reports from all Group companies are analyzed and monitored at Group and business line levels as well relevant management levels in the organization.

The auditors elected by the Annual General Meeting will report any significant weaknesses in the internal control systems in long-form audit reports to the Board of Directors in connection with the financial reporting process. Less material matters are reported in management letters to the TDC Executive Committee. The TDC Audit Committee will follow up on weaknesses in internal controls detected and reported by the auditors elected by the Annual General Meeting to assure that such are corrected.

Guidelines from the Danish Venture Capital and Private Equity Association

In 2008, the Danish Venture Capital and Private Equity Association (DVCA) published new guidelines for responsible ownership and good corporate governance in private equity funds in Denmark.

TDC A/S' majority shareholder, Nordic Telephone Company Holding ApS, is - through a number of holding companies – ultimately controlled by investment funds each of which is advised or managed, directly or indirectly, by Apax Partners Worldwide LLP, The Blackstone Group International Limited, Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited. Both Nordic Telephone Company Holding ApS and TDC A/S are covered by the DVCA guidelines.

TDC complies with all DVCA guidelines of relevance to TDC. The guideline regarding a company's provision of financial information after delisting in connection with a transaction is not relevant to TDC A/S, as TDC remains listed on NASDAQ OMX Copenhagen.

The shareholders, customers, employees and society are TDC's primary stakeholders. The entire Annual Report reflects how TDC's management accommodates these stakeholders. Any other information requested by the DVCA guidelines has been included in the appropriate sections of the Annual Report.

The guidelines are available at DVCA's website, www.dvca.dk.

Financial Statements

Consolidated Financial Statements

Parent Company Financial Statements

Consolidated Statements of Income				DKKm
	Note	2009	2008	2007
Revenue	4,5	**35,939**	**35,609**	**36,779**
Transmission costs and cost of goods sold		(10,149)	(10,433)	(11,206)
Other external expenses		(7,511)	(7,291)	(7,288)
Wages, salaries and pension costs	6	(5,486)	(6,166)	(6,808)
Total operating expenses before depreciation, etc.		**(23,146)**	**(23,890)**	**(25,302)**
Other income and expenses	7	228	470	263
Income before depreciation, amortization and special items (EBITDA)		**13,021**	**12,189**	**11,740**
Depreciation, amortization and impairment losses		(6,319)	(6,100)	(7,446)
Operating income excluding special items		**6,702**	**6,089**	**4,294**
Special items	8	(1,192)	(3,070)	503
Operating income		**5,510**	**3,019**	**4,797**
Income from joint ventures and associates	14	76	200	266
Fair value adjustments		(310)	(694)	514
Currency translation adjustments		(164)	778	158
Financial income		1,349	3,026	2,339
Financial expenses		(4,018)	(6,931)	(8,044)
Net financials	9	**(3,143)**	**(3,821)**	**(5,033)**
Income before income taxes		**2,443**	**(602)**	**30**
Income taxes	10	(1,061)	(1,089)	645
Net income from continuing operations		**1,382**	**(1,691)**	**675**
Net income/(loss) from discontinued operations	11	(364)	(367)	621
Net income		**1,018**	**(2,058)**	**1,296**
Attributable to:				
Shareholders of the Parent Company		747	(2,126)	845
Minority interests		271	68	451
Total		**1,018**	**(2,058)**	**1,296**

Consolidated Statements of Comprehensive Income			DKKm
	2009	2008	2007
Net income	**1,018**	**(2,058)**	**1,296**
Currency translation adjustments, foreign enterprises	460	90	(915)
Currency hedging of net investments in foreign enterprises	0	(2,304)	769
Reversal of currency translation adjustment, foreign enterprises	171	103	14
Actuarial gains/(losses) related to defined benefit pension plans	588	1,166	793
Income tax relating to components of other comprehensive income	(144)	280	(374)
Other comprehensive income/(loss)	**1,075**	**(665)**	**287**
Total comprehensive income/(loss)	**2,093**	**(2,723)**	**1,583**
Attributable to:			
Shareholders of the Parent Company	1,724	(2,639)	1,074
Minority interests	369	(84)	509
Total	**2,093**	**(2,723)**	**1,583**

Assets				DKKm
	Note	2009	2008	2007
Non-current assets				
Intangible assets	12	49,550	53,361	55,365
Property, plant and equipment	13	19,998	22,396	21,227
Investments in joint ventures and associates	14	168	171	5,897
Other investments		7	9	7
Deferred tax assets	10	52	65	125
Pension assets	25	7,606	7,030	5,270
Receivables	15	231	96	95
Derivative financial instruments	24	0	11	39
Prepaid expenses	16	243	211	147
Total non-current assets		**77,855**	**83,350**	**88,172**
Current assets				
Inventories	17	323	489	641
Receivables	15	6,759	8,283	7,574
Income tax receivable	10	2	235	355
Derivative financial instruments	24	49	372	781
Prepaid expenses	16	673	785	665
Cash	18	4,643	7,157	8,759
Total current assets		**12,449**	**17,321**	**18,775**
Total assets		**90,304**	**100,671**	**106,947**

Equity and liabilities				DKKm
	Note	2009	2008	2007
Equity				
Common shares	19	0	0	0
Reserve for currency translation adjustments		(538)	(1,124)	155
Retained earnings		17,701	16,524	1,388
Proposed dividends		0	0	0
Equity attributable to Company shareholders		**17,163**	**15,400**	**1,543**
Minority interests		270	866	1,001
Total equity		**17,433**	**16,266**	**2,544**
Non-current liabilities				
Deferred tax liabilities	10	7,313	7,430	7,797
Provisions	22	1,519	1,355	1,275
Pension liabilities	25	244	365	296
Loans	20	41,104	51,556	75,768
Derivative financial instruments	24	0	23	141
Deferred income	21	1,245	1,350	956
Total non-current liabilities		**51,425**	**62,079**	**86,233**
Current liabilities				
Loans	20	5,759	4,718	4,146
Trade and other payables	23	8,212	8,923	8,303
Income tax payable	10	1,684	1,882	1,453
Derivative financial instruments	24	1,644	2,269	728
Deferred income	21	3,183	3,449	2,953
Provisions	22	964	1,085	587
Total current liabilities		**21,446**	**22,326**	**18,170**
Total liabilities		**72,871**	**84,405**	**104,403**
Total equity and liabilities		**90,304**	**100,671**	**106,947**

Consolidated Statements of Cash Flow				DKKm
	Note	2009	2008	2007
Income before depreciation, amortization and special items (EBITDA)		13,021	12,189	11,740
Reversal of items without cash flow effect	26	(84)	(406)	(195)
Pension contributions		(230)	(474)	(228)
Payments related to provisions		(60)	(164)	(261)
Cash flow related to special items		(651)	(407)	171
Change in working capital	27	1,043	509	729
Cash flow from operating activities before net financials and tax		**13,039**	**11,247**	**11,956**
Interest received		1,450	3,072	2,319
Interest paid		(4,052)	(6,308)	(7,956)
Realized currency translation adjustments		(611)	(850)	1,049
Cash flow from operating activities before tax		**9,826**	**7,161**	**7,368**
Corporate income tax paid		(1,166)	(769)	103
Cash flow from operating activities in continuing operations		**8,660**	**6,392**	**7,471**
Cash flow from operating activities in discontinued operations		286	402	586
Total cash flow from operating activities		**8,946**	**6,794**	**8,057**
Investment in enterprises	28	(1,081)	(325)	(110)
Investment in property, plant and equipment		(3,894)	(3,539)	(3,545)
Investment in intangible assets		(1,017)	(1,010)	(905)
Investment in other non-current assets		(4)	(6)	(16)
Investment in marketable securities		0	(1,264)	0
Divestment of enterprises	29	35	189	3,189
Sale of property, plant and equipment		36	91	4,281
Sale of intangible assets		2	42	24
Divestment of joint ventures and associates		(37)	5,383	986
Sale of other non-current assets		9	0	7
Sale of marketable securities		0	1,266	0
Change in loans to joint ventures and associates		0	0	274
Dividends received from joint ventures and associates		7	387	528
Cash flow from investing activities in continuing operations		**(5,944)**	**1,214**	**4,713**
Cash flow from investing activities in discontinued operations	30	(370)	(614)	3,173
Total cash flow from investing activities		**(6,314)**	**600**	**7,886**
Proceeds from long-term loans		2	13	1,614
Repayments of long-term loans		(6,464)	(9,085)	(13,097)
Change in short-term bank loans		2,151	4	(15)
Change in interest-bearing debt		10	(81)	(1,115)
Capital contribution		24	5	0
Dividends to minority interests		(861)	(85)	(83)
Other changes in minority interests		0	0	(7)
Dividends paid		(19)	0	0
Cash flow from financing activities in continuing operations		**(5,157)**	**(9,229)**	**(12,703)**
Cash flow from financing activities in discontinued operations		11	234	1,714
Total cash flow from financing activities		**(5,146)**	**(8,995)**	**(10,989)**
Total cash flow		**(2,514)**	**(1,601)**	**4,954**
Cash and cash equivalents at January 1	31	7,157	8,758	3,805
Cash and cash equivalents at December 31		**4,643**	**7,157**	**8,759**

Consolidated Statements of Changes in Equity

DKKm

	Equity attributable to Company shareholders					Minority interests	Total
	Common shares	Reserve for currency translation adjustments	Retained earnings	Proposed dividends	Total		
Equity at January 1, 2007	0	471	(228)	0	243	434	677
Effect of change in accounting policies	-	4	242	-	246	33	279
Shareholders' equity at January 1 after change in accounting policies	**0**	**475**	**14**	**0**	**489**	**467**	**956**
Total comprehensive income/(loss)	-	(320)	1,394	0	1,074	509	1,583
Distributed dividends	-	-	21	0	21	(21)	0
Dilution gain regarding subsidiaries	-	-	17	-	17	66	83
Premium, minority interests	-	-	(58)	-	(58)	58	0
Additions relating to acquisition of subsidiaries	-	-	-	-	-	5	5
Dividends to minority interests	-	-	-	-	-	(83)	(83)
Equity at December 31, 2007	**0**	**155**	**1,388**	**0**	**1,543**	**1,001**	**2,544**
Total comprehensive income/(loss)	-	(1,279)	(1,360)	0	(2,639)	(84)	(2,723)
Distributed dividends	-	-	(9)	0	(9)	9	0
Capital contribution	0	-	16,530	-	16,530	0	16,530
Premium, minority interests	-	-	(25)	-	(25)	25	0
Dividends to minority interests	-	-	-	-	-	(85)	(85)
Equity at December 31, 2008	**0**	**(1,124)**	**16,524**	**0**	**15,400**	**866**	**16,266**
Total comprehensive income/(loss)	-	586	1,138	0	1,724	369	2,093
Distributed dividends	-	-	15	-	15	(34)	(19)
Capital contribution	0	-	24	-	24	0	24
Dividends to minority interests	-	-	-	-	-	(931)	(931)
Equity at December 31, 2009	**0**	**(538)**	**17,701**	**0**	**17,163**	**270**	**17,433**

Notes to Consolidated Financial Statements

Overview

Note 1 Significant Accounting Policies

NTCA's Consolidated Financial Statements for 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional disclosure requirements issued by the IFRS Executive Order issued by the Danish Commerce and Companies Agency in pursuance of the Danish Financial Statements Act. For NTCA there are no differences between IFRS as adopted by the European Union and IFRS as issued by IASB.

The Consolidated Financial Statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for trading, and financial instruments classified available for sale.

When preparing the Consolidated Financial Statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported revenue and expenses for the accounting period. The accounting estimates and judgments considered material to the preparation of the Consolidated Financial Statements appear from note 2 below.

Merger between NTCA, NTCI, NTCF and NTCH
All figures in these financial statements, including comparative figures for previous periods, reflect the merger between NTCA, NTCI, NTCF and NTCH with NTCA as the surviving company, which was effective from January 1, 2009 for accounting purposes.

Changes to accounting policies
The accounting policies have been changed in relation to:

- Revenue recognition
- Pensions

Sale of handsets below cost in an arrangement, which can not be separated from the provision of services, is no longer recognized as revenue. Previously, such sales were recorded as revenue and the costs were recorded as cost of goods sold. The loss is recorded as other external expenses together with other subscriber acquisition costs and subscriber retention costs.

Actuarial gains and losses related to defined benefit plans are now recognized in other comprehensive income when gains and losses occur. Previously, if the value of such accumulated actuarial gains and losses exceeded 10% of the higher of the pension obligation's value and the fair value of the pension plans assets, the excess amount was recognized in the Statements of Income in accordance with the corridor method over the projected average remaining service lives of the employees concerned. Actuarial gains and losses not exceeding the above-mentioned limits were recognized neither in the Statements of Income nor the Balance Sheets, but were disclosed in the notes.

Comparative figures for previous periods have been restated accordingly. The impact on the financial statements for 2009, 2008 and 2007 is shown below.

	2009			2008			2007		
	Previous accounting policies	Effect of change in accounting policies	New accounting policies	Previous accounting policies	Effect of change in accounting policies	New accounting policies	Previous accounting policies	Effect of change in accounting policies	New accounting policies
Revenue	36,314	(375)	35,939	36,024	(415)	35,609	37,225	(446)	36,779
Transmission costs and cost of goods sold	(10,524)	375	(10,149)	(10,835)	402	(10,433)	(11,639)	433	(11,206)
Other external expenses	(7,511)	0	(7,511)	(7,304)	13	(7,291)	(7,301)	13	(7,288)
Wages, salaries and pension costs	(5,416)	(70)	(5,486)	(6,175)	9	(6,166)	(6,809)	1	(6,808)
Income before depreciation, amortization and special items (EBITDA)	13,091	(70)	13,021	12,180	9	12,189	11,739	1	11,740
Special items	(1,192)	0	(1,192)	(3,032)	(38)	(3,070)	507	(4)	503
Income taxes	(1,079)	18	(1,061)	(1,092)	3	(1,089)	645	0	645
Net income	**1,070**	**(52)**	**1,018**	**(2,032)**	**(26)**	**(2,058)**	**1,299**	**(3)**	**1,296**
Actuarial gains/(losses) related to defined benefit pension plans	0	588	588	0	1,166	1,166	0	793	793
Income tax relating to components of other comprehensive income	0	(144)	(144)	576	(296)	280	(205)	(169)	(374)
Other comprehensive income	**631**	**444**	**1,075**	**(1,535)**	**870**	**(665)**	**(337)**	**624**	**287**
Total comprehensive income	**1,701**	**392**	**2,093**	**(3,567)**	**844**	**(2,723)**	**962**	**621**	**1,583**
Pension assets	4,743	2,863	7,606	4,562	2,468	7,030	4,094	1,176	5,270
Total assets	**87,441**	**2,863**	**90,304**	**98,203**	**2,468**	**100,671**	**105,771**	**1,176**	**106,947**
Equity	15,302	2,131	17,433	14,521	1,745	16,266	1,643	901	2,544
Deferred tax liabilities	6,594	719	7,313	6,836	594	7,430	7,496	301	7,797
Pension liabilities, etc.	231	13	244	236	129	365	322	(26)	296
Total equity and liabilities	**87,441**	**2,863**	**90,304**	**98,203**	**2,468**	**100,671**	**105,771**	**1,176**	**106,947**

The impact on revenue from change in revenue recognition in 2005 and 2006 is a decrease of DKK 0m and DKK 351m respectively. There is no impact on net income.

The impact on pension assets from change in accounting policy regarding pensions in 2005 and 2006 is an increase of DKK 0m and DKK 566m respectively. The impact on equity is an increase of DKK 0m and DKK 279m, respectively.

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

For the convenience of the reader Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Cash Flow, Consolidated Statements of Changes in Equity and certain notes include supplementary comparative figures for 2007.

Consolidation policies

The Consolidated Financial Statements include the Financial Statements of the Parent Company and subsidiaries in which Nordic Telephone Company Administration ApS has a direct or indirect controlling influence. Joint ventures in which the Group has joint control are recognized using the equity method. Associates in which the Group has a significant but not controlling influence are recognized using the equity method.

The Consolidated Financial Statements have been prepared on the basis of the Financial Statements of Nordic Telephone Company Administration ApS and its consolidated enterprises, which have been restated to Group accounting policies combining items of a uniform nature.

On consolidation, intra-group income and expenses, shareholdings, dividends, internal balances and realized and unrealized profits and losses on transactions between the consolidated enterprises have been eliminated.

On acquisition of subsidiaries, joint ventures and associates, the purchase method is applied, and acquired assets, liabilities and contingent liabilities are measured on initial recognition at fair values on the date of acquisition. Identifiable intangible assets are recognized if they can be separated and the fair value can be reliably measured. Deferred tax of the revaluation made is recognized.

Any remaining positive differences between cost and fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries are recognized as goodwill in the Balance Sheets under Intangible assets. The cost is stated at the fair value of submitted shares, debt instruments as well as cash and cash equivalents plus transaction costs incurred. Positive differences on acquisition of joint ventures and associates are recognized in the Balance Sheets under Investments in joint ventures and associates. Goodwill is not amortized, but is tested annually for impairment. Negative balances (negative goodwill) are recognized in the Statements of Income on the date of acquisition.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, adjustments made within twelve months of the acquisition date to the provisional fair value of acquired assets, liabilities and contingent liabilities or cost of the acquisition, are adjusted to the initial goodwill. The adjustment is calculated as if it were recognized at the acquisition date and comparative figures are restated. Subsequent to this period, goodwill is adjusted only for changes in estimates of the cost of the acquisition being contingent on future events. However, subsequent realization of deferred tax assets not recognized on acquisition will result in the recognition in the Statements of Income of the tax benefit concurrently with a write-down of the carrying value of goodwill to the amount that would have been recognized if the deferred tax asset had been recognized at the time of the acquisition.

The difference between the cost of acquired minority interests and the carrying value of the acquired minority interests is recognized in equity. Gains or losses on disposals to minority interests are also recorded in equity.

Acquired enterprises are recognized in the Consolidated Financial Statements from the time of acquisition, whereas divested enterprises are recognized up to the time of disposal. Enterprises that meet the criteria for discontinued operations are presented separately.

Gains and losses related to divestment of subsidiaries, joint ventures and associates are recognized as the difference between the proceeds (less divestment expenses) and the carrying value of net assets (including goodwill), with the addition of accumulated currency translation adjustments recognized in other comprehensive income at the time of divestment.

Foreign currency translation

A functional currency is determined for each of the Group's enterprises. The functional currency is the currency applied in the primary economic environment of each enterprise's operations. Transactions in currencies other than the functional currency are transactions in foreign currencies. The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are translated at the transaction-date rates of exchange. Foreign exchange gains and losses arising from differences between the transaction-date rates and the rates at the date of settlement are recognized as net financials in the Statements of Income. Cash, marketable securities, loans and other amounts receivable or payable in foreign currencies are translated into the functional currency at the official rates of exchange quoted at the balance sheet date. Currency translation adjustments are recognized as net financials in the Statements of Income.

The balance sheets and goodwill of consolidated foreign enterprises are translated into Danish kroner at the official rates of exchange quoted at the balance sheet date, whereas the statements of income of the enterprises are translated into Danish kroner at monthly average rates of exchange. Currency translation adjustments arising from the translation of equity at the beginning of the year into Danish kroner at the official rates of exchange quoted at the balance sheet date are recognized directly in equity under a separate reserve for currency translation adjustments. This also applies to adjustments arising from the translation of the statements of income from the monthly average rates of exchange to the rates of exchange quoted at the balance sheet date.

Currency translation adjustments of receivables from foreign subsidiaries, joint ventures and associates that are considered to be part of the overall investment in the enterprise are recognized directly in equity.

Derivative financial instruments
On initial recognition, derivative financial instruments are recognized in the Balance Sheets on inception at fair values and subsequently remeasured also at fair values. Derivate financial instruments are recognized when the Group becomes party to the contract and are derecognized when the contract expires, is settled or sold. Quoted market prices are used for derivative financial instruments traded in an active market. A number of different, recognized measurement methods, depending on the type of instrument, are applied for derivative financial instruments not traded in an active market. Measurement of financial assets is based on bid prices, and offer prices are applied for financial liabilities.

Changes in the fair values of derivative financial instruments that qualify as hedges of future cash flows are recognized directly in other comprehensive income net of tax. Gains and losses from hedges of future cash flows are transferred from equity and are, as a general rule, recognized in the same item as the hedged transaction when the cash flow is realized (for example when the hedged sale has been effected). If the hedged transaction results in recognition of a non-monetary asset (such as inventories) or a liability, however, gains or losses from equity are included in the cost of the asset or liability.

Fair value changes of derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the Statements of Income.

Changes in the fair values of derivative financial instruments that qualify as net investment hedges in foreign subsidiaries, joint ventures or associates, and that effectively hedge exchange rate changes in these enterprises, are recognized directly in other comprehensive income net of tax.

Revenue recognition
Revenue comprises goods and services provided during the year after deduction of VAT and rebates relating directly to sales.

The significant sources of revenue are recognized in the Statements of Income as follows:

- Revenues from telephony are recognized at the time the call is made
- Sales related to prepaid products are deferred, and revenues are recognized at the time of use
- Revenues from leased lines are recognized over the rental period
- Revenues from subscription fees and flat-rate services are recognized over the subscription period
- Revenues from non-refundable up-front connection fees are deferred and amortized over the expected term of the related customer relationship

- Revenues from the sale of equipment are recognized upon delivery. Revenues from the maintenance of equipment are recognized over the contract period.

Revenue arrangements with multiple deliverables are recognized as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions. Such revenues include sale of customer-placed equipment, e.g. switchboards and handsets.

Sale of handsets below cost in an arrangement, which can not be separated from the provision of services, is not recognized as revenue.

Revenues are recognized gross when NTCA acts as a principal in a transaction. For content-based services and the resale of services from content providers where NTCA acts as agent, revenues are recognized net of direct costs.

The percentage of completion method is used to recognize revenue from contract work in process based on an assessment of the stage of completion. Contract work in process includes installation of telephone and IT systems, system integration and other business solutions.

Share options

The value of services received from employees in return for share options is measured at the grant date at the fair value of the share options granted and is recognized over the vesting period in the Statements of Income under wages, salaries and pension costs. The set-off item is recognized directly in equity.

For initial recognition of share options, the number of options to which employees are expected to be entitled is based on an estimate. Changes in the estimated number of legally acquired options are subsequently adjusted so that the total recognition is based on the actual number of legally acquired options.

Calculations of fair values of share options granted are based on the Black-Scholes option-pricing model, taking into account the terms and conditions attached to the granted share options.

Special items

Special items include significant amounts that cannot be attributed to normal operations such as special write-downs for impairment of intangible assets and property, plant and equipment as well as provisions for restructuring, etc. and any reversals of such. Special items also include large gains and losses related to divestment of subsidiaries.

Items of a similar nature for non-consolidated enterprises and discontinued operations are recognized under income from joint ventures and associates and net income from discontinued operations, respectively.

Research

Research costs are expensed as incurred. Contributions received from third parties in connection with research projects are recognized as income concurrently with the incurrence of related expenses.

Intangible assets

Goodwill and brands with indefinite useful lives are recognized at cost less accumulated write-downs for impairment. The carrying value of goodwill and brands with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, and is subsequently written down to the recoverable amount in the Statements of Income if exceeded by the carrying value. Write-downs of goodwill are not reversed. For the purpose of impairment testing in the consolidated financial statements, goodwill is allocated to the Group's cash-generating units. The determination of cash-generating units complies with operating segments based on the Group's internal management reporting.

Brands with finite useful lives, licenses, proprietary rights, patents, etc. are measured at cost less accumulated amortization and impairment losses and are amortized on a straight-line basis over their estimated useful lives.

Customer-related assets are measured at cost less accumulated amortization and impairment losses and are amortized using the diminishing-balance method based on percentage churn (4% to 33%) corresponding to the expected pattern of consumption of the expected future economic benefits.

Development projects, including costs of computer software purchased or developed for internal use, are recognized as intangible assets if the cost can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages, external charges, depreciation and amortization that are directly attributable to the development activities as well as interest expenses in the production period. Development projects that do not meet the criteria for recognition in the Balance Sheets are expensed as incurred in the Statements of Income.

The main amortization periods are as follows:

Brands	2-10 years
UMTS licenses	11-16 years
Other licenses	2-16 years
Other rights, etc.	2-10 years
Development projects	2-5 years

Development projects in process and intangible assets of indefinite useful lives are tested for impairment at least annually and written down to recoverable amount in the Statements of Income if exceeded by the carrying value.

Intangible assets are recorded at the lower of recoverable amount and carrying value.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and write-downs for impairment.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes directly attributable payroll costs, materials, parts purchased and services rendered by sub-suppliers or contractors as well as interest expenses in the construction period. Cost also includes estimated asset retirement costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise wages, salaries and pension costs together with other external expenses calculated in terms of time consumed on self-constructed assets in the relevant departments.

The depreciation base is measured at cost less residual value and any write-downs. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as follows:

Buildings	20 years
Telecommunications installations	3-20 years
Other installations	3-15 years

The assets' useful lives and residual values are reviewed regularly. If the residual value exceeds the asset's carrying value, depreciation is discontinued.

Property, plant and equipment that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sales price less selling expenses and the carrying value at the time of sale. The resulting gain or loss is recognized in the Statements of Income under Other income and expenses.

Software that is an integral part of for example telephone exchange installations is presented together with the related assets. Useful lives are estimated individually.

Installation materials are measured at the lower of weighted average cost and recoverable amount.

Leased property, plant and equipment that qualify as capital leases are recognized as assets acquired.

Property, plant and equipment are recognized at the lower of recoverable amount and carrying value.

Investments in joint ventures and associates
Investments in joint ventures and associates are recognized under the equity method.

A proportional share of the enterprises' income after income taxes is recognized in the Statements of Income. Proportional shares of intra-group profits and losses are eliminated.

Investments in joint ventures and associates are recognized in the Balance Sheets at the proportional share of the entity's equity value calculated in accordance with Group accounting policies with the addition of goodwill.

Joint ventures and associates with negative equity value are measured at DKK 0, and any receivables from these enterprises are written down, if required, based on an individual assessment. If a legal or constructive obligation exists to cover the joint venture's or associate's negative balance, an obligation is recognized.

Other investments
Other investments whose fair value cannot be reliably determined are recognized at cost. The carrying value is tested for impairment annually and written down in the Statements of Income. When a reliable fair value is determinable, such investments are measured accordingly. Unrealized fair value adjustments are recognized directly in equity except for impairment losses and translation adjustments of foreign currency investments that are recognized in the Statements of Income. The accumulated fair value adjustment recognized in equity is transferred to the Statements of Income when realized.

Inventories
Inventories are measured at the lower of weighted average cost and net realizable value. The cost of merchandise covers purchase price and delivery costs.

Receivables
Receivables are measured at amortized cost. Write-downs for anticipated uncollectibles are based on individual assessments of major receivables and historically experienced write-down for anticipated losses on uniform groups of other receivables.

Contract work in process
Contract work in process is measured at the selling price of the work performed and recognized under receivables. The selling price is measured at cost of own labor, materials, etc., and the addition of a share of the profit based on the stage of completion. The stage of completion is measured by comparing costs incurred to date with the estimated total costs for each contract.

Write-downs are made for anticipated losses on work in process based on assessments of estimated losses on the individual projects through to completion.

Payments on account are offset against the value of the individual contract to the extent that such billing does not exceed the amount capitalized. Received payments on account exceeding the amount capitalized are recognized as a liability under prepayments from customers.

Marketable securities
Marketable securities classified as held for trading are recognized under current assets and measured at fair value at the balance sheet date. All fair value adjustments (except principal repayments) are recognized in the Statements of Income.

Dividends
Dividends expected to be distributed for the year are recognized under a separate item in equity. Dividends and interim dividends are recognized as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

Currency translation reserve
Currency translation reserve comprises exchange rate differences arising from translation into Danish kroner of the functional currency of foreign enterprises' financial statements. Translation adjustments are recognized in the Statements of Income when the net investment is realized.

Current and deferred corporate income taxes
Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years.

Current income tax liabilities and current income tax receivables are recognized in the Balance Sheets as income tax payable or income tax receivable.

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying values and the tax bases of assets and liabilities at the balance sheet date except for temporary differences arising from goodwill on initial recognition and other items where amortization for tax purposes is disallowed. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by NTCA and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax loss carry-forwards are recognized at the value at which they are expected to be realized. Realization is expected to be effected either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Adjustment of deferred tax is made concerning elimination of unrealized intra-group profits and losses.

Deferred tax is measured on the basis of the tax rules and tax rates in the respective countries that will be effective under the legislation at the balance sheet date when the deferred tax is expected to be realized as current income tax. Changes in deferred tax as a result of changes in tax rates are recognized in the Statements of Income except for the effect of items recognized directly in other comprehensive income.

Provisions
Provisions are recognized when – as a consequence of an event occurring before or on the balance sheet date – the Group has a legal or constructive obligation, where it is probable that economic benefits must be sacrificed to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions for restructuring etc. are recognized when a final decision thereon has been made before or on the balance sheet date and has been announced to the parties involved, provided that the amount can be measured reliably. Provisions for restructuring are based on a defined plan, which means that the restructuring is commenced immediately after the decision has been made.

When the Group is under an obligation to demolish an asset or re-establish the site where the asset was used, a liability corresponding to the present value of estimated future costs is recognized and an equal amount is capitalized as part of the initial carrying value of the asset.

Provisions are measured at the Management’s best estimate of the amount at which the liability is expected to be settled. If the costs required to settle the liability have a significant impact on the measurement of the liability, such costs are discounted.

Pensions
The Group’s pension plans include defined benefit plans and defined contribution plans.

The Group has an obligation to pay a specific benefit to defined benefit plans at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans’ assets at fair value is recognized for these benefit plans.

The obligations are determined annually by independent actuaries using the 'Projected Unit Credit Method' assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations. Estimation of future obligations is based on the Group’s projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The defined pension plans’ assets are estimated at fair value at the balance sheet date.

Differences between the projected and realized developments in pension assets and pension obligations are referred to as actuarial gains and losses and are recognized in other comprehensive income when gains and losses occur.

Pension assets are recognized to the extent they represent future repayments from the pension plan.

In case of changes in benefits relating to employees’ previous service period, a change in the estimated present value of the pension obligations will occur, which will be recognized immediately if the employees have acquired a final right to the changed benefits. If not, the change is recognized over the period in which the employees become entitled to the changed benefit.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.

Financial liabilities
Interest-bearing loans are recognized initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortized cost so that the difference between the proceeds and the nomi-

nal value is recognized in the Statements of Income over the term of the loan.

Other financial liabilities are measured at amortized cost.

Deferred income
Deferred income recognized as liabilities comprises payments received covering income in subsequent years measured at cost.

Assets held for sale
Assets held for sale comprise non-current assets and disposal groups. Disposal groups are groups of assets to be disposed of, by sale or otherwise, together as a group in a single transaction. Liabilities associated with assets held for sale are liabilities directly associated with those assets that will be transferred in the transaction. Assets are classified as assets held for sale when their carrying value will be recovered principally through a sales transaction rather than through continuing use and it seems highly probable that the disposal is effected within twelve months in accordance with a single coordinated plan.

Assets or disposal groups classified as held for sale are measured at the lower of carrying value at the time of the classification as held for sale and the fair value less costs to sell. No depreciation or amortization is charged on assets from the date when they are classified as assets held for sale. Furthermore, recognition of income under the equity method ceases when joint ventures and associates are classified as assets held for sale.

Impairment losses arising on initial classification as assets held for sale and gains and losses on subsequent measurement at the lower of carrying value and fair value less costs to sell are recognized in the Statements of Income.

Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

Leases of property, plant and equipment, where the group has substantially all the risks and rewards of ownership, are classified as capital leases. The cost of capital leases is measured at the lower of the assets' fair value and the present value of future minimum lease payments. The corresponding rental obligations are included in loans. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The property, plant and equipment acquired under capital leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disclosure of discontinued operations
Discontinued operations are recognized separately as they constitute entities comprising separate major lines of business or geographical areas, whose activities and cash flows for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal is expected to be effected within twelve months in accordance with a single coordinated plan.

Income/loss after tax of discontinued operations is presented in a separate line in the Statements of Income with restated comparative figures. Revenue, costs and taxes relating to the discontinued operation are disclosed in the notes. Assets and accompanying liabilities are presented in separate lines in the Balance Sheets without restated comparative figures, and the principal items are specified in a note.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the Statements of Cash Flow with restated comparative figures.

Statements of Cash Flow
Cash flow from operating activities is presented under the indirect method and is based on earnings before interest, taxes, depreciation, amortization and special items adjusted for non-cash operating items, cash flow related to special items, changes in working capital, interest received and paid as well as income taxes paid.

Cash flow from investing activities comprises acquisition and divestment of enterprises, purchase and sale of intangible assets, property, plant and equipment as well as other non-current assets, and purchase and sale of securities that are not recognized as cash and cash equivalents. Cash flows from acquired enterprises are recognized from the time of acquisition, while cash flows from enterprises divested are recognized up to the time of divestment.

Cash flow from financing activities comprises changes in interest-bearing debt, purchase of treasury shares and dividends to shareholders.

Cash and cash equivalents cover cash and marketable securities with a remaining life not exceeding three months at the time of acquisition, and with an insignificant risk of changes in value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the financial and operational reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above.

Income before depreciation, amortization and special items (EBITDA) represents the profit earned by each segment without allocation of depreciation, amortization and impairment losses, special items, income from joint ventures and associates, net financials and income taxes. EBITDA is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated to operating segments in the financial and operational reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group and for each segment. For IFRS 8 purposes, segment assets for each reportable segment comprise the following assets: Inventories, trade receivables, receivables from joint ventures and associates as well as contract work in process, other receivables and prepaid expenses.

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of the enterprise where the sale originates.

Note 2 Critical accounting estimates and judgments

The preparation of NTCA's Annual Report requires Management to make assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the fiscal period. Estimates and judgments used in the determination of reported results are continuously evaluated.

Estimates and judgments are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our Significant Accounting Policies are set out in note 1. The following estimates and judgments are considered important when portraying our financial position:

- Useful lives for intangible assets and property, plant and equipment as shown in notes 12 and 13, respectively, are assigned based on periodic studies of actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that have the potential to impact the determination of the useful life of the asset, such as when events or circumstances have occurred which indicate that the carrying value of the asset may not be recoverable and should therefore be tested for impairment. Any change in the estimated useful lives of these assets is recognized in the financial statements as soon as any such change is determined.

- Intangible assets comprise a significant portion of our total assets. Impairment tests on goodwill and other intangible assets with indefinite lives are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying value may not be recoverable. The measurement of intangibles is a complex process that requires significant Management judgment in determining various assumptions, such as cashflow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods. The assumptions for significant goodwill amounts are set out in note 12.

- Net periodic pension cost for defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to returns on plan assets, discount rate, wage inflation and demography (mortality, disability, etc.). As shown in note 25, the assumed discount rate was increased from 5.35% to 5.60% in 2009 to reflect changes in market conditions, and the expected return on plan assets has been reduced to reflect changes in market conditions and in the mix of assets held by our pension funds. Our assumptions for 2010 reflect a decrease in the discount rate from 5.60% to 5.00%, an increase in the expected return on plan assets from 5.10% to 5.20%, and unchanged assumptions for inflation. We believe these assumptions illustrate current market conditions and expectations for market returns in the long term. With these changed assumptions, NTCA's total pension costs excluding redundancy programs are expected to decrease by approximately DKK 150m in 2010 compared with 2009, assuming all other factors remain unchanged.

- Estimates of deferred taxes and significant items giving rise to the deferred assets and liabilities are shown in note 10. These reflect the assessment of actual future taxes to be paid on items in the financial statements, with consideration given to both the timing and probability of these estimates. In addition, such estimates reflect expectations about the amount of future taxable income and, where applicable, tax planning strategies. Actual income taxes and income for the period could vary from these estimates as a result of changes in expectations about future taxable income, future changes in income tax law or result from the final review of our tax returns by tax authorities.

- The determination of the treatment of contingent assets and liabilities in the financial statements, as shown in note 35, is based on the expected outcome of the applicable contingency. Legal counsel and other experts are consulted both within and outside the Company. An asset is recognized if the likelihood of a positive outcome is virtually certain. A liability is recognized if the likelihood of an adverse outcome is probable and the amount is estimable. If not, we disclose the matter. Resolution of such matters in future periods may result in realized gains or losses deviating from the amounts recognized.

- Revenue, as shown in note 4, is recognized when realized or realizable and earned. Revenues from non-refundable up-front connection fees are deferred and recognized as income over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of Management estimates may have a significant impact on the amount and timing of our revenues for any period.

Note 3 New accounting standards

At December 31, 2009 IASB and the EU have approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that become effective for 2010 or later, and are judged relevant for NTCA:

- IFRS 3 (Revised 2008) *Business Combinations* will be effective for fiscal years starting on or after July 1, 2009. The revised standard continues to apply the purchase method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recognized at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. The non-controlling interest (the minority interests) in the acquiree can be measured on an acquisition-by-acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are to be expensed. The Group will apply IFRS 3 (Revised 2008) prospectively to all business combinations from January 1, 2010.

- IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* will be effective for fiscal years starting on or after July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests (minority interests) to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognized in profit or loss. The Group will apply IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests from January 1, 2010. The Group already uses this economic entity approach on transactions with non-controlling interests.

- IAS 32 (Amended 2009) *Financial Instruments: Presentation - Classification of Rights Issues* will be effective for fiscal years starting on or after February 1, 2010. The amended standard changes the classification between equity and liabilities in very specific situations where equity instruments are offered in a currency different from the functional currency of the entity. The Group will apply IAS 32 (Amendment) from January 1, 2011, but the amendment is not expected to have any impact.

- IFRIC 17 *Distributions of Non-cash Assets to Owners* will be effective for fiscal years starting on or after July 1, 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group will apply IFRIC 17 from January 1, 2010. The interpretation has no impact on the group's financial statements as the distributions only take place in cash.

IASB has published the following new accounting standards (IFRSs) and interpretations (IFRICs) that become effective for 2010 or later, and are judged relevant for NTCA, but have not yet been approved by the EU:

- IFRS 2 (Amended 2009) *Share-based Payment - Group cash-settled and share-based payment transactions* will be effective for fiscal years starting on or after January 1, 2010. In addition to incorporate IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2 - Group and treasury share transactions* the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The Group will apply IFRS 2 (Amendment) from January 1, 2010, but the amendment is not expected to have any impact.

- IFRS 9 *Financial Instruments* will be effective for fiscal years starting on or after January 1, 2013. IFRS 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. It applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Group will apply IFRS 9 from January 1, 2013 at the latest, but the amendment is not expected to have any material impact.

- IAS 24 (Amended 2009) *Related Party Disclosures* will be effective for fiscal years starting on or after January 1, 2011. The amended standard provides a partial exemption from the disclosure requirements for government-related entities and simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Group will apply IAS 24 (Amendment) from January 1, 2011, but the amendment is not expected to have any impact.

- As part of the annual improvement project IASB has approved changes to several of the existing standards. The adjustments are effective from January 1, 2010 at the earliest, but are expected to have no material impact on the Group's financial statements.

- IFRIC 14 (Amended 2009) *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* will be effective for fiscal years starting on or after January 1, 2011. The amendment applies in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The Group will apply IFRIC 14 (Amendment) from January 1, 2011, but the amendment is not expected to have any impact.

Note 4 Segment reporting

For a description of reportable segments and the types of products and services from which each reportable segment derives its revenue, see 'Business activities' under 'The NTCA Group'.

In 2009, TDC changed the organizational structure of the company to a customer-centric rather than technology-centric organization. In addition TDC Business Nordic's organizational structure was divided into two divisions: TDC Business, which is responsible for the Danish business market, and TDC Nordic, which is responsible for activities in the other Nordic countries and TDC Hosting. TDC was reorganized in the following segments (business lines): Consumer, TDC Business, TDC Nordic and Operations & Wholesale. The previous segments Fixnet Nordic and Mobile Nordic were dissolved. The allocation of revenues and expenses to the respective segments was adjusted after TDC changed its organization. Comparative figures for 2008 and 2007 have been restated accordingly.

Following TDC's reorganization in 1Q 2009, all domestic mobile and landline networks are based in Operations & Wholesale. Operating expenses related to 'Consumer's and TDC Business' mutual use of network infrastructure in Operations & Wholesale are allocated to the respective segments based on measurable cost drivers, e.g. number of MoU. Capital expenditures related to the domestic mobile and landline networks are not allocated between Operations & Wholesale, Consumer and TDC Business.

The cost allocation for TDC Business' and Consumer's use of networks does not include relevant depreciation or cost of tied-up capital and is therefore not comparable with the prices that Operations & Wholesale charges wholesale customers.

Interconnect services between networks – including TDC's mobile and landline networks – are accounted for as revenue billed at regulated prices across segments. Interconnect payments and income concerning TDC customers are allocated to the relevant business line.

Other services from Operations & Wholesale to Consumer, TDC Business and Headquarter, such as delivery of IT solutions, supply of support facilities, i.e. buildings, cars and billing services, are allocated to the respective segments based on measurable cost drivers.

Cost allocations from Operations & Wholesale to other segments are recognized as 'Operating expenses allocated to other business lines' in Operations & Wholesale and as 'Operating expenses' in the other segments.

The coaxial-cable network including related operating expenses and capital expenditures is based in YouSee. YouSee's use of the landline network and other services from Operations & Wholesale are accounted for as revenue billed on an arm's length basis.

Headquarters' supply of staff-function services, i.e. HR, legal, finance, etc., is not allocated to other segments.

Headquarters has assumed all pension obligations for the members of the three Danish pension funds. Accordingly, net periodic pension cost/income and the plan assets for the three Danish pension funds are related to Headquarters. Segments employing members pay contributions to Headquarters, and these contributions are included in the EBITDA line items of the respective segments.

Activities

DKKm

	Consumer 2009	Consumer 2008	Consumer 2007	TDC Business 2009	TDC Business 2008	TDC Business 2007
External revenue	8,240	8,309	8,501	7,471	7,925	8,229
Revenue across segments	1,471	1,592	1,614	455	621	635
Revenue	9,711	9,901	10,115	7,926	8,546	8,864
EBITDA	3,965	3,873	3,717	3,666	3,613	3,495
Segment assets[2]	1,511	1,386	1,258	2,085	2,457	2,009

	TDC Nordic 2009	TDC Nordic 2008	TDC Nordic 2007	Operations & Wholesale 2009	Operations & Wholesale 2008	Operations & Wholesale 2007
External revenue	3,286	3,620	3,694	3,572	3,892	4,614
Revenue across segments	229	234	169	(990)	(1,144)	(1,013)
Revenue	3,515	3,854	3,863	2,582	2,748	3,601
EBITDA	497	458	425	1,498	1,574	1,420
Segment assets[2]	854	1,099	1,216	965	900	973

	YouSee 2009	YouSee 2008	YouSee 2007	Sunrise 2009	Sunrise 2008	Sunrise 2007
External revenue	3,483	3,142	2,797	9,860	8,694	8,830
Revenue across segments	114	46	32	6	11	12
Revenue	3,597	3,188	2,829	9,866	8,705	8,842
EBITDA	1,141	954	814	2,510	2,147	2,387
Segment assets[2]	822	812	758	1,687	1,894	1,746

	Other activities[1] 2009	Other activities[1] 2008	Other activities[1] 2007	Total 2009	Total 2008	Total 2007
External revenue	27	27	114	35,939	35,609	36,779
Revenue across segments	2	5	26	1,287	1,365	1,475
Revenue	29	32	140	37,226	36,974	38,254
EBITDA	(254)	(427)	(522)	13,023	12,192	11,736
Segment assets[2]	16	642	576	7,940	9,190	8,536

[1] Includes Headquarters.
[2] See the definition under Significant Accounting Policies. Other activities include Invitel in 2008 and 2007.

Reconciliation of revenue

DKKm

	2009	2008	2007
Reportable segments	37,226	36,974	38,254
Elimination of across segment items	(1,287)	(1,365)	(1,475)
Consolidated amounts	**35,939**	**35,609**	**36,779**

Reconciliation of Income before depreciation, amortization and special items (EBITDA) DKKm

	2009	2008	2007
EBITDA from reportable segments	13,023	12,192	11,736
Elimination of EBITDA	(2)	(3)	4
Unallocated:			
Depreciation, amortization and impairment losses	(6,319)	(6,100)	(7,446)
Special items	(1,192)	(3,070)	503
Income from associates and joint ventures	76	200	266
Net financials	(3,143)	(3,821)	(5,033)
Consolidated income before income taxes	**2,443**	**(602)**	**30**

Reconciliation of segment assets DKKm

	2009	2008	2007
Segment assets	7,940	9,190	8,536
Unallocated:			
Other current assets[1]	4,752	8,342	10,386
Non-current assets	77,612	83,139	88,025
Consolidated total assets	**90,304**	**100,671**	**106,947**

1 Other current assets include cash and derivative financial instruments.

Geographical markets DKKm

	Domestic operations			Switzerland		
	2009	2008	2007	2009	2008	2007
External revenue	23,003	23,501	24,307	9,860	8,693	8,828
Non-current assets allocated[1]	49,254	48,874	49,712	18,077	18,604	17,181

	Other international operations			Total		
	2009	2008	2007	2009	2008	2007
External revenue	3,076	3,415	3,644	35,939	35,609	36,779
Non-current assets allocated[1]	2,217	8,279	9,699	69,548	75,757	76,592

1 Non-current assets other than Investments in joint ventures and associates, financial instruments, deferred tax assets and post-employment benefit assets including pension assets. Other international operations include Invitel in 2008 and 2007.

External revenue from products and services			DKKm
	2009	**2008**	**2007**
Landline telephony	9,049	8,196	9,150
Mobile telephony	12,463	11,649	11,608
Internet and network	8,375	8,933	8,129
Terminal equipment, etc.	2,593	3,477	4,134
Cable TV	2,822	2,480	2,154
Other	637	874	1,604
External revenue	**35,939**	**35,609**	**36,779**

No customer comprises more than 10% of revenue.

Note 5 Revenue			DKKm
	2009	**2008**	**2007**
Sales of goods	2,173	2,861	3,570
Sales of services	33,766	32,748	33,209
Total	**35,939**	**35,609**	**36,779**

Note 6 Wages, salaries and pension costs			DKKm
	2009	**2008**	**2007**
Wages and salaries	(5,590)	(6,289)	(6,842)
Pensions	(339)	(331)	(369)
Social security	(305)	(354)	(369)
Total	**(6,234)**	**(6,974)**	**(7,580)**
Of which capitalized as non-current assets	748	808	772
Total	**(5,486)**	**(6,166)**	**(6,808)**
Average number of full-time employee equivalents [1, 2]	13,042	14,794	16,625

[1] Denotes the average number of full-time employee equivalents including permanent employees and trainees. Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until December 31. Employees in divested enterprises are included as the average number of full-time employee equivalents from January 1 to the time of divestment.

[2] The figure covers only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 14,520 in 2009, 16,193 in 2008 and 18,629 in 2007.

The average number of full-time employee equivalents includes 199 TDC employees who have been seconded to external parties in connection with outsourcing of tasks or divestment of operations and who are entitled to pensions on conditions similar to those provided for Danish civil servants At December 31, 2009, 188 employees were seconded to external parties in connection with outsourcing of tasks or divestment of operations.

The members of the Board of Directors do not receive remuneration. Nordic Telephone Company Administration ApS has no Executive Committee.

Bonus programs

Approximately 275 TDC top managers participate in a short-term bonus program called the Top Managers' Compensation Program, and around 1,400 TDC managers and specialists participate in a short-term bonus program called the Managers' Compensation Program. Around 120 Danish and Nordic TDC top managers participate in a long-term bonus program called the Long-Term Incentive Program.

The short-term bonus programs are based on specific, individual annual targets including personal, financial and operational targets. These targets depend on the organizational position within the Group and are weighted in accordance with specific rules. All targets must support improved profitability and business development at TDC.

Bonus payments are calculated as the individual employee's basic salary times the bonus percentage times the degree of target fulfillment. The bonus percentage achieved when targets are met is called the on-target bonus percentage. For the Top Managers' Compensation Program, this percentage is fixed in the contract of employment with the individual employee and usually varies within a range of 10-33% of basic salary. The on-target bonus percentage is somewhat lower for the Managers' Compensation Program. The bonus percentage achieved can be maximum 200% of the on-target bonus.

The Long-Term Incentive Program is a revolving program based on financial targets for a three-year period for TDC. The bonus varies within a range of 20-25% of the employees' basic salary. Payout starts at a performance of 5% below target and payout of 200% is achieved at a performance of 5% above target. Payout is capped at 200% if performance in the third year is below target.

Certain top managers in Sunrise participate in a bonus program based on financial and strategic targets for Sunrise. The bonus agreements contain change-of-control clauses.

The short-term bonus program for the members of the TDC Executive Committee is based on the same principles as those for other managers. TDC Executive Committee members do not participate in the Long-Term Incentive Program.

Note 7 Other income, other expenses and government grants DKKm

	2009	2008	2007
Other income	241	479	291
Other expenses	(13)	(9)	(28)
Total	**228**	**470**	**263**

Other income comprises mainly income from leases as well as profit relating to divestment of intangible assets and property, plant and equipment.

Government grants recognized as income during 2009 amounted to DKK 18m compared with DKK 19m in 2008 and DKK 1m in 2007.

Note 8 Special items DKKm

	2009	2008	2007
Gain/(loss) from divestments of enterprises and property, net	(36)	8	918
Impairment losses and adjustments of goodwill	(119)	(1,879)	(135)
Income/(loss) from rulings	(40)	29	166
Restructuring costs, etc.	(997)	(1,228)	(446)
Special items before income taxes	**(1,192)**	**(3,070)**	**503**
Income taxes related to special items	291	279	203
Special items after income taxes	**(901)**	**(2,791)**	**706**

Note 9 Net financials

DKKm

	2009			
	Interest	Currency translation adjustments	Fair value Adjustments	Total
Income				
Financial assets and liabilities measured at fair value through profit or loss	1,198	1,276	107	2,581
Loans and receivables	139	128	0	267
Financial liabilities measured at amortized cost	0	151	32	183
Non-financial assets or liabilities	12	4	0	16
Total	**1,349**	**1,559**	**139**	**3,047**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,389)	(1,257)	(449)	(3,095)
Loans and receivables	0	(102)	0	(102)
Financial liabilities measured at amortized cost	(2,523)	(364)	0	(2,887)
Non-financial assets or liabilities	(106)	0	0	(106)
Total	**(4,018)**	**(1,723)**	**(449)**	**(6,190)**
Net financials	**(2,669)**	**(164)**	**(310)**	**(3,143)**

	2008			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Income				
Financial assets and liabilities measured at fair value through profit or loss	2,670	498	114	3,282
Loans and receivables	263	180	0	443
Financial liabilities measured at amortized cost	0	901	0	901
Non-financial assets or liabilities	93	21	0	114
Total	**3,026**	**1,600**	**114**	**4,740**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,966)	(615)	(808)	(3,389)
Loans and receivables	0	(65)	0	(65)
Financial liabilities measured at amortized cost	(4,859)[1]	(142)	0	(5,001)
Non-financial assets or liabilities	(106)	0	0	(106)
Total	**(6,931)**	**(822)**	**(808)**	**(8,561)**
Net financials	**(3,905)**	**778**	**(694)**	**(3,821)**

[1] Including DKK 148m as an effect of early redemption.

	2007			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Income				
Financial assets and liabilities measured at fair value through profit or loss	2,040	109	485	2,634
Loans and receivables	263	233	63	559
Financial liabilities measured at amortized cost	0	365	0	365
Non-financial assets or liabilities	36	0	0	36
Total	**2,339**	**707**	**548**	**3,594**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,501)	(436)	(34)	(1,971)
Loans and receivables	0	(92)	0	(92)
Financial liabilities measured at amortized cost	(6,451)[1]	(21)	0	(6,472)
Non-financial assets or liabilities	(92)	0	0	(92)
Total	**(8,044)**	**(549)**	**(34)**	**(8,627)**
Net financials	**(5,705)**	**158**	**514**	**(5,033)**

[1] Including DKK 32m as an effect of early redemption.

Interest income includes interest from joint ventures and associates amounting to DKK 0m compared with DKK 0m in 2008 and DKK 3m in 2007.

Note 10 Income taxes

DKKm

	2009		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities /(assets)
At January 1	-	1,647	7,365
Transferred to discontinued operations	-	(86)	(116)
Currency translation adjustments, net	-	(1)	1
Additions relating to acquisition of enterprises	-	1	93
Income taxes	(1,134)	1,345	(211)
Adjustment of tax for previous years	73	(58)	(15)
Tax related to other comprehensive income	-	0	144
Tax paid	-	(1,166)	-
Total	**(1,061)**	**1,682**	**7,261**
which can be specified as follows:			
Tax payable/deferred tax liabilities	-	1,684	7,313
Tax receivable/deferred tax assets	-	(2)	(52)
Total	**-**	**1,682**	**7,261**
Income taxes are specified as follows:			
Income excluding special items	(1,352)	-	-
Special items	291	-	-
Total	**(1,061)**	**-**	**-**

	2008		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities /(assets)
At January 1	-	1,098	7,672
Currency translation adjustments, net	-	(5)	21
Additions relating to acquisition of enterprises	-	15	49
Disposals relating to divestment of enterprises	-	4	1
Income taxes	(1,552)	2,283	(731)
Adjustment of tax for previous years	316	(373)	57
Tax related to other comprehensive income	-	(576)	296
Tax paid	-	(799)	-
Transferred to discontinued operations	147	-	-
Total	**(1,089)**	**1,647**	**7,365**
which can be specified as follows:			
Tax payable/deferred tax liabilities	-	1,882	7,430
Tax receivable/deferred tax assets	-	(235)	(65)
Total	**-**	**1,647**	**7,365**
Income taxes are specified as follows:			
Income excluding special items	(1,368)	-	-
Special items	279	-	-
Total	**(1,089)**	**-**	**-**

	2007		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities /(assets)
At January 1	-	(833)	10,443
Effect of changes in accounting policies	-	-	132
Currency translation adjustments, net		(4)	(12)
Additions relating to acquisition of enterprises	-	(3)	155
Disposals relating to divestment of enterprises	-	(9)	(58)
Income taxes	(181)	998	(817)
Change of corporate income tax rate	927	0	(927)
Adjustment of tax for previous years	(43)	501	(458)
Tax related to other comprehensive income	-	205	169
Tax paid/refunded	-	62	-
Transferred to discontinued operations	(58)	181	(955)
Total	**645**	**1,098**	**7,672**
which can be specified as follows:			
Tax payable/deferred tax liabilities	-	1,453	7,797
Tax receivable/deferred tax assets	-	(355)	(125)
Total	**-**	**1,098**	**7,672**
Income taxes are specified as follows:			
Income excluding special items	442	-	-
Special items	203	-	-
Total	**645**	**-**	**-**

Reconciliation of effective tax rate

	2009	2008	2007
Danish corporate income tax rate	25.0	25.0	25.0
Joint ventures and associates	0.0	(2.1)	27.0
Other non-taxable income and non-tax deductible expenses	0.5	0.6	(6.6)
Tax value of non-capitalized tax losses and utilized tax losses, net	(3.1)	(3.9)	(1.3)
Different tax rates in foreign subsidiaries	(0.9)	(2.0)	3.7
Adjustment of tax for previous years	(1.7)	(13.7)	(0.7)
Change of tax legislation, including change of corporate income tax rate	0.0	0.0	230.6
Re-taxation of formerly deducted losses in foreign enterprises	0.1	0.0	(6.6)
Limitation on the tax deductibility of interest expenses	18.1	51.1	(164.6)
Other	0.0	(0.1)	4.8
Effective tax rate excluding special items	**38.0**	**54.9**	**111.3**
Special items	5.4	(235.8)	(2,261.3)
Effective tax rate including special items	**43.4**	**(180.9)**	**(2,150.0)**

Specification of deferred tax DKKm

	2009			2008	2007
	Deferred tax assets	Deferred tax liabilities	Total		
Allowances for uncollectibles	(4)	0	(4)	(1)	(1)
Provisions for redundancy payments	(95)	0	(95)	(106)	(92)
Current	**(99)**	**0**	**(99)**	**(107)**	**(93)**
Intangible assets	(5)	5,535	5,530	6,069	6,410
Property, plant and equipment	(60)	578	518	464	425
Pension assets and pension liabilities	(43)	1,901	1,858	1,735	1,328
Tax value of tax loss carry-forwards	(12)	0	(12)	(30)	(108)
Other	(702)	168	(534)	(766)	(290)
Non-current	**(822)**	**8,182**	**7,360**	**7,472**	**7,765**
Deferred tax liabilities at December 31	**(921)**	**8,182**	**7,261**	**7,365**	**7,672**

The Group's capitalized tax loss carry-forwards are expected to be utilized before the end of 2012.

Furthermore, the Group has tax losses to carry forward against future taxable income that have not been recognized in these Financial Statements due to uncertainty of their recoverability. At December 31, 2009, these tax losses amounted to a tax value of DKK 232m, compared with DKK 293m at December 31, 2008 and DKK 311m at December 31, 2007.

With effect from February 1, 2006, the Danish Group companies participate in joint taxation with Nordic Telephone Company Administration ApS, which is the management company in the joint taxation. Subsequently, the jointly taxed companies in the Nordic Telephone Company Administration Group are liable only for the part of the income tax, taxes paid on account and outstanding residual tax (with additional payments and interest) that relate to the part of the income allocated to the companies. When the management company has received payment from the jointly taxed Group companies, the management company assumes liability for this payment.

Note 11 Discontinued operations

DKKm

	2009	2008	2007
Revenue	**2,041**	**2,794**	**6,260**
Total operating costs	**(1,264)**	**(1,824)**	**(5,261)**
Income taxes	**(29)**	**(146)**	**(48)**
Results from discontinued operations excluding gain/loss from divestment	(264)	(426)	(683)
Special items relating to divestment of discontinued operations	(100)	59	1,304
Net income from discontinued operations	**(364)**	**(367)**	**621**

Discontinued operations comprise the former 64.6% owned subsidiary Invitel Holdings A/S. Invitel was formerly known as Hungarian Telephone and Cable Corp. (HTCC), and is a Hungarian-based landline operator with wholesale operations in Eastern Europe. In addition, in 2007 discontinued operations include the formerly 100% owned subsidiary Talkline, a German service provider operating under its own brand through T-Mobile's network.

Note 12 Intangible assets DKKm

	2009				
	Goodwill	Customer relationships	Brands	Other rights, software, etc.	Total
Accumulated cost at January 1	26,606	24,158	8,101	8,000	66,865
Transferred to discontinued operations	(633)	(895)	(138)	(790)	(2,456)
Additions relating to the acquisition of subsidiaries	318	241	24	38	621
Additions during the year	0	62	0	885	947
Currency translation adjustments	134	100	47	(13)	268
Disposals relating to the divestment of subsidiaries	0	0	0	0	0
Assets disposed of or fully amortized during the year	0	(15)	(747)	(200)	(962)
Accumulated cost at December 31	**26,425**	**23,651**	**7,287**	**7,920**	**65,283**
Accumulated amortization and write-downs for impairment at January 1	(1,227)	(7,190)	(1,216)	(3,871)	(13,504)
Transferred to discontinued operations	(3)	94	1	116	208
Currency translation adjustments	(42)	(78)	(20)	20	(120)
Amortization for the year	0	(1,966)	(170)	(949)	(3,085)
Write-downs for impairment during the year	(27)	(26)	0	(141)	(194)
Disposals relating to the divestment of subsidiaries	0	0	0	0	0
Assets disposed of or fully amortized during the year	0	15	747	200	962
Accumulated amortization and write-downs for impairment at December 31	**(1,299)**	**(9,151)**	**(658)**	**(4,625)**	**(15,733)**
Carrying value at December 31	**25,126**	**14,500**	**6,629**	**3,295**	**49,550**
Carrying value of capitalized interest at December 31	**-**	**0**	**0**	**3**	**3**

	2008				
	Goodwill	Customer relationships	Brands	Other rights, software, etc.	Total
Accumulated cost at January 1	25,853	23,171	8,081	7,036	64,141
Transferred (to)/from other items	0	61	0	(61)	0
Additions relating to the acquisition of subsidiaries	(31)	472	9	297	747
Additions during the year	0	0	0	1,005	1,005
Currency translation adjustments	803	456	72	165	1,496
Disposals relating to the divestment of subsidiaries	(19)	0	0	(56)	(75)
Assets disposed of or fully amortized during the year	0	(2)	(61)	(386)	(449)
Accumulated cost at December 31	**26,606**	**24,158**	**8,101**	**8,000**	**66,865**
Accumulated amortization and write-downs for impairment at January 1	(266)	(4,944)	(844)	(2,722)	(8,776)
Transferred (to)/from other items	0	(1)	0	1	0
Currency translation adjustments	22	(214)	8	(73)	(257)
Amortization for the year	0	(1,853)	(158)	(958)	(2,969)
Write-downs for impairment during the year	(984)	(180)	(283)	(555)	(2,002)
Disposals relating to the divestment of subsidiaries	1	0	0	54	55
Assets disposed of or fully amortized during the year	0	2	61	382	445
Accumulated amortization and write-downs for impairment at December 31	**(1,227)**	**(7,190)**	**(1,216)**	**(3,871)**	**(13,504)**
Carrying value at December 31	**25,379**	**16,968**	**6,885**	**4,129**	**53,361**
Carrying value of capitalized interest at December 31	**-**	**0**	**0**	**10**	**10**

In 2009, write-downs for impairment of rights, software, etc. totaled DKK 167m. Of this, DKK 137m related to assets jointly operated by Consumer, TDC Business and Operations & Wholesale, DKK 23m related to TDC Nordic, and DKK 7m related to YouSee.

In 2008, write-downs for impairment of rights, brands, software, etc. totaled DKK 1,018m. Of this, DKK 465m related to assets operated jointly by Consumer, TDC Business and Operations and Wholesale, DKK 477m related to TDC Nordic, DKK 11m related to YouSee, DKK 42m related to Sunrise, and DKK 23m related to other activities. The write-downs related to jointly operated assets comprised primarily write-downs of software. The write-downs related to TDC Nordic resulted primarily from reduced cash-flow expectations.

The carrying value of software amounted to DKK 1,515m, compared with DKK 1,707m in 2008. In 2009, the addition of internally developed software totaled DKK 123m, compared with DKK 114m in 2008.

Interest capitalized during 2009 amounted to DKK 0m, compared with DKK 11m in 2008.

The carrying value of mortgaged intangible assets amounted to DKK 0m at December 31, 2009, compared with DKK 343m in 2008.

Impairment tests of goodwill and intangible assets with indefinite useful lives

The carrying value of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at July 1, 2009 and October 1, 2008, respectively.

The impairment test is an integrated part of the Group's budget and planning process that is based on three-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on three-year business plans approved by Management.

Following the completion of the annual impairment test at October 1, 2008, write-downs for impairment of goodwill amounting to DKK 984m relating primarily to TDC Sweden, TDC Finland and TDC Norway, were recognized. The write-downs resulted primarily from reduced cash-flow expectations.

Goodwill and intangible assets with indefinite useful lives relate primarily to Consumer, TDC Business, YouSee and Sunrise. The assumptions for calculating the value in use for the most significant goodwill amounts are given below. Any reasonably possible changes in the key assumptions are deemed not to cause the carrying value of goodwill to exceed the recoverable value.

The carrying value of assets with indefinite useful lives other than goodwill amounted to DKK 5,592m at December 31, 2009, compared with DKK 5,567m in 2008.

Consumer
The carrying value of goodwill relating to Consumer amounted to DKK 5,051m at December 31, 2009. The projected earnings are relatively stable with growth relating to VoIP, mobile broadband and TVoIP, partly offset by decline within PSTN. The growth rate applied to extrapolate projected future cash flows for the period following 2012 equals an expected market based rate of 2.5%. A pre-tax discount rate of 8.4% (October 1, 2008: 9.1% for the former Fixnet Nordic and 9.4% for the former Mobile Nordic) has been applied.

TDC Business
The carrying value of goodwill relating to TDC Business amounted to DKK 8,249m at December 31, 2009. The projected earnings are relatively stable. The recoverable amount is primarily sensitive to the applied assumptions regarding the growth within VoIP offset by decline within traditional landline telephony. Furthermore, projected growth will stem mainly from mobile broadband, mobile telephony, fiber activities as well as increased activity within the systems integrator business. The growth rate applied to extrapolate projected future cash flows for the period following 2012 equals an expected market-based rate of 2.5%. A pre-tax discount rate of 8.6% (October 1, 2008: 9.3% for the former Business Nordic excluding TDC Sweden, TDC Norway and TDC Finland) has been applied.

YouSee
The carrying value of goodwill relating to YouSee amounted to DKK 2,089m at December 31, 2009. The projected growth in earnings was driven by growth in TV (both YouSee Clear and YouSee Plus), broadband and VoIP. The growth rate applied to extrapolate projected future cash flows for the period following 2012 equals an expected market-based rate of 2.0%. A pre-tax discount rate of 8.9% (October 1, 2008: 9.1%) has been applied.

Sunrise
The carrying value of goodwill relating to Sunrise amounted to DKK 9,403m at December 31, 2009. The recoverable amount is primarily sensitive to changes in the expected revenue growth. The projected revenue growth stems mainly from broadband and data services, mobile offerings and wholesale. The growth rate applied to extrapolate projected future cash flows for the period following 2012 equals an expected market-based rate of 2.0%. A pre-tax discount rate of 6.8% (December 31, 2008: 7.7%) has been applied.

Note 13 **Property, plant and equipment** DKKm

	2009					
	Land and buildings	Telecommu-nications in-stallations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1	752	29,627	3,295	201	1,019	34,894
Transferred to discontinued operations	(35)	(4,485)	(133)	0	(155)	(4,808)
Currency translation adjustments	2	240	38	3	9	292
Transfers (to)/from other items	2	1,201	210	(226)	(1,187)	0
Additions relating to the acquisition of subsidiaries	0	467	62	8	78	615
Work performed for own purposes and capitalized	0	1,000	0	9	7	1,016
Acquisitions from third parties	5	938	305	473	1,265	2,986
Disposals relating to the divestment of subsidiaries	0	(110)	(3)	0	0	(113)
Assets disposed of during the year	(40)	(1,812)	(400)	(10)	0	(2,262)
Accumulated cost at December 31	**686**	**27,066**	**3,374**	**458**	**1,036**	**32,620**
Accumulated depreciation and write-downs for impairment at January 1	(32)	(10,353)	(2,044)	(68)	(1)	(12,498)
Transferred to discontinued operations	0	892	23	0	1	916
Currency translation adjustments	0	(135)	(28)	0	0	(163)
Transfers to/(from) other items	0	178	(1)	(177)	0	0
Depreciation for the year	(14)	(2,539)	(554)	0	0	(3,107)
Write-downs for impairment during the year	(4)	(57)	(16)	(15)	0	(92)
Disposals relating to the divestment of subsidiaries	0	104	1	0	0	105
Assets disposed of during the year	11	1,805	391	10	0	2,217
Accumulated depreciation and write-downs for impairment at December 31	**(39)**	**(10,105)**	**(2,228)**	**(250)**	**0**	**(12,622)**
Carrying value at December 31	**647**	**16,961**	**1,146**	**208**	**1,036**	**19,998**
Carrying value of capital leases at December 31	**81**	**263**	**95**	**-**	**-**	**439**
Carrying value of capitalized interest at December 31	**0**	**43**	**0**	**-**	**0**	**43**

	2008					
	Land and buildings	Telecommu-nications in-stallations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1	1,125	25,383	2,772	247	953	30,480
Currency translation adjustments	(25)	48	52	(5)	47	117
Transfers (to)/from other items	(148)	2,071	253	(155)	(2,021)	0
Additions relating to the acquisition of subsidiaries	11	355	70	0	358	794
Work performed for own purposes and capitalized	0	1,251	5	4	40	1,300
Acquisitions from third parties	4	669	361	143	1,647	2,824
Disposals relating to the divestment of subsidiaries	0	(58)	(21)	0	(3)	(82)
Assets disposed of during the year	(215)	(92)	(197)	(33)	(2)	(539)
Accumulated cost at December 31	**752**	**29,627**	**3,295**	**201**	**1,019**	**34,894**
Accumulated depreciation and write-downs for impairment at January 1	(34)	(7,539)	(1,634)	(45)	(1)	(9,253)
Currency translation adjustments	10	(121)	(33)	2	0	(142)
Transfers to/(from) other items	19	(22)	3	0	0	0
Depreciation for the year	(237)	(2,759)	(562)	0	0	(3,558)
Write-downs for impairment during the year	(3)	(37)	(10)	(30)	(3)	(83)
Disposals relating to the divestment of subsidiaries	0	36	14	0	0	50
Assets disposed of during the year	213	89	178	5	3	488
Accumulated depreciation and write-downs for impairment at December 31	**(32)**	**(10,353)**	**(2,044)**	**(68)**	**(1)**	**(12,498)**
Carrying value at December 31	**720**	**19,274**	**1,251**	**133**	**1,018**	**22,396**
Carrying value of capital leases at December 31	**94**	**386**	**141**	**-**	**-**	**621**
Carrying value of capitalized interest at December 31	**0**	**31**	**0**	**-**	**0**	**31**

In 2009, write-downs for impairment totaled DKK 92m. Of this, DKK 36m related to assets operated jointly by TDC Business, Operations & Wholesale and Consumer, DKK 4m related to TDC Nordic, DKK 49m related to Sunrise and DKK 3m related to Other activities.

In 2008, write-downs for impairment totaled DKK 83m. Of this, DKK 63m related to assets operated jointly by TDC Business, Operations & Wholesale and Consumer, DKK 9m related to TDC Nordic, DKK 2m related to Sunrise and DKK 9m related to Other activities.

Interest capitalized during 2009 amounted to DKK 18m compared with DKK 18m in 2008 and DKK 12m in 2007.

The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4% in 2009.

The NTCA Group has recourse guarantee obligations of payment and performance in connection with lease contracts. Reference is made to note 35 Contingencies.

The carrying value of mortgaged property, plant and equipment amounted to DKK 2m at December 31, 2009 compared with DKK 2,790m at December 31, 2008 and DKK 3,396m at December 31, 2007.

In 2009, damages received relating to property, plant and equipment of DKK 47m were recognized as income compared with DKK 65m in 2008 and DKK 61m in 2007.

Note 14 Investments in joint ventures and associates

DKKm	2009	2008
Accumulated cost at January 1	108	6,832
Currency translation adjustments	0	(345)
Additions during the year	0	0
Disposals during the year	0	(6,379)
Accumulated cost at December 31	**108**	**108**
Accumulated write-ups and write-downs for impairment at January 1	63	(935)
Currency translation adjustments	0	(25)
Transferred to liabilities	5	5
Write-ups and write-downs for the year:		
Share of income/(loss)	(1)	222
Special items	0	0
Dividends	(7)	(394)
Disposals during the year	0	1,190
Accumulated write-ups and write-downs for impairment at December 31	**60**	**63**
Carrying value at December 31	**168**	**171**
which can be specified as follows:		
Joint ventures	1	1
Associates	167	170
Total	**168**	**171**

At January 1, 2008, the carrying value of joint ventures amounted to DKK 5,755m and of associates to DKK 142m.

Income from joint ventures and associates can be specified as follows:

	2009	2008	2007
Share of income/loss	(1)	222	377
Special items	0	0	(76)
Gain/loss relating to divestment of joint ventures and associates classified as special items	77	(22)	0
Other gains/losses relating to disposals	0	0	(35)
Income from joint ventures and associates	**76**	**200**	**266**

Joint ventures

The NTCA Group has no significant investments in joint ventures.

The 19.6% ownership share in Polkomtel S.A. was divested at December 18, 2008.

The 15% ownership share in One GmbH was divested at October 2, 2007.

Financial summary for joint ventures (NTCA's share)			DKKm
	2009	2008	2007
Revenue	0	2,911	3,471
Total operating expenses before depreciation, etc.	4	(1,790)	(2,247)
Total non-current assets	0	0	7,104
Total current assets	9	9	530
Total non-current liabilities	0	0	(309)
Total current liabilities	(18)	(14)	(1,570)

Associates

The NTCA Group has no significant investments in associates.

Note 15 Receivables

			DKKm
	2009	2008	2007
Trade receivables	6,763	7,667	7,171
Allowances for uncollectibles	(338)	(548)	(548)
Trade receivables, net	**6,425**	**7,119**	**6,623**
Receivables from group enterprises			
Contract work in process (see table below for details)	96	182	268
Other receivables	469	1,078	778
Total	**6,990**	**8,379**	**7,669**
Recognized as follows:			
Non-current assets	231	96	95
Current assets	6,759	8,283	7,574
Total	**6,990**	**8,379**	**7,669**
Allowances for uncollectibles at January 1	(548)	(548)	(890)
Transferred to discontinued operations	113	0	298
Additions	(169)	(346)	(226)
Deductions relating to divestment of subsidiaries	0	20	0
Deductions	266	326	270
Allowances for uncollectibles at December 31	**(338)**	**(548)**	**(548)**
Receivables past due and impaired	926	1,067	704
Receivables past due but not impaired	625	1,239	1,401
Receivables past due but not impaired can be specified as follows:			
Receivables past due less than 6 months	500	888	1,063
Receivables past due between 6 and 12 months	59	57	53
Receivables past due more than 12 months	66	294	285
Total	**625**	**1,239**	**1,401**

Of the receivables classified as current assets at December 31, 2009, DKK 0m falls due after more than one year, compared with DKK 179m at December 31, 2008 and DKK 327m at December 31, 2007.

Trade receivables past due amounted to DKK 1,486m compared with DKK 1,901m at December 31, 2008 and DKK 1,834m at December 31, 2007. Other classes within receivables do not contain impaired assets.

The carrying value of charged receivables amounted to DKK 0m at December 31, 2009, compared with DKK 347m at December 31, 2008 and DKK 0m at December 31, 2007.

Contract work in process DKKm

	2009	2008	2007
Value of contract work in process	347	323	439
Billing on account	(255)	(141)	(175)
Total	**92**	**182**	**264**
Recognized as follows:			
Contract work in process (assets)	96	182	268
Contract work in process (liabilities)	(4)	0	(4)
Total	**92**	**182**	**264**
Recognized as revenue from contract work in process	**328**	**674**	**994**
Prepayments from customers	**4**	**18**	**36**

Write-downs of contract work in process amounted to DKK 0m in 2009, compared with DKK 0m in 2008 and DKK 28m in 2007.

Note 16 Prepaid expenses

DKKm

	2009	2008	2007
Prepayment regarding pensions to former civil servants	0	0	51
Prepaid lease payments	163	176	143
Other prepaid expenses	753	820	618
Total	**916**	**996**	**812**
Recognized as follows:			
Non-current assets	243	211	147
Current assets	673	785	665
Total	**916**	**996**	**812**

Note 17 Inventories

DKKm

	2009	2008	2007
Raw materials and supplies	26	68	93
Work in process	8	0	0
Finished goods and merchandise	289	421	548
Total	**323**	**489**	**641**

Inventories recognized as cost of goods sold amounted to DKK 2,132m in 2009, compared with DKK 2,810 in 2008 and DKK 3,275 in 2007.

Inventories expected to be sold after more than one year totaled DKK 8m at December 31, 2009, compared with DKK 11m at December 31, 2008 and DKK 17m at December 31, 2007.

Write-downs of inventories amounted to DKK 23m in 2009, compared with DKK 39m in 2008 and DKK 33m in 2007. Reversal of write-downs of inventories totaled DKK 5m in 2009, compared with DKK 11m in 2008 and DKK 18m in 2007.

Note 18 Cash

The carrying value of charged cash amounted to DKK 4,598m at December 31, 2009, compared with DKK 6,663m at December 31, 2008 and DKK 8,235m at December 31, 2007.

Note 19 Equity

Common shares	Common A shares (number)	Common B shares (number)
Holding at January 1, 2008	25,200,000	0
Additions	0	0
Reductions	0	0
Holding at January 1, 2009	**25,200,000**	**0**
Additions	3,407,031	0
Division of the share capital into separate share classes	(2,565,250)	2,565,250
Reductions	0	0
Holding at December 31, 2009	**26,041,781**	**2,565,250**

The total authorized number of common shares is 28,607,031 with a par value of DKK 0.01 per share. All issued shares have been fully paid up.

The shares in the Company are divided into Common A Shares and Common B Shares that have different economic and administrative rights, including voting rights.

The Common A shares are senior to the Common B shares in respect of the preference right set out below (the "Preference Right").

The Common A shares shall yield a preferred return determined and payable in the following manner (regardless of whether such payment takes place as distribution of dividend, distribution in connection with a capital decrease, distribution in connection with a liquidation, issuance of bonus shares or in any other way):

- 10.5% times the sum of (i) DKK 523,807.00 as from January 25, 2006 and another DKK 90 as from December 21, 2006; (ii) DKK 2,282,814,943.00 as from January 25, 2006 and another DKK 392,238.00 as from December 21, 2006; and (iii) the accrued but unpaid Yield (as defined); and
- 10.0% times the sum of (i) DKK 3,790,829.00 as from July 10, 2008; (ii) DKK 16,520,897,176.00 as from July 10, 2008 and (iii) the accrued but unpaid Yield, provided that the return for the first Accrual Period (as defined) shall be 10.0% times the sum of (i) DKK 3,790,829.00 as from July 10, 2008 and (ii) DKK 16,520,897,176.00 as from July 10, 2008 less an amount of DKK 799,165,879.00.

In case of dissolution of the Company, the owners of the Common A shares are as a preferential right entitled to receive a liquidation sum of (i) DKK 4,314,726, (ii) DKK 18,804,104,357 and (iii) unpaid Yield (as set out above) in each case before any payment shall be made to any other share classes of the Company.

Subject to the Preference Right of the Common A shares, the Common A shares and the Common B shares shall have equal economic rights.

Each Common A share of DKK 0.01 has 18 votes at general meetings. The owners of Common A shares are vested with the right to appoint the Board of Directors of the Company. The owners of the Common A shares are vested with a priority subscription right as regards issuance of new Common A shares.

The Common B shares are non-voting shares. The owners of the Common B shares are not vested with any priority subscription right as regards issuance of new Common B shares.

The cumulative preferred return on the Common A shares not recognized amounted to DKK 3,558m at December 31, 2009.

Note 20 Loans

DKKm	2009	2008	2007
Bank loans	28,375	29,929	35,727
Bonds	17,790	25,436	27,523
Subordinated loans (PEC)[1]	0	0	15,722
Debt relating to capital leases	554	704	694
Other long-term debt	144	205	248
Total	**46,863**	**56,274**	**79,914**
Of which loans expected to be paid within 12 months (current liabilities)	(5,759)	(4,718)	(4,146)
Long-term loans	**41,104**	**51,556**	**75,768**
Long-term loans fall due as follows:			
1 -3 years	5,813	4,375	6,368
3 -5 years	10,359	9,196	10,716
After 5 years	24,932	37,985	58,684
Total	**41,104**	**51,556**	**75,768**
Fair value	48,253	48,782	221,579
Nominal value	47,514	57,020	80,884

1 PEC's were converted to share capital on July 10, 2008.

Allocation of liabilities relating to capital leases according to maturity date

DKKm	Minimum payments			Present value		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
Mature within 1 year	156	215	161	144	204	137
Mature between 1 and 3 years	161	201	276	136	191	218
Mature between 3 and 5 years	117	113	109	83	91	63
Mature after 5 years	321	378	423	191	218	276
Total	**755**	**907**	**969**	**554**	**704**	**694**

Liabilities relating to capital leases are related primarily to sale and leaseback agreements regarding sale of property to the related Danish pension funds and agreements regarding the renting of fiber networks.

Note 21 Deferred income

	2009	2008	2007
			DKKm
Accrued revenue from non-refundable up-front connection fees	1,449	1,526	1,480
Deferred subscription revenue	2,242	2,177	1,456
Other deferred income	737	1,096	973
Total	**4,428**	**4,799**	**3,909**
Recognized as follows:			
Non-current liabilities	1,245	1,350	956
Current liabilities	3,183	3,449	2,953
Total	**4,428**	**4,799**	**3,909**

Note 22 Provisions

DKKm

	2009				2008
	Asset retirement obligations	Restructuring obligations	Other provisions	Total	
Provisions at January 1	624	696	1,120	2,440	1,862
Transferred to discontinued operations	(4)	(3)	(94)	(101)	0
Currency translation adjustments	3	6	10	19	15
Additions relating to the acquisition of subsidiaries	0	0	0	0	85
Disposal related to the divestment of subsidiaries	0	0	0	0	(3)
Provisions made during the year	72	734	466	1,272	1,380
Change in present value	25	0	25	50	24
Provisions used during the year	(2)	(600)	(502)	(1,104)	(760)
Unused provisions reversed during the year	(13)	(5)	(75)	(93)	(163)
Provisions at December 31	**705**	**828**	**950**	**2,483**	**2,440**
Recognized as follows:					
Non-current liabilities	673	407	439	1,519	1,355
Current liabilities	32	421	511	964	1,085
Total	**705**	**828**	**950**	**2,483**	**2,440**

Provisions for asset retirement obligations relate to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties relate primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflow until after 2014.

Provisions for restructuring obligations relate primarily to redundancy programs. The majority of these obligations are expected to result in cash outflow in the period 2010-2014. The uncertainties relate primarily to the estimated amounts.

Other provisions related mainly to pending lawsuits, onerous contracts, bonuses for Management and employees, as well as jubilee benefits provided for employees.

Note 23 Trade and other payables

	2009	2008	2007
			DKKm
Trade payables	5,367	5,688	5,042
Prepayments from customers	278	332	330
Other payables	2,566	2,903	2,931
Total	**8,212**	**8,923**	**8,303**

DKK 70m of the current liabilities at December 31, 2009 falls due after more than one year compared with DKK 96m at December 31, 2008 and DKK 17m at December 31, 2007.

Note 24 Financial instruments, etc.

NTCA is exposed to financial market and credit risks when buying and selling goods and services in foreign denominated currencies and when investing in and financing activities. Analyses of such risks are disclosed below. For further disclosures, see Financial management and market risk disclosures in Risk management.

A: Foreign-currency exposures DKKm

Financial assets and liabilities in foreign currencies at December 31 are specified below:

Currency		2009				2008	2007
		Financial assets and liabilities					
	Maturities	Assets	Liabilities	Derivatives[1]	Net position		
EUR	< 1 year	840	(5,515)	(84)	(2,787)	1,610	(709)
	1-3 years	3	(5,583)	1,824	(3,756)	(8,183)	(2,604)
	3-5 years	0	(10,275)	22	(10,253)	(8,586)	(12,934)
	> 5 years	0	(21,672)	(9)	(23,653)	(34,597)	(55,397)
Total EUR		**843**	**(43,045)**	**1,753**	**(40,449)**	**(49,756)**	**(71,644)**
CHF	< 1 year	1,432	(1,074)	(7,999)	(7,641)	(25,122)	(26,195)
	1-3 years	0	(85)	(5,827)	(5,912)	(73)	(1,576)
	3-5 years	0	(63)	0	(63)	(30)	(38)
	> 5 years	0	(105)	0	(105)	(187)	(188)
Total CHF[2]		**1,432**	**(1,327)**	**(13,826)**	**(13,721)**	**(25,412)**	**(27,997)**
Others	< 1 year	768	(576)	86	278	513	(1,336)
	1-3 years	57	(18)	3,485	3,524	3,714	(2,695)
	3-5 years	0	(1)	0	(1)	(17)	2,771
	> 5 years	0	(3,070)	0	(3,070)	(3,127)	(2,996)
Total others		**825**	**(3,665)**	**3,571**	**731**	**1,083**	**(4,256)**
Foreign currencies total		**3,100**	**(48,037)**	**(8,502)**	**(53,439)**	**(74,085)**	**(103,897)**
DKK	< 1 year	6,940	(3,026)	7,653	11,567	26,162	34,791
	1-3 years	13	(110)	(746)	(843)	(183)	631
	3-5 years	21	(20)	0	1	(763)	(816)
	> 5 years	155	(85)	0	70	85	(24)
Total DKK		**7,129**	**(3,241)**	**6,907**	**10,795**	**25,301**	**34,582**
Total		**10,229**	**(51,278)**	**(1,595)**	**(42,644)**	**(48,784)**	**(69,315)**

[1] The financial instruments used are currency swaps and forward-exchange contracts.
[2] Includes hedges of investment in Sunrise amounting to DKK (11,403)m in 2009, DKK (23,114)m in 2008 and DKK (26,668)m in 2007.

Hedging of net investments in foreign enterprises DKKm

Net investments in foreign subsidiaries, joint ventures and associates:

	2009 Net investments, carrying value	2008 Net investments, carrying value	2007 Net investments, carrying value
CHF	15,100	15,111	14,652
SEK	1,344	7,615	8,332
EUR	786	717	764
NOK	574	461	1,685
PLN	0	0	5,756
HUF	0	265	505
Others	0	0	(149)
Total at December 31	**17,804**	**24,169**	**31,545**

With the exception of Sunrise, NTCA has not hedged investments in foreign subsidiaries, joint ventures and associates. Because of the significant exposure arising from the investment in Sunrise, a minimum 50% of this investment has been hedged since early 2009. Previously, the investment in Sunrise was fully hedged and the hedging of the investment was treated as hedge accounting. The carrying value of net investments in foreign enterprises is adjusted due to the merger between TDC and NTC and therefore deviates from the hedged amounts in 2007 and 2008.

B: Liquidity risk DKKm

The maturity analysis of financial assets and liabilities is disclosed by category and class and is allocated according to maturity period. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using the zero-coupon rates.

Financial assets and liabilities measured at fair value relates to derivatives. The calculation of fair value of these derivatives is based on observable inputs such as forward interest rates, etc. (Level 2 in the fair value hierarchy).

Maturity profiles[1] DKKm

	2009						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying value
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	52	(32)	0	1	21	47	47
Currency swaps	4	0	0	0	4	2	2
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**56**	**(32)**	**0**	**1**	**25**	**49**	**49**
Derivatives, liabilities							
Interest-rate swaps	(454)	(277)	(1)	0	(732)	(750)	(750)
Currency swaps	(302)	(699)	0	0	(1,001)	(894)	(894)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**(756)**	**(976)**	**(1)**	**0**	**(1,733)**	**(1,644)**	**(1,644)**
Loans and receivables							
Cash	4,643	0	0	0	4,643	4,643	4,643
Trade receivables and other receivables	5,340	81	27	289	5,737	5,575	5,586
Total loans and receivables	**9,983**	**81**	**27**	**289**	**10,380**	**10,218**	**10,229**
Financial liabilities measured at amortized cost							
Bank loans[2]	(4,302)	(4,322)	(12,488)	(12,610)	(33,722)	(28,752)	(28,375)
Bonds[2]	(3,113)	(5,872)	(2,082)	(14,177)	(25,244)	(18,802)	(17,790)
Debt relating to capital leases	(156)	(161)	(117)	(321)	(755)	(554)	(554)
Trade and other payables	(4,486)	(84)	0	0	(4,570)	(4,559)	(4,559)
Total financial liabilities measured at amortized cost	**(12,057)**	**(10,439)**	**(14,687)**	**(27,108)**	**(64,291)**	**(52,667)**	**(51,278)**
Total	**(2,774)**	**(11,366)**	**(14,661)**	**(26,818)**	**(55,619)**	**(44,044)**	**(42,644)**

[1] All cash flows are undiscounted.
[2] Bond and bank loans have final maturity dates in 2015.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	49	10,229	0	0	80,026	90,304
Equity and liabilities	(1,644)	0	0	(51,278)	(37,382)	(90,304)

Maturity profiles[1]

DKKm

	2008						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying value
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	70	0	0	0	70	69	69
Currency swaps	220	0	1	0	221	263	263
Net investment hedges	76	0	0	0	76	51	51
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**366**	**0**	**1**	**0**	**367**	**383**	**383**
Derivatives, liabilities							
Interest-rate swaps	(162)	(306)	(43)	0	(511)	(530)	(530)
Currency swaps	(373)	(436)	0	0	(809)	(576)	(576)
Net investment hedges	(828)	0	0	0	(828)	(1,186)	(1,186)
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**(1,363)**	**(742)**	**(43)**	**0**	**(2,148)**	**(2,292)**	**(2,292)**
Loans and receivables							
Cash	7,157	0	0	0	7,157	7,157	7,157
Trade receivables and other receivables	6,809	118	27	291	7,245	7,092	7,098
Total loans and receivables	**13,966**	**118**	**27**	**291**	**14,402**	**14,249**	**14,255**
Financial liabilities measured at amortized cost							
Bank loans	(3,018)	(7,665)	(3,015)	(24,779)	(38,477)	(30,240)	(29,929)
Bonds	(3,769)	(3,950)	(12,344)	(18,003)	(38,066)	(17,634)	(25,436)
Debt relating to capital leases	(215)	(201)	(113)	(378)	(907)	(704)	(704)
Trade and other payables	(4,919)	(155)	(8)	0	(5,082)	(5,060)	(5,061)
Total financial liabilities measured at amortized cost	**(11,921)**	**(11,971)**	**(15,480)**	**(43,160)**	**(82,532)**	**(53,638)**	**(61,130)**
Total	**1,048**	**(12,595)**	**(15,495)**	**(42,869)**	**(69,911)**	**(41,298)**	**(48,784)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	383	14,255	0	0	86,033	100,671
Equity and liabilities	(2,292)	0	0	(61,130)	(37,249)	(100,671)

Maturity profiles[1]

DKKm

	2007						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying value
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	179	129	42	0	350	312	312
Currency swaps	0	0	3	0	3	3	3
Net investment hedges	757	66	0	0	823	471	471
Other derivatives	34	0	0	0	34	34	34
Total derivatives, assets	**970**	**195**	**45**	**0**	**1,210**	**820**	**820**
Derivatives, liabilities							
Interest-rate swaps	(145)	(366)	(35)	0	(546)	(357)	(357)
Currency swaps	(80)	12	(558)	0	(626)	(508)	(508)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	(4)	0	0	0	(4)	(4)	(4)
Total derivatives, liabilities	**(229)**	**(354)**	**(593)**	**0**	**(1,176)**	**(869)**	**(869)**
Loans and receivables							
Cash	8,759	0	0	0	8,759	8,759	8,759
Trade receivables and other receivables	5,866	265	27	340	6,498	6,177	6,172
Total loans and receivables	**14,625**	**265**	**27**	**340**	**15,257**	**14,936**	**14,931**
Financial liabilities measured at amortized cost							
Bank loans	(4,555)	(7,609)	(7,870)	(29,412)	(49,446)	(36,372)	(35,727)
Bonds	(3,798)	(6,634)	(10,383)	(21,797)	(42,612)	(27,990)	(27,523)
Subordinated loans (PEC)[2]	0	0	0	(1,390,767)	(1,390,767)	(156,223)	(15,722)
Debt relating to capital leases	(161)	(276)	(109)	(423)	(969)	(694)	(694)
Trade and other payables	(4,360)	(179)	(76)	(4)	(4,619)	(4,588)	(4,531)
Total financial liabilities measured at amortized cost	**(12,874)**	**(14,698)**	**(18,438)**	**(1,442,403)**	**(1,488,413)**	**(225,867)**	**(84,197)**
Total	**2,492**	**(14,592)**	**(18,959)**	**(1,442,063)**	**(1,473,122)**	**(210,980)**	**(69,315)**

[1] All cash flows are undiscounted.
2 PEC's were converted to share capital on July 10, 2008.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	820	14,931	0	0	91,196	106,947
Equity and liabilities	(869)	0	0	(84,197)	(21,881)	(106,947)

C: Undrawn credit lines

The undrawn credit lines at December 31, 2009 are specified as follows:

Maturities	Committed credit lines	Committed syndicated credit lines	DKKm Total
< 1 year	0	0	0
> 1 year	2,022	1,302	3,324
Total	**2,022**	**1,302**	**3,324**

D: Credit risks

Financial transactions are only entered into with counterparties holding the long-term credit rating of at least A from Standard & Poor's or A2 from Moody's Investor Service. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counterparties. The counterparty risk is therefore considered to be minimal.

NTCA's maximum credit risk is the sum of the financial assets listed in note 24A amounting to DKK 10,229m at December 31, 2009.

Note 25 Pension assets and pension obligations

A: Domestic defined benefit plans

At December 31, 2009, 2,378 of The NTCA Group's employees (2008: 2,620) were entitled to a pension from the three pension funds related to TDC under conditions similar to those provided by the Danish Civil Servants' Pension Plan. Of these, 188 employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,228 members of the pension funds receive or are entitled to receive pension benefits. Since 1990, no new members have joined the pension fund plans, and the pension funds are prevented from admitting new members in the future due to the bylaws.

The pension funds operate defined benefit plans via three separate legal entities supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, bylaws and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Distribution of funds from the pension funds to TDC is not possible until all pension obligations have been met.

Specification of (pension costs)/income

	2009	2008	2007
			DKKm
Service cost[1]	(146)	(171)	(200)
Interest cost[2]	(861)	(879)	(862)
Expected return on plan assets	1,148	1,264	1,327
Net periodic pension (costs)/income recognized in wages, salaries and pension costs	**141**	**214**	**265**
Domestic redundancy programs recognized in special items	(227)	(189)	(57)
Pension (costs)/income recognized in the Statements of Income	**(86)**	**25**	**208**

[1] The actuarial present value of benefits attributed to services rendered by employees during the year.
[2] Reflects the interest component of the increase in the projected benefit obligations during the year.

Assets and obligations

	2009	2008	2007
			DKKm
Specification of pension assets			
Fair value of plan assets	24,471	22,876	22,178
Projected benefit obligations	(16,865)	(15,846)	(16,908)
Pension assets recognized in the Balance Sheets	**7,606**	**7,030**	**5,270**
Change in present value of benefit obligations			
Projected benefit obligations at January 1	(15,846)	(16,908)	(18,214)
Service cost	(146)	(171)	(200)
Interest cost	(861)	(879)	(862)
Curtailment in connection with redundancies	0	0	0
Special termination benefit	(227)	(189)	(57)
Actuarial gain/(loss)	(770)	1,355	1,502
Benefit paid	985	946	923
Projected benefit obligations at December 31	**(16,865)**	**(15,846)**	**(16,908)**
Change in fair value of plan assets			
Fair value of plan assets at January 1	22,876	22,178	22,445
Actual return on plan assets	2,386	1,202	435
NTCA's contribution	194	442	221
Benefit paid	(985)	(946)	(923)
Fair value of plan assets at December 31	**24,471**	**22,876**	**22,178**
Change in pension assets recognized in the Balance Sheets			
Pension assets recognized in the Balance Sheets at January 1	7,030	5,270	4,231
Pension (cost)/income recognized in the Statements of Income	(86)	25	208
Actuarial gain/(loss) on projected benefit obligations and plan assets recognized in other comprehensive income	468	1,293	610
NTCA's contribution	194	442	221
Pension assets recognized in the Balance Sheets at December 31	**7,606**	**7,030**	**5,270**

Plan assets include property used by Group companies with a fair value of DKK 1,971m at December 31, 2009, compared with DKK 2,150m at December 31, 2008 and DKK 1,662m at December 31, 2007.

Weighted-average asset allocation by asset categories at December %

	2009	2008	2007
Equity securities	7	8	14
Debt securities	71	70	64
Real estate	16	16	17
Other	6	6	5
Total	**100**	**100**	**100**

Weighted-average assumptions used to determine benefit obligations %

	2009	2008	2007
Discount rate	5.00	5.60	5.35
General wage inflation	2.25	2.25	2.25
General price inflation	2.25	2.25	2.25

Weighted-average assumptions used to determine net periodic pension cost %

	2009	2008	2007
Discount rate	5.60	5.35	4.85
Expected return on plan assets	5.10	5.80	6.00
General wage inflation	2.25	2.25	2.25
General price inflation	2.25	2.25	2.25

The basis for determining the overall expected rate of return is the pension funds' long-term strategic asset allocation of approximately 8% as equity securities, 75% as debt securities, 12% as real estate and 5% as other assets. The overall expected rate of return is based on the average long-term yields on the plan assets invested or to be invested.

In 2009, the assumed discount rate was increased from 5.35% to 5.60% to reflect changes in market conditions. The assumptions for 2010 reflect a decrease of the discount rate to 5.00% and an increase in expected return on plan assets to 5.20% as well as unchanged assumptions with respect to general inflation. The changed assumptions have resulted in increased pension benefit obligations at year-end 2009 compared with 2008. With these changed assumptions, NTCA's total pension costs excluding redundancy programs are expected to decrease by approximately DKK 150m in 2010 compared with 2009, assuming all other factors remain unchanged.

The average remaining service periods of active plan participants expected to receive benefits were estimated to be 10.3 years at December 31, 2009, compared with 10.9 years at December 31, 2008.

Experience gains and losses					DKKm
	2009	2008	2007	2006	2005
Gain/(loss) on plan assets					
Gain/(loss) on plan assets, DKKm	1,246	(62)	(892)	(584)	-
% of fair value of plan assets at December 31	5.09%	(0.27%)	(4.02%)	(2.60%)	-
Demographic experience gain/loss on projected benefit obligations					
Gain/(loss) on projected benefit obligations, DKKm	337	321	499	247	-
% of projected benefit obligations at December 31	2.00%	2.03%	2.95%	1.36%	-
Pension assets recognized in the balance sheets, DKKm					
Fair value of plan assets at December 31	24,471	22,876	22,178	22,445	-
Projected benefit obligations at December 31	(16,865)	(15,846)	(16,908)	(18,214)	-
Pension assets recognized in the balance sheets at December 31	**7,606**	**7,030**	**5,270**	**4,231**	**-**

Cash flows

NTCA's ordinary contributions were DKK 142m in 2009, against DKK 158m in 2008 and DKK 134m in 2007. Furthermore, extraordinary contributions were DKK 51m following a reduced workforce in 2009 compared with DKK 84m in 2008 and DKK 87m in 2007. Finally, a capital contribution of DKK 200m was made in 2008.

For 2010, the projected current contributions amount to DKK 132m. As in 2009, extraordinary contributions are expected to be paid in connection with retirements.

Other information

580 members of the defined benefit plans will ultimately have part of their pension payment reimbursed by the Danish government. The related benefit obligations of DKK 403m have been deducted, resulting in the projected benefit obligation.

B: Foreign defined benefit plans

Pension costs for members of foreign Group companies operating defined benefit plans are determined on the basis of the development in the actuarially determined pension obligations and on the yield on the pension funds' assets. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognized in the Balance Sheets under pension liabilities, etc. Pension liabilities, etc. related to foreign defined benefit plans amounted to DKK 244m at December 31, 2009 compared with DKK 365m at December 31, 2008 and DKK 296m at December 31, 2007.

NTCA's foreign defined benefit plans concern Sunrise and TDC Norway.

C: Pensions for former Danish civil servants

In addition to the defined benefit plans, the Group has previously paid annual pension contributions to the Danish government. The pension contributions were paid for employees who as civil servants have retained their rights to defined pension benefits from the Danish government due to previous employment agreements.

In 1994, TDC reached an agreement with the Danish government to make a one-time payment of DKK 1,210m, of which DKK 108m was considered interest compensation for the period July 1, 1994, to August 1, 1995. This agreement was in respect of TDC's pension obligation to employees who participated in the Danish civil servants' pension plan.

Under the agreement, TDC's pension contributions to the Danish Government ceased at July 1, 1994. The agreed non-recurring payment was treated as a prepaid expense, which was amortized and expensed over the period 1994 to 2008.

In connection with the reduction in the number of employees in 2009 and previous years, some retired employees have retained their rights to civil servant pensions from the Danish government. It is deemed that the retirements will not cause further payments.

Note 26 Reversal of items without cash flow effect DKKm

	2009	2008	2007
Pension income	(69)	(170)	(276)
(Gain)/loss on disposal of enterprises and property, plant and equipment, net	(51)	(220)	(67)
Other adjustments	36	(16)	148
Total	**(84)**	**(406)**	**(195)**

Note 27 Change in working capital DKKm

	2009	2008	2007
Change in inventories	149	137	(93)
Change in receivables	753	(333)	634
Change in trade payables	254	(121)	51
Change in other items, net	(113)	826	137
Total	**1,043**	**509**	**729**

Note 28 Investment in enterprises

2009

In 2009, NTCA made the following acquisitions:

At March 13, 2009, TDC A/S acquired Fullrate A/S. Fullrate A/S provides no-frill broadband solutions to Danish customers.

In June 2009, YouSee A/S acquired A+, a TV and broadband service provider.

At December 1, 2009, TDC A/S acquired Aktieselskabet af 1. december 2009, a newly established company to which DONG Energy Sales & Distribution A/S simultaneously transferred all its activities relating to the roll-out and operation of fiber network in Greater Copenhagen and Northern Zealand. The purchase price was DKK 425m on a cash and debt free basis, of which DKK 325m was paid cash on completion of the transaction, whereas the remaining sum to be paid will depend on the future performance of the acquired activities in the market for residential customers.

Assets and liabilities at the time of acquisition[1]		DKKm
	Fair value at the time of acquisition	Carrying value before acquisition
Intangible assets	303	41
Property, plant and equipment	615	618
Other non-current assets	2	2
Receivables	254	254
Cash	28	28
Deferred tax assets/(liabilities), net	(93)	(28)
Long-term debt	(67)	(67)
Corporate income tax receivable/(payable), net	(1)	(1)
Deferred income	(34)	(34)
Short-term debt	(140)	(141)
Acquired net assets	**867**	**672**
Goodwill (including adjustments to previous years)	318	
Acquisition cost	**1,185**	
Cash in acquired subsidiaries	(28)	
Unpaid share of acquisition cost	(76)	
Net cash flow on acquisitions	**1,081**	

[1] Including adjustments regarding previous years' acquisitions.

Since the acquisitions in 2009, the acquired enterprises have contributed DKK 322m to revenue and DKK 12m to net income.

Calculated as though the acquisitions took place at January 1, 2009, the acquired enterprises would have contributed DKK 553m to revenue and DKK (39)m to net income.

Goodwill related to acquisitions was calculated at DKK 318m on recognition of identifiable assets, liabilities and contingent liabilities at fair value. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the combination with the NTCA Group.

2008

In 2008, NTCA made the following acquisitions:

At April 1, 2008, TDC Sverige AB acquired 100% of the common shares of Effero AB, a provider of corporate telephony services.

At August 1, 2008, YouSee A/S acquired 100% of Guldborgsund Fællesantenne, a TV service provider.

At November 1, 2008, YouSee A/S acquired 100% of Køge Fællesantenne, a TV service provider.

At November 21, 2008, Sunrise AG acquired 100 % of the common shares of Tele2 AG, a mobile, internet and landline service provider.

Assets and liabilities at the time of acquisition[1]		**DKKm**
	Fair value at the time of acquisition	Carrying value before acquisition
Intangible assets	368	0
Property, plant and equipment	99	278
Receivables	217	217
Inventories	3	3
Cash	51	51
Deferred tax assets/(liabilities), net	(44)	(9)
Provisions	(42)	(42)
Long-term debt	(59)	(59)
Corporate income tax receivable/(payable), net	(7)	(7)
Deferred income	(3)	(3)
Short-term debt	(183)	(183)
Acquired net assets	**400**	**246**
Negative goodwill recognized as other income	0	
Goodwill (adjustments to previous years)	0	
Acquisition cost	**400**	
Cash in acquired subsidiaries	(51)	
Unpaid share of acquisition cost	(24)	
Net cash flow on acquisition	**325**	

[1] Including immaterial adjustments regarding previous years' acquisitions.

The acquired enterprises contributed DKK 139m to revenue and DKK 13m to net income in 2008.

Calculated as though the acquisitions took place at January 1, 2008, the acquired enterprises would have contributed DKK 1,169m to revenue and DKK (58)m to net income in 2008.

2007

In 2007, NTCA made the following acquisitions:

At September 1, 2007, TDC Hosting A/S acquired 100% of the common shares of Uni2 A/S, a hosting service provider.

At November 1, 2007, YouSee A/S acquired 100% of Fredericia Bynet, a TV service provider.

Assets and liabilities at the time of acquisition		DKKm
	Fair value at the time of acquisition	Carrying value before acquisition
Intangible assets	112	2
Property, plant and equipment	12	11
Receivables	7	7
Cash	0	0
Deferred tax assets/(liabilities), net	(15)	0
Loans	(1)	(1)
Deferred income	(4)	(4)
Short-term debt	(8)	(8)
Net assets	**103**	**7**
Minority interests	(5)	
Acquired net assets	**98**	
Goodwill	12	
Acquisition cost	**110**	
Cash in acquired subsidiaries	0	
Unpaid share of acquisition cost	0	
Net cash flow on acquisition	**110**	

The acquired enterprises contributed DKK 22m to revenue and DKK 1m to net income in 2007.

Calculated as though the acquisitions took place at January 1, 2007, the acquired enterprises would have contributed DKK 74m to revenue and DKK 1m to net income for 2007.

Goodwill related to acquisitions was calculated at DKK 12m on recognition of identifiable assets, liabilities and contingent liabilities at fair value. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the combination with the NTCA Group.

Note 29 Divestment of enterprises

DKKm

The divestments of Invitel in 2009 and Talkline in 2007 are presented as discontinued operations. See note 11 for further information.

In 2008, NTCA divested TDC Produktion A/S, Sunrise Business Communications AG, Uppsala Stadtsnät AB, Business Phone, Digital Signatur and Carrier Services activities as well as the network activities of Connect Partner A/S.

In 2007, NTCA divested Bité Lietuva.

	2009	2008	2007
The carrying value of assets and liabilities consists of the following at the time of divestment:			
Intangible assets	0	20	1,858
Property, plant and equipment	8	32	730
Other non-current assets	0	0	5
Inventories	1	18	28
Prepaid expenses	0	2	28
Receivables	0	142	180
Cash	0	31	78
Deferred tax assets/(liabilities), net	0	(1)	(58)
Pension liabilities	0	(82)	0
Provisions	0	(3)	(12)
Long-term debt	0	(1)	0
Corporate income tax receivable/(payable), net	0	(4)	(9)
Deferred income	0	(3)	(17)
Short-term debt	0	(118)	(137)
Net assets	**9**	**33**	**2,674**
Gain/(loss) on divestment of subsidiaries	22	183	589
Currency adjustments on divestment of subsidiaries	0	0	2
Received prepayments relating to divestment of subsidiaries	4	4	2
Cash in divested subsidiaries	0	(31)	(78)
Net cash flow on divestment	**35**	**189**	**3,189**

Note 30 Cash flow from investing activities in discontinued operations

DKKm	2009	2008	2007
The carrying value of assets and liabilities in discontinued operations consists of the following at the time of divestment:			
Intangible assets	2,013	0	3,307
Property, plant and equipment	4,139	0	100
Other non-current assets	42	0	0
Inventories	18	0	70
Receivables	413	0	549
Cash	84	0	1,584
Deferred tax assets/(liabilities), net	(153)	0	(687)
Provisions	(34)	0	(28)
Long-term debt	(5,054)	0	(25)
Corporate income tax receivable/(payable), net	(32)	0	(12)
Deferred income	(259)	0	0
Short-term debt	(1,201)	0	(617)
Net assets	**(24)**	**0**	**4,241**
Profit/(loss) relating to divestment of discontinued operations	(100)	59	1,304
Hereof reversal of currency adjustments recognized in equity	171	0	11
Sales proceeds not received and sales costs not paid, net	(9)	(46)	60
Cash in discontinued operations	(84)	0	(1,584)
Net cash flow on divestment	**(46)**	**13**	**4,032**
Cash flow from investing activities in discontinued operations excluding divestments	(324)	(627)	(859)
Net cash flow from investing activities in discontinued operations	**(370)**	**(614)**	**3,173**

Note 31 Cash and cash equivalents at January 1

DKKm	2009	2008	2007
Cash and cash equivalents at January 1	7,157	8,759	3,804
Unrealized currency translation adjustments	0	(1)	1
Adjusted cash and cash equivalents at January 1	**7,157**	**8,758**	**3,805**

Note 32 Overview of Group companies at December 31, 2009

Company name	Domicile	Currency	NTCA Group ownership share (%)	Number of subsidiaries, joint ventures and associates not listed here[1]
Consumer				
Fullrate A/S	Copenhagen, Denmark	DKK	100.0	
TDC Contact Center Europe A/S	Sønderborg, Denmark	DKK	100.0	
Telmore A/S	Taastrup, Denmark	DKK	100.0	
TDC Business				1
NetDesign A/S	Farum, Denmark	DKK	100.0	
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0	
TDC Nordic				
TDC AS	Oslo, Norway	NOK	100.0	2
TDC Con SQOV AB	Stockholm, Sweden	SEK	100.0	
TDC Nordic AB	Stockholm, Sweden		100.0	1
TDC Sverige AB	Stockholm, Sweden		100.0	4
TDC Hosting AB	Stockholm, Sweden		100.0	
TDC Oy Finland	Helsinki, Finland		100.0	3
TDC Hosting Oy	Helsinki, Finland		100.0	
TDC Hosting A/S	Aarhus, Denmark	DKK	100.0	
TDC Song Danmark A/S	Ballerup, Denmark		100.0	
Operations & Wholesale				4
Operators Clearing House A/S[2]	Glostrup, Denmark	DKK	33.3	
TDC Carrier Services USA, Inc.	New Jersey, USA	USD	100.0	
Unotel A/S[2]	Skanderborg, Denmark	DKK	20.0	
YouSee				
YouSee A/S	Copenhagen, Denmark	DKK	100.0	1
Dansk Kabel TV A/S	Taastrup, Denmark	DKK	100.0	
FASTTV NET A/S	Albertslund, Denmark	DKK	100.0	

Company name	Domicile	Currency	NTCA Group Ownership share (%)	Number of subsidiaries, joint ventures and associates not listed here[1]
Sunrise				
Sunrise Communications AG	Zürich, Switzerland	CHF	100.0	5
TeleCommunication Services AG	Zürich, Switzerland		100.0	1
Other				13
TDC A/S	Copenhagen, Denmark	DKK	100.0	
ADSB Telecommunications B.V.[2]	Amsterdam, the Netherlands	EUR	34.7	
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0	
Tele Danmark Reinsurance S.A.	Luxembourg	DKK	100.0	

[1] In order to give the reader a clear presentation, some minor enterprises are not listed separately in the overview.
[2] The enterprise is included under the equity method.

In pursuance of Section 6 of the Danish Financial Statements Act the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, Anpartsselskabet af 28. august 2000, Jydsk Tele A/S, TDCH I ApS, TDCH II ApS, TDCT IV ApS, TDCT V ApS, TDCT VI ApS and TDCKT XII ApS.

Note 33 Related parties

Name of related party	Nature of relationship	Domicile
Angel Lux Parent S.a.r.l.	Indirect ownership	Luxembourg
Angel Lux Midco & Cie S.C.A.	Indirect ownership	Luxembourg
Angel Lux Common S.a.r.l.	Ownership	Luxembourg
Nordic Telephone Management Holding ApS	Group company	Aarhus, Denmark
KTAS Pensionskasse	Pension fund	Copenhagen, Denmark
Jydsk Telefons Pensionskasse	Pension fund	Aarhus, Denmark
Fyns Telefons Pensionskasse	Pension fund	Odense, Denmark

Danish Group companies have entered into certain lease contracts with the related Danish pension funds. The lease contracts are interminable until 2020 at the latest. The aggregate amount payable under such agreements amounted to DKK 457m at December 31, 2009, compared with DKK 580m at December 31, 2008 and DKK 578m at December 31, 2007. The rental expense was DKK 128m for 2009, compared with DKK 131m in 2008 and DKK 122m in 2007. In addition, annual contributions are paid to the pension funds, see note 25 Pension obligations. The Danish Group companies have also entered into four lease contracts with the pension funds that qualify as capital leases. The debt relating to these contracts amounted to DKK 46m at December 31, 2009, compared with DKK 52m at December 31, 2008 and DKK 70m at December 31, 2007. The related interest expense amounted to DKK 2m for 2009, compared with DKK 2m in 2008 and DKK 3m in 2007. In addition, annual contributions are paid to the pension funds, see note 25 Pension obligations.

Remuneration for the Board of Directors and the Executive Committee is described in note 6. Remuneration to the TDC Executive Committee amounted to DKK 68m for 2009, compared with DKK 62m in 2008 and DKK 45m in 2007.

DKK 47m in 2009, DKK 62m in 2008 and DKK 46m in 2007, were charged for administration and management by the investment funds, each of which is advised by or managed, directly or indirectly, by Apax, Blackstone, KKR, Permira or Providence, or to the advisory entities of these funds. At December 31, 2009 the amount payable to these funds are DKK 9m. The Group has the following additional transactions and balances with related parties:

DKKm

2009	Joint ventures	Associates	Other related parties	Total
Revenue	0	0	0	0
Costs	0	0	(2)	(2)
Receivables	0	0	149	149
Debt	0	0	0	0

2008	Joint ventures	Associates	Other related parties	Total
Revenue	2	0	1	3
Costs	0	0	(1)	(1)
Receivables	0	0	150	150
Debt	0	0	0	0

2007	Joint ventures	Associates	Other related parties	Total
Revenue	9	0	0	9
Costs	0	0	(5)	(5)
Receivables	0	0	69	69
Debt	0	0	0	0

Note 34 Other financial commitments

DKKm	2009	2008	2007
Lease commitments for all operating leases			
Rental expense relating to properties and mobile sites in the period of interminability	7,899	8,301	8,239
Rental expense relating to machinery, equipment, computers, etc. in the period of interminability	944	1,506	1,332
Total	**8,843**	**9,807**	**9,571**
which can be specified as follows:			
Due not later than 1 year	1,192	1,173	1,135
Due later than 1 year and not later than 5 years	2,874	3,218	3,041
Due later than 5 years	4,777	5,416	5,395
Total	**8,843**	**9,807**	**9,571**
Total rental expense for the year for all operating leases			
Lease payments	1,465	1,440	1,414
Sublease payments	(26)	(16)	(20)
Total	**1,439**	**1,424**	**1,394**
Capital and purchase commitments			
Investments in property, plant and equipment	400	602	24
Investments in intangible assets	123	379	20
Commitments related to outsourcing agreements	2,715	3,063	844
Other purchase commitments	289	361	386

Operating leases, for which NTCA is the lessee, are related primarily to agreements on fiber networks and sea cables, and agreements on property leases and mobile sites, including agreements with the related Danish pension funds. The lease agreements terminate in 2037 at the latest.

Total future minimum sublease payments expected for interminable subleases on balance sheet dates amounted to DKK 127m at December 31, 2009, compared with DKK 46m at December 31, 2008 and DKK 41m at December 31, 2007.

Note 35 Contingencies

Contingent assets

NTCA is awaiting the outcome of certain cases brought against other telecommunications companies. A potential favorable outcome for NTCA of one or more of these cases could result in substantial income.

Contingent liabilities

NTCA is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on NTCA's financial position.

In connection with capital sale and leaseback agreements, the Group has provided guarantees covering intermediary leasing companies' payment of the total lease commitments. The Group has made legally releasing non-recurring payments to the intermediary leasing companies of an amount corresponding to the total lease commitments. At December 31, 2009, the guarantees amounted to DKK 154m, compared with DKK 1,047m at December 31, 2008 DKK and 2,214m at December 31, 2007. The guarantees provided by NTCA are economically defeased by means of payment instruments issued by creditworthy obligors unrelated to NTCA that secure or otherwise provide for payment of the regular lease payments and purchase-option prices due from the intermediary leasing companies. These instruments are lodged as security for payment of the regular lease payments by the intermediary leasing companies.

In pursuance of Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before April 1, 1970 who are members of the related Danish pension funds. In the event of termination such employees have a right to special severance pay in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds of the full monthly salary for four years and nine months (stand-off pay).

Guarantees
The Group has provided the usual guarantees in favor of suppliers and partners. These guarantees amounted to DKK 275m at December 31, 2009, compared with DKK 385m at December 31, 2008 and DKK 428m at December 31, 2007.

Note 36 Research and development costs

Research and development costs for the year recognized in the Statements of Income amounted to DKK 16m in 2009, compared with DKK 11m in 2008 and DKK 29m in 2007.

Note 37 Auditors' remuneration

DKKm

	2009	2008	2007
The remuneration of auditors elected by the Annual General Meeting:			
Statutory audit	**19**	**26**	**25**
Non-statutory audit services:			
Other assurance engagements	2	-	-
Tax advisory services	4	-	-
Other services	18	-	-
Total non-statutory audit services	**24**	**17**	**23**
Total	**43**	**43**	**48**

Note 38 Net interest-bearing debt

DKKm

	2009	2008	2007
Interest-bearing receivables	174	159	69
Cash	4,643	7,157	8,759
Long-term loans	(41,104)	(51,556)	(75,768)
Short-term loans	(5,759)	(4,718)	(4,146)
Other interest-bearing debt	0	0	(3)
Total	**(42,046)**	**(48,958)**	**(71,089)**

Note 39 Events after the balance sheet date

None.

Parent Company Statements of Income			DKKm
	Note	2009	2008
Dividends from subsidiaries		7,129	550
Other external expenses		(24)	(12)
Total operating expenses before depreciation, etc.		**7,105**	**538**
Income before depreciation, amortization and special items (EBITDA)		**7,105**	**538**
Special items	4	(5)	0
Operating income		**7,100**	**538**
Fair value adjustments		(88)	14
Currency adjustments		20	18
Financial income	5	290	346
Financial expenses	6	(1,484)	(2,480)
Net financials		**(1,262)**	**(2,102)**
Income before income taxes		**5,838**	**(1,564)**
Income taxes	7	(74)	(500)
Net income		**5,764**	**(2,064)**

Statements of Comprehensive Income		DKKm
	2009	2008
Net income/(loss)	5,764	(2,064)
Other Comprehensive Income	0	0
Total Comprehensive Income	5,764	(2,064)

Assets			DKKm
	Note	2009	2008
Non-current assets			
Investments in subsidiaries	8	27,925	27,925
Total non-current assets		**27,925**	**27,925**
Current assets			
Receivables	9	2	3
Cash	10	3,879	439
Total current assets		**3,881**	**442**
Total assets		**31,806**	**28,367**

Equity and liabilities			DKKm
	Note	2009	2008
Equity			
Common shares	11	0	0
Retained earnings		18,279	12,510
Total equity		**18,279**	**12,510**
Non-current liabilities			
Loans	12	10,493	14,519
Total non-current liabilities		**10,493**	**14,519**
Current liabilities			
Loans	12	1,972	5
Trade and other payables	13	209	235
Income tax payable	7	414	836
Derivative financial instruments	14	439	262
Total current liabilities		**3,034**	**1,338**
Total liabilities		**13,527**	**15,857**
Total equity and liabilities		**31,806**	**28,367**

Parent Company Statements of Cash Flow			DKKm
	Note	2009	2008
Income before depreciation, amortization and special items (EBITDA)		7,105	538
Change in working capital	15	9	(8)
Cash flow from operating activities before net financials and tax		**7,114**	**530**
Interest received		294	352
Interest paid		(1,456)	(1,645)
Realized currency translation adjustments		0	1
Cash flow from operating activities before tax		**5,952**	**(762)**
Corporate income tax paid		(496)	947
Cash flow from operating activities		**5,456**	**185**
Investment in subsidiaries		0	(213)
Dividends received from subsidiaries		0	0
Cash flow from investing activities		**0**	**(213)**
Repayments of long-term loans		(2,016)	0
Change in short-term bank loans		(5)	5
Capital contribution		24	0
Dividends paid		(19)	0
Cash flow from financing activities		**(2,016)**	**5**
Total cash flow		**3,440**	**(23)**
Cash and cash equivalents at January 1		439	462
Cash and cash equivalents at December 31		**3,879**	**439**

Parent Company Statements of Changes in Equity			**DKKm**
	Common shares	Retained earnings	Total
Equity at January 1, 2008	0	(1,956)	(1,956)
Total comprehensive income	0	(2,064)	(2,064)
Capital contribution	0	16,530	16,530
Equity at December 31, 2008	**0**	**12,510**	**12,510**
Total comprehensive income	0	5,764	5,764
Capital contribution	0	24	24
Distributed dividends	0	(19)	(19)
Equity at December 31, 2009	**0**	**18,279**	**18,279**

Notes to Parent Company Financial Statements

Overview

Note 1 Significant Accounting Policies

The Financial Statements 2009 of the Parent Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional Danish disclosure requirements provided in the IFRS Executive Order issued by the Danish Commerce and Companies Agency in pursuance of the Danish Financial Statements Act. For the Parent Company there are no differences between IFRS as adopted by the European Union and IFRS as issued by IASB.

Merger between NTCA, NTCI, NTCF and NTCH

All figures in these financial statements, including comparative figures for previous periods, reflect the merger between NTCA, NTCI, NTCF and NTCH with NTCA as the surviving company, which was effective from January 1, 2009 for accounting purposes.

Changes to accounting policies

The accounting policies have been changed in relation to dividends from subsidiaries, joint ventures and associates. Dividends from investments in subsidiaries, joint ventures and associates are recognized as income in the fiscal year when the dividends are distributed. Previously, dividends were only recognized as income to the extent that accumulated earnings after the time of acquisition exceeded dividends distributed. In accordance with IFRS, this new accounting policy is applied prospectively from January 1, 2009.

The changed accounting policy has no impact on the financial statements for 2009.

The Parent Company accounting policies are the same as those applied for the Group with the additions mentioned below. Reference is made to note 1 to the Consolidated Financial Statements as regards the Significant Accounting Policies of the Group.

Supplementary Significant Accounting Policies for the Parent Company

Dividends from investments in subsidiaries, joint ventures and associates

Dividends from investments in subsidiaries, joint ventures and associates are recognized as income in the fiscal year when the dividends are distributed.

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates are measured at cost. Where cost exceeds the recoverable amount, the carrying value is written down to the recoverable amount. Until January 1, 2009, the carrying value was reduced to the extent that dividends distributed exceeded accumulated earnings after the time of acquisition.

Note 2 Critical accounting estimates and judgments

See note 2 to the Consolidated Financial Statements for information on critical accounting estimates and judgments.

In addition, investments in subsidiaries comprise a significant portion of NTCA's total assets. Impairment tests on subsidiaries are performed if events or changes in circumstances indicate that their carrying value may not be recoverable. The measurement of subsidiaries is a complex process that requires significant Management judgment in determining various assumptions, such as cash-flow projections, discount rate and terminal growth rates. The sensitivity of the estimated measurement to these assumptions, combined or individually, can be significant. Furthermore, the use of different estimates or assumptions when determining the fair value of such assets may result in different values and could result in impairment charges in future periods.

Note 3 New accounting standards

See note 3 to the Consolidated Financial Statements for information on new accounting standards for the Group.

Note 4 Special items

DKKm

	2009	2008
Restructuring costs, etc.	(5)	0
Special items before income taxes	**(5)**	**0**
Income taxes related to special items	0	0
Special items after income taxes	**(5)**	**0**

Note 5 Financial income

DKKm

	2009	2008
Interest income	290	346
Total	**290**	**346**

Note 6 Financial expenses

DKKm

	2009	2008
Interest expenses	(1,484)	(2,480)
Total	(1,484)	(2,480)

Note 7 Income taxes

DKKm

	2009		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At January 1	-	836	0
Income taxes	35	(35)	0
Adjustment of tax for previous years	(109)	109	0
Tax related to other comprehensive income	0	0	0
Tax paid	-	(496)	-
Total	**(74)**	**414**	**0**
Income taxes are specified as follows:			
Income excluding special items	(74)	0	0
Special items	0	0	0
Total	**(74)**	**0**	**0**

	2008		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At January 1	-	(743)	132
Income taxes	(663)	795	(132)
Adjustment of tax for previous years	163	(163)	0
Tax related to other comprehensive income	0	0	0
Tax paid	-	947	-
Total	**(500)**	**836**	**0**
Income taxes are specified as follows:			
Income excluding special items	(500)	0	0
Special items	0	0	0
Total	**(500)**	**0**	**0**

Reconciliation of effective tax rate

	2009	2008
Danish corporate income tax rate	25.0	25.0
Tax-free dividends from subsidiaries	(30.5)	8.8
Tax-free dividends from joint ventures and associates	-	-
Write-downs of investments in subsidiaries	0	-
Other non-taxable income and non-tax deductible expenses	0.3	0.5
Adjustment of tax for previous years	1.9	8.9
Limitation on the tax deductibility of interest expenses	4.6	(75.2)
Effective tax rate excluding special items	**1.3**	**(32.0)**
Special items	(0.0)	0.0
Effective tax rate including special items	**1.3**	**(32.0)**

All of the Danish Group companies participate in joint taxation.

Nordic Telephone Company Administration ApS participates in joint taxation with all its Danish subsidiaries. The jointly taxed companies in the Nordic Telephone Company Administration Group are liable only for the part of the income tax, taxes paid on account and outstanding residual tax (with additional surcharges and interest) that relate to the part of the income allocated to the companies. When Nordic Telephone Company Administration ApS as management company has received payment from the jointly taxed Group companies, Nordic Telephone Company Administration ApS will assume liability for this payment.

Note 8 Investments in subsidiaries

DKKm	2009	2008
Carrying value at January 1	27,925	27,712
Additions during the year	0	213
Carrying value at December 31	**27,925**	**27,925**

Overview of subsidiaries at December 31, 2009

Company name	Domicile	Currency	NTCA ApS' ownership share (%)
TDC A/S	Copenhagen, Denmark	DKK	87.9

Impairment tests of subsidiaries recognized at cost

The carrying value of subsidiaries is tested for impairment if events or changes in circumstances indicate impairment.

Note 9 Receivables

DKKm	2009	2008
Receivables from group enterprises	0	0
Other receivables	2	3
Total	**2**	**3**
Recognized as follows:		
Non-current assets	0	0
Current assets	2	3
Total	**2**	**3**
Allowances for uncollectibles at January 1	0	0
Additions	0	0
Deductions	0	0
Allowances for uncollectibles at December 31	**0**	**0**
Receivables past due and impaired	0	0
Receivables past due but not impaired	0	0

Note 10 Cash

The carrying value of charged cash amounted to DKK 3,879m at December 31, 2009, compared with DKK 383m at December 31, 2008.

Note 11 Equity

See note 19 to the Consolidated Financial Statements for information on common shares.

Note 12 Loans

DKKm	2009	2008
Bank loans	0	5
Bonds and mortgages	12,465	14,519
Total	**12,465**	**14,524**
Of which loans expected to be paid within 12 months (current liabilities)	(1,972)	(5)
Long-term loans	**10,493**	**14,519**
Long-term loans fall due as follows:		
1-3 years	0	0
3-5 years	0	0
After 5 years	10,493	14,519
Total	**10,493**	**14,519**
Fair value	13,226	9,818
Nominal value	12,603	14,734

Note 13 Trade and other payables

DKKm	2009	2008
Trade payables	207	233
Payables to subsidiaries	2	2
Total	209	235

Note 14 Financial instruments, etc.

The Parent Company is exposed to financial market and credit risks when investing in and financing of activities. Analyses of such risks are disclosed below.

A: Foreign-currency exposures DKKm

Financial assets and liabilities in foreign currencies at December 31 are specified below:

		2009				2008
		Financial assets and liabilities				
Currency	Maturities	Assets	Liabilities	Derivatives[1]	Net position	
EUR	< 1 year	298	(2,068)	0	202	(158)
	1-3 years	0	0	(3,924)	(3,924)	(4,014)
	3-5 years	0	0	0	0	0
	> 5 years	0	(7,423)	0	(9,395)	(11,392)
Total EUR		**298**	**(9,491)**	**(3,924)**	**(13,117)**	**(15,564)**
Others	< 1 year	0	(2)	0	(2)	(46)
	1-3 years	0	0	3,485	3,485	3,752
	3-5 years	0	0	0	0	0
	> 5 years	0	(3,070)	0	(3,070)	(3,127)
Total others		**0**	**(3,072)**	**3,485**	**413**	**579**
Foreign currencies total		**298**	**(12,563)**	**(439)**	**(12,704)**	**(14,985)**
DKK	< 1 year	3,583	(64)	0	3,519	418
	1-3 years	0	0	0	0	0
	3-5 years	0	0	0	0	0
	> 5 years	0	0	0	0	0
Total DKK		**3,583**	**(64)**	**0**	**3,519**	**418**
Total		**3,881**	**(12,627)**	**(439)**	**(9,185)**	**(14,567)**

[1] The financial instruments used are currency swaps.

B: Net financials DKKm

	2009			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Income				
Financial assets and liabilities measured at fair value through profit or loss	282	0	0	282
Loans and receivables	8	0	0	8
Financial liabilities measured at amortized cost	0	78	31	109
Non-financial assets or liabilities	0	0	0	0
Total	**290**	**78**	**31**	**399**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(261)	(58)	(119)	(438)
Loans and receivables	0	0	0	0
Financial liabilities measured at amortized cost	(1,172)	0	0	(1,172)
Non-financial assets or liabilities	(51)	0	0	(51)
Total	**(1,484)**	**(58)**	**(119)**	**(1,661)**
Net financials	**(1,194)**	**20**	**(88)**	**(1,262)**

	2008			
	Interest	Currency translation adjustments	Fair value adjustments	Total
Income				
Financial assets and liabilities measured at fair value through profit or loss	285	138	14	437
Loans and receivables	16	0	0	16
Financial liabilities measured at amortized cost	0	0	0	0
Non-financial assets or liabilities	45	0	0	45
Total	**346**	**138**	**14**	**498**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(262)	0	0	(262)
Loans and receivables	0	0	0	0
Financial liabilities measured at amortized cost	(2,206)	(120)	0	(2,326)
Non-financial assets or liabilities	(12)	0	0	(12)
Total	**(2,480)**	**(120)**	**0**	**(2,600)**
Net financials	**(2,134)**	**18**	**14**	**(2,102)**

C: Liquidity risk DKKm

The maturity analysis of financial assets and liabilities is disclosed by category and class and is allocated according to maturity period. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using zero-coupon rates.

Financial assets and liabilities measured at fair value relates to derivatives. The calculation of fair value of these derivatives is based on observable inputs such as forward interest rates etc. (Level 2 in the fair value hierarchy).

Maturity profiles[1]

DKKm

	2009						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying value
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	0	0	0	0	0	0	0
Currency swaps	0	0	0	0	0	0	0
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives, liabilities							
Interest-rate swaps	0	0	0	0	0	0	0
Currency swaps	14	(490)	0	0	(476)	(439)	(439)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**14**	**(490)**	**0**	**0**	**(476)**	**(439)**	**(439)**
Loans and receivables							
Cash	3,879	0	0	0	3,879	3,879	3,879
Trade receivables and other receivables	2	0	0	0	2	2	2
Total loans and receivables	**3,881**	**0**	**0**	**0**	**3,881**	**3,881**	**3,881**
Financial liabilities measured at amortized cost							
Bank loans	0	0	0	0	0	0	0
Bonds[2]	(2,854)	(1,788)	(1,843)	(12,023)	(18,508)	(13,226)	(12,465)
Debt relating to capital leases	0	0	0	0	0	0	0
Trade and other payables	(162)	0	0	0	(162)	(162)	(162)
Total financial liabilities measured at amortized cost	**(3,016)**	**(1,788)**	**(1,843)**	**(12,023)**	**(18,670)**	**(13,388)**	**(12,627)**
Total	**879**	**(2,278)**	**(1,843)**	**(12,023)**	**(15,265)**	**(9,946)**	**(9,185)**

[1] All cash flows are undiscounted.
[2] Bonds have final maturity dates in 2016.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	0	3,881	0	0	27,925	31,806
Equity and liabilities	(439)	0	0	(12,627)	(18,740)	(31,806)

Maturity profiles[1] DKKm

	2008						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying value
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	0	0	0	0	0	0	0
Currency swaps	0	0	0	0	0	0	0
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Derivatives, liabilities							
Interest-rate swaps	0	0	0	0	0	0	0
Currency swaps	19	(408)	0	0	(389)	(262)	(262)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**19**	**(408)**	**0**	**0**	**(389)**	**(262)**	**(262)**
Loans and receivables							
Cash	439	0	0	0	439	439	439
Trade receivables and other receivables	0	0	0	0	0	0	0
Total loans and receivables	**439**	**0**	**0**	**0**	**439**	**439**	**439**
Financial liabilities measured at amortized cost							
Bank loans	(5)	0	0	0	(5)	(5)	(5)
Bonds	(1,056)	(2,479)	(2,574)	(18,003)	(24,112)	(9,813)	(14,519)
Debt relating to capital leases	0	0	0	0	0	0	0
Trade and other payables	(220)	0	0	0	(220)	(220)	(220)
Total financial liabilities measured at amortized cost	**(1,281)**	**(2,479)**	**(2,574)**	**(18,003)**	**(24,337)**	**(10,038)**	**(14,744)**
Total	**(823)**	**(2,887)**	**(2,574)**	**(18,003)**	**(24,287)**	**(9,861))**	**(14,567)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	0	439	0	0	27,928	28,367
Equity and liabilities	(262)	0	0	(14,744)	(13,361)	(28,367)

D: Undrawn credit lines

The undrawn credit lines at December 31, 2009 are specified as follows:

Maturities	Committed credit lines	Committed syndicated credit lines	Total
			DKKm
< 1 year	0	0	0
> 1 year	2,022	1,302	3,324
Total	**2,022**	**1,302**	**3,324**

E: Credit risks

Financial transactions are only entered into with counterparties holding the long term credit rating of at least A from Standard & Poor's or A2 from Moody's Investor Service. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counterparties. The counterparty risk is therefore considered to be minimal.

The Parent Company's maximum credit risk is the sum of the financial assets listed in note 14A, amounting to DKK 3,881m at December 31, 2009.

Note 15 Change in working capital

DKKm	2009	2008
Change in receivables	(2)	4
Change in trade payables	10	(12)
Change in other items, net	1	0
Total	**9**	**(8)**

Note 16 Related parties

For information about the related parties of the Group, see note 33 to the Consolidated Financial Statements. The Parent Company has the following transactions and balances with its subsidiaries (cf. the overview of subsidiaries in note 8):

Subsidiaries		DKKm
	2009	2008
Income	0	0
Costs	(4)	(3)
Receivables	0	0
Debt	(2)	(2)

The Parent Company has the following additional transactions and balances with related parties:

Other related parties		DKKm
	2009	2008
Income	0	0
Costs	(9)	0
Receivables	0	0
Debt	(9)	0

All transactions were made on an arm's length basis.

Note 17 Contingencies

Reference is made to note 35 to the Consolidated Financial Statements as regards information on pending lawsuits.

Senior Facilities Agreement

On November 30, 2005, Nordic Telephone Company Administration ApS entered into a Senior Facilities Agreement as the original borrower and the original guarantor with a number of banks as lenders. On March 3, 2006, TDC A/S acceded to the Senior Facilities Agreement as borrower and guarantor. Subsequently, certain subsidiaries of TDC A/S have acceded as guarantors.

The Senior Facilities Agreement is a secured multi-currency credit facility composed of various term-loan facilities and a revolving credit facility. On December 31, 2009, the aggregate nominal debt outstanding under the Senior Facilities Agreement amounted to DKK 26,560m. The debt outstanding under the Senior Facilities Agreement at December 31, 2009, related exclusively to TDC A/S.

Nordic Telephone Company Administration ApS has charged its shares in the subsidiary TDC A/S as security for the Senior Facilities Agreement. Further, the shares of a number of subsidiaries of TDC A/S have been charged, and certain subsidiaries have charged bank deposits and intragroup receivables.

High yield bonds

Nordic Telephone Company Administration ApS has charged its shares in the subsidiary TDC A/S and certain bank deposits in the form of a second-priority charge as security for the High yield bond debt. The security ranks behind the security granted in favor of the Senior Facilities Agreement.

Note 18 Auditors' remuneration

DKKm	2009	2008
The remuneration of auditors elected by the Annual General Meeting:		
Statutory audit	0.4	1.0
Non-statutory audit services:		
Other assurance engagements	0.4	0
Tax advisory services	0.4	0.6
Other services	2.1	0
Total non-statutory audit services	2.9	0.6
Total	**3.3**	**1.6**

Note 19 Net interest-bearing debt

DKKm	2009	2008
Cash	3,879	439
Long-term loans	(10,493)	(14,519)
Short-term loans	(1,972)	(5)
Total	**(8,586)**	**(14,085)**

Note 20 Events after the balance sheet date

See note 39 to the Consolidated Financial Statements.

Management Statement

Today, the Board of Directors considered and approved the Annual Report of Nordic Telephone Company Administration ApS for 2009.

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the Annual Report presents fairly, in all material aspects, the Group's and the Parent Company's assets, liabilities and financial position at December 31, 2009 as well as their results of operations and cash flows for the financial year 2009. Furthermore, in our opinion, the Annual Report provides a fair review of the developments in the Group's and the Parent Company's activities and financial position, and describes the significant risks and uncertainties that may affect the Group and the Parent Company.

The Annual Report is recommended for approval by the Annual General Meeting.

Copenhagen, March 10, 2010

Board of Directors

Kurt Björklund	Oliver Haarmann	Lawrence Guffey
Andrew Sillitoe	Gustavo Schwed	

Independent Auditor's Report

To the Shareholders of Nordic Telephone Company Administration ApS
We have audited the Annual Report of Nordic Telephone Company Administration ApS for the financial year January 1 to December 31, 2009 which comprises the Consolidated Financial Statements, the Parent Company Financial Statements ("the Financial Statements") and Management's Review. The Financial Statements comprise statements of income, statements of comprehensive income, balance sheets, statements of cash flow, statements of changes in equity and notes for both the Group and the Parent Company. The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Management's Review is prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility
Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the above-mentioned legislation and disclosure requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Furthermore, Management is responsible for preparing a Management's Review that provides a fair review in accordance with the Danish Financial Statements Act.

Auditor's Responsibility and Basis of Opinion
Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with International and Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements and to the preparation of a Management's Review that provides a fair review in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Financial Statements present fairly, in all material aspects, the financial position at December 31, 2009 of the Group and the Parent Company and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2009 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. Further, in our opinion Management's Review provides a fair review in accordance with the Danish Financial Statements Act.

Copenhagen, March 10, 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorized Public Accountant

Jesper Hansen
State Authorized Public Accountant

Management

Kurt Björklund
Age 40. Elected by the shareholders at the Annual General Meeting. First elected on February 28, 2006. Re-elected on May 20, 2009. Term to expire on March 26, 2010. Nominated by Nordic Telephone Company ApS. Non-independent board member. Member of the Compensation Committee. MSc in Economics. SSEBA, Helsinki, 1993, and MBA, INSEAD (Executive Management Training Program), 1996. Co-Managing Partner in Permira Advisers LLP. Chairman of the Board of Directors of Angel Lux Common S.a.r.l.

Lawrence Guffey
Age 41. Elected by the shareholders at the Annual General Meeting. First elected on February 28, 2006. Re-elected on May 20, 2009. Term to expire on March 26, 2010. Nominated by Nordic Telephone Company ApS. Non-independent board member. Chairman of the Audit Committee. BA, Rice University, 1990. Senior Managing Director of the Blackstone Group. Member of the Boards of Directors of Angel Lux Common S.a.r.l., Deutsche Telekom AG and Axtel SA de CV.

Oliver Haarmann
Age 42. Elected by the shareholders at the Annual General Meeting. First elected on February 28, 2006. Re-elected on May 20, 2009. Term to expire on March 26, 2010. Nominated by Nordic Telephone Company ApS. Non-independent board member. Member of the Compensation Committee. BA, Brown University, 1990. MBA, Harvard Business School, 1996. Managing Director of Kohlberg Kravis Roberts & Co. Ltd. Member of the Boards of Directors of Angel Lux Common S.a.r.l. and Bharti Infratel Ltd.

Gustavo Schwed
Age 48. Elected by the shareholders at the Annual General Meeting. First elected on February 28, 2006. Re-elected on May 20, 2009. Term to expire on March 26, 2010. Nominated by Nordic Telephone Company ApS. Non-independent board member. Member of the Compensation Committee. BA, Swarthmore College, 1984. MBA, Stanford University, 1988. Managing Director of Providence Equity. Member of the Board of Directors of Angel Lux Common S.a.r.l. and Mobileserv Ltd.

Andrew Sillitoe
Age 37. Elected alternate for Richard Wilson by the shareholders at the Annual General Meeting. First elected on April 26, 2006. Appointed member of the Board of Directors on October 28, 2008, at which date Richard Wilson retired from the Board. Re-elected on May 20, 2009. Term to expire on March 26, 2010. Nominated by Nordic Telephone Company ApS. Non-independent board member. Member of the Audit Committee. MA, Oxford, 1993. MBA Insead, 1997. Partner of Apax Partners LLP. Member of the Executive Committee of Apax Partners LLP. Member of the Board of Directors of Angel Lux Common S.a.r.l.

Shareholder information

Shareholders

The controlling shareholder of Nordic Telephone Company Administration ApS (NTCA ApS) is Angel Lux Common S.a.r.l.

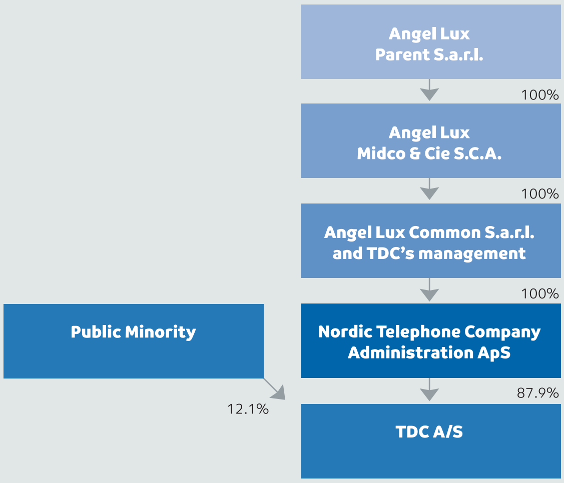
The ultimate holding company of NTCA ApS is Angel Lux Parent S.a.r.l.

Investment funds, each of which is advised or managed, directly or indirectly, by Apax Partners Worldwide LLP, The Blackstone Group International Limited, Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB or Providence Equity Partners Limited, are the beneficial owners of Angel Lux Parent S.a.r.l.

The following table shows information on the beneficial ownership of Angel Lux Parent S.a.r.l. (the ultimate holding company in the group of companies with an ownership interest in TDC of 87.9%) by each person or group known to beneficially own more than 5% of the share capital of Angel Lux Parent S.a.r.l. The amounts and percentages of common shares beneficially owned by each shareholder are reported on the basis of SEC rules governing the determination of beneficial ownership, and the information is not necessarily indicative of beneficial ownership for any other purposes. Under such rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of a security, or investment power, including the power to dispose of or direct the disposition of a security, and covers securities for which a person holds the right to acquire beneficial ownership within 60 days.

Beneficial ownership of Angel Lux Parent S.a.r.l. (more than 5% of the share capital)

Name of Beneficial Owner	Percentage
Investment funds advised or managed, directly or indirectly, by:	
Apax Partners Worldwide LLP	15.7%
The Blackstone Group International Limited	23.5%
Kohlberg Kravis Roberts & Co. L.P.	19.6%
Permira Advisers KB	19.4%
Providence Equity Partners Limited	17.7%



Stock exchange listing

NTCA ApS has issued high-yield bonds that are listed on the Official List of the Luxembourg Stock Exchange and are tradable on the Luxembourg Stock Exchange's Euro MTF Market.

For as long as the high-yield bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange require that copies of the following documents are available free of charge during usual business hours on any weekday at the head office of TDC and the paying agent in Luxembourg, which is Deutsche Bank Luxembourg SA:

- the Memorandum and Articles of Association of NTCA ApS and TDC A/S
- the audited consolidated financial statements of TDC for the years 2005 - 2009
- the audited parent company financial statements of TDC A/S for the years 2005 – 2009, of NTCA ApS for the first period ended December 31, 2005 and for the years 2006 – 2009 and of NTC ApS for the first period ended December 31, 2005 and for the years 2006-2008

- all future annual and interim financial statements of NTCA and TDC and the following documents:

  a) the Indenture; and
  b) the Intercreditor Agreement.

NTCA and TDC publish interim consolidated financial statements for January – March, January – June and January - September. NTCA ApS and TDC A/S do not publish interim parent company financial statements.

Glossary and definitions

2G refers to second-generation mobile networks, including GSM networks that can deliver voice and limited data communications such as fax and SMS.

3G refers to third-generation mobile networks that can deliver voice, data and multimedia content at high speed.

Add-on service refers to any extra service that may be added to the basic offering.

ADM service or *Application Development and Maintenance service* refers to the development and maintenance of software applications.

ADSL refers to *Asymmetric Digital Subscriber Line* and is based on DSL technology.

ARPU refers to Average Revenue per User, and is stated per month. TDC calculates ARPU for a given product group as its total revenue divided by the average customer base in the period.

ATM or *Asynchronous Transfer Mode* refers to a dedicated connection switching technology for LANs and WANs that supports real-time voice and video as well as data.

Avoidable cost refers to a method where the pricing of a specific service is only based on the traffic related costs that would be avoided if the service is no longer produced. The avoidable cost method differs from the prevalent LRAIC/LRIC principles by not including costs which are joint across more services and which do not increase in a response to an increase in the volume of the specific service.

Barcode refers to an optical machine-readable representation of data. Typically, barcodes represent data in the widths (lines) and the spacing of parallel lines, and may be referred to as linear or one-dimensional barcodes or symbolism.

Best Practice analysis refers to a pricing regulation method that implies that the interconnect price for SMP operators are set equal to the prices for comparable operators, either domestic or international. Until 2009, mobile termination prices for TDC, Sonofon and TeliaSonera was fixed on the basis of a best practice analysis. From 2009, only the mobile termination prices of
Barablu are set according to a best practice analysis.

Broadband refers to data communication forms of a certain bandwidth that depending on the relevant context is perceived to be significantly high or ‘wide’ in terms of information-carrying capacity. The most common broadband technologies are cable modem, DSL, mobile broadband and optical fiber. TDC applies NITA’s definition in which broadband implies bandwidths higher than 144 kbps.

BSA or *Bitstream access* refers to the situation where the incumbent installs a high-speed access link at the customer’s premises (e.g. by installing its preferred DSL equipment and configuration in its local access network) and then makes this access link available to third parties, to enable them to provide high-speed services to customers.

Cash conversion as defined by TDC, refers to the proportion of operating profit that is converted into operating free cash flow. For the purposes of TDC, this is defined as the operating free cash flow divided by EBITDA.

Churn rate refers to percentage yearly customer turnover, e.g. wireless subscribers are said to churn when they cancel their mobile service with their current wireless provider (and either move to a different provider or simply choose not to have a wireless service). TDC calculates churn by dividing the gross decrease in the number of customers for a period by the average number of customers for that period. The average number of customers for a period is calculated by adding together the number of customers at the beginning of the period, the number of customers at the end of each intermediate month, the number of customers at the end of the period and dividing the previous term by the number of intermediate months plus 2. Different telcos calculate churn in using different methods.

CLV or *Customer Lifetime Value*, in marketing, refers to the 'present value' of future cash flows attributed to the customer relationship.

CMT refers to TDC’s Corporate Management Team.

COMCO refers to *The Competition Commission*; the state antitrust authority of Switzerland (in German, Wettbewerbskommission, WEKO). It decides and decrees on matters concerning concerted practices and abuse of dominant position or merger.

ComCom refers to *The Federal Communications Commission* (in German, Die Eidgenössische Kommunikationskommission); the independent regulatory authority for the Swiss telecommunications market.

Copper line loss refers to the net loss of copper lines in a given period in the TDC Group, including Wholesale lines. The number of copper lines is calculated as the sum of customers provided with PSTN, ISDN, VoIP, nakred-BSA/xDSL and full ULL products and services.

Copper RGU loss refers to the net loss of copper RGUs in a given period in the TDC Group, including Wholesale RGUs. The total number of RGUs is calculated as the sum of PSTN, ISDN, VoIP, BSA/xDSL, TV and full ULL customers.

Content service refers to a service, typically in terms of information or entertainment, broadcasted or provided online.

CPE refers to *Customer Premises Equipment*. Equipment that resides at the customer's premises. CPE includes the hardware required to handle telephony and data traffic. Products handling telephony traffic range from large PABXs for the largest business corporations, to single telephone apparatuses sold to small business customers. Products handling data traffic consist mainly of routers, switches, DSL modems and other bridging equipment used to create LAN and WAN solutions.

Customer base refers to the end-of-period customers and includes customers with subscriptions and customers without subscriptions according to the following general principles: Landline customers who have generated traffic in the previous month; Mobile customers active within the last 3 months; Internet customers active within the last 3 months. TDC's customer statement includes the number of main products sold by TDC's residential, business and wholesale divisions. An individual buying the HomeTrio offer will therefore enter into the customer statement as three customers. Moreover, an enterprise with 100 mobile voice subscriptions from TDC will be included as 100 customers in the customer statement. As regards wholesale customers, a broadband provider with 20,000 Bit Stream Access (BSA) connections from TDC will be included as 20,000 customers in the customer statement. In contrast, additional supplementary products such a digital TV services, in addition to the cable-TV subscriptions, are not included in the customer statement. For Other Networks and Data connections, the customer category that is part of TDC's customer base includes ULL, leased lines, fiber and data connection customers. Mobile Data customers include mobile data cards and mobile broadband customers. Dual- and triple-play bundles are included as two and three customers, respectively, in the total customer figures. All Fullrate xDSL customers are included as dual-play customers. The term 'customer' does not reflect the number of actual end-users, e.g. an ISDN30 connection counts only as one customer in TDC's customer base even though this product may involve 30 end-users. The concept 'customer base' in TDC Nordic differs from that used elsewhere in that it denotes the number of landline and internet sites counted rather than the number of products.

CVR or *Det Centrale Virksomhedsregister* refers to a central registry of Danish businesses. The abbreviation, followed by an eight digit number, is used as a unique identifier of any company incorporated under Danish jurisdiction.

DCS6 refers to a specific license to establish and operate a public mobile communications network (DCS1800) with associated basic services in Denmark, issued pursuant to section 3 and section 11(1)-(2) of Act No. 468 of 12 June 1996 on Public Mobile Communications.

DCS1800 or Digital Cordless Standard 1800 refers to GSM operated in the 1800 MHz range.

Dial-up refers to an internet connection that uses a traditional landline connection.

DOCSIS or Data over Cable Service Interface Specification refers to communications and operation support interface requirements for a data-over-cable system. It permits the addition of high-speed data transfer to an existing cable TV (CATV) system. Three international DOCSIS standards have been adopted: DOCSIS 1.1, DOCSIS 2.0 and DOCSIS 3.0.

DSL or *Digital Subscriber Line* refers to a technology that enables a local-loop copper pair to transport high-speed data between an exchange building and the customers' premises.

DSLAM or *Digital Subscriber Line Access Multiplexer* refers to a network device, usually at a telecommunications company's exchange building or one of its nodes, that receives signals from multiple customer DSL connections and puts the signals on a high-speed backbone line using multiplexing techniques, ultimately allowing telephone lines to make faster connections to the Internet.

DTT refers to *Digital Terrestrial Television*, which is a digital signal broadcast to standard aerials that are utilized to replace the, in Denmark, soon-to-be-discontinued analog signal.

Dual-play refers to the bundling of telephony and internet through one access channel only. Dual-play bundles are included as two customers in the total customer figures. All Fullrate xDSL customers are included as dual-play customers. A dual-play subscription must entail both services.

DWDM or Dense Wavelength Division Multiplexing refers to an optical technology used to increase bandwidth over existing fiber-optic backbone networks.

EBITDA refers to the earnings before interest, tax, depreciation and amortization.

EBITDA margin refers to the ratio between EBITDA and revenue.

EDGE or *Enhanced Data rates for GSM Evolution* refers to the GSM network coding that enables data to be sent and received seven times faster than over GSM, which allows interactive transmission of pictures, video postcards via email and other airborne multimedia. The coding technology has also been named 2.5G implying the inherence of some 3G-like qualities although it utilizes (parts of) the existing GSM infrastructure.

Employees (number of) refers to end-of-year full-time employee equivalents, including permanent employees, trainees and temporary employees.

Ethernet refers to a type of networking technology for LANs and is increasingly used in the IP-networks.

EUL, Enhanced Uplink or *High-Speed Uplink Packet Access (HSUPA)* refers to a 3G mobile telephony protocol in the HSPA family with up-link speeds up to 5.76 Mbps. The 3rd Generation Partnership Project (3GPP) does not support the name 'HSUPA', but instead uses the name Enhanced Uplink.

Frame-relay refers to a data communication service well suited for transmitting traffic between LANs or terminal points in a WAN. With frame-relay data is sent in packets of varying sizes, called frames and error corrections occur in the terminal points yielding a higher bit rate for the aggregate data transmission.

Fiber Optics Communication or *Fiber* refers to a technology used to transmit telephone signals, internet communications, and cable television signals. Due to much lower loss of intensity and interference, optical fiber has large advantages over existing copper wire in long-distance and high-demand applications.

Flat-rate refers to a price-structure that charges a single fixed fee for a service, regardless of usage.

FTTH or *Fiber To The Home* refers to the fiber-optic technology linking residential customers directly to the fiber network.

Gbps refers to gigabits per second.

GSM or *Global System for Mobile Communications* refers to a comprehensive digital network for the operation of all aspects of a cellular telephone system.

HDTV or *High-Definition Television* refers to a digital television broadcasting system with a higher resolution than traditional television systems.

HFC or *Hybrid Fiber Coax* refers to a type of broadband network that combines optical fiber with coaxial cable hallmarked by higher data carrying capacities than the traditional DSL technology.

Homes passed refers to households where a particular technology (e.g. Fiber or Coax) has been rolled out enabling the reception of services associated with that technology. It follows that the number of homes passed constitutes the sum of actual and potential Group customers for the given service.

HSDPA, High Speed Downlink Packet Access or *Turbo 3G* refers to an enhancement of UMTS 3G technology that is expected to increase the available download speeds by a multiple of 5 or more.

HSUPA or *High Speed Uplink Packet Access* is expected to improve the performance of uplink-dedicated transport channels, i.e. to increase capacity and throughput while reducing delays. HSUPA employs link adaptation methods similar to those used by HSDPA.

Hub refers to a device that splits one network cable into a set of separate cables, each connecting to a different computer; used in a LAN to create a small-scale network by connecting several computers together.

Incumbent refers to the existing telecommunications company often first established as monopolies.

IN or *Intelligent Network* refers to a service-independent telecommunications network.

Interconnection refers to the process of connecting a telephone call to another operator's network. This connection is accompanied by an interconnect rate which must be paid to the operator for the use of that operator's network.

International roaming is a means of accessing a foreign operator's network that enables customers to automatically make and receive voice calls, send and receive data, or access other services, when traveling abroad. Operators in various countries will have to arrange mutual cross-border covenants to facilitate such roaming.

IP or *Internet Protocol* refers to a standard protocol whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries unifying procedures so that they are delivered in their original form.

IP-VPN or *IP-based Virtual Private Network* refers to a network that enables organizations to use a shared network to connect remote sites or users together. Instead of using only dedicated connections (such as a leased line), a VPN uses virtual connections routed across a shared network to remote sites or employees.

ISDN or *Integrated Services Digital Network* refers to a means of providing more channels of 64 kbps over the existing regular phone line, which can be used for either integrated voice and data or solely data transmission. An ISDN modem is necessary to connect to the network. The ISDN technology enables 2-30 channels at the same line.

ISP or *Internet Service Provider* refers to a company that provides access to the internet.

kbps refers to *kilobits per second*.

LAN or *Local Area Network* refers to a short-distance data communications network (typically within a company) used to link computers, which allows data and printer sharing.

LRAIC (Long Run Average Incremental Cost) and *LRIC (Long Run Incremental Cost)* refer to the most-applied pricing regulation methods used to fix operators' interconnect prices for SMP operators. With the LRAIC/LRIC method, prices are set equal to the costs of producing the regulated services in a modern and fully efficient telecommunication network at the same size as the SMP operator. In practice, there are only minor differences between the LRAIC method used in Denmark and the LRIC method used in for instance Sweden and Switzerland. Danish LRAIC prices for switched interconnection, ULL, colocation, bitstream access and mobile termination are calculated by models developed by NITA. The LRAIC models are updated annually.

Market shares shown in TDC's Annual Report are based mainly on internal TDC estimates. Among other sources, TDC uses NITA's telecoms statistics to estimate the total market. TDC also uses NITA's differentiation between business and residential markets. End users with a CVR number are included as business customers, whereas end users without CVR numbers are included as residential customers. The source for the five-year development table in voice subscribers in "TDC’s Transformation since 2005" is NITA’s telecom statistics until 1H 2009, and a TDC estimate of NITA’s 2H 2009 market share. However, TDC’s own market shares on the PSTN/ISDN market differ from NITA’s, as, unlike NITA, TDC does not include landline telephony in housing associations in the PSTN/ISDN market.

Mbps refers to megabits per second.

MMS or *Multimedia Messaging Service* refers to a store and-forward messaging service that allows mobile customers to exchange multimedia messages with other mobile customers. It can be seen as an evolution of SMS, with MMS supporting the transmission of additional media types: picture, audio, video and combinations of them.

MNO or *Mobile Network Operator* refers to a company that has frequency allocation(s), as opposed to a MVNO, and all the required infrastructure to run an independent mobile network.

Mobile termination refers to the delivery of traffic to a mobile operator for the purpose of terminating the relevant traffic to any end-user who is connected to the operator’s network. The mobile termination service covers all type of calls to a mobile handset, including calls from landline network, calls from another mobile network or international calls.

MoU or *Minutes of Usage* refers to minutes used per Subscriber per month.

MPLS or *Multiprotocol Label Switching* refers to a versatile solution for addressing the problems faced by present day networks such as speed, scalability, quality of service management and traffic engineering. The MPLS technology is used in the IP-Core.

MVNO or *Mobile Virtual Network Operators* refers to a mobile operator that does not own its own spectrum but to some extent has its own network infrastructure. MVNOs have business arrangements with traditional mobile operators to buy traffic and data for sale to their own customers.

NFC or *Near Field Communication* refers to a short-range high frequency wireless connectivity technology which enables the exchange of data between devices over a distance of about 10 cm.

NITA refers to the Danish National IT and Telecom Agency (in Danish, IT- og Telestyrelsen).

No-frills refers to a service or product where non-essential features have been removed to keep the price low.

Non-ionizing radiation refers to any type of electromagnetic radiation that does not carry enough energy to completely remove an electron from an atom or molecule.

Operating free cash flow as defined by TDC refers to the sum of EBITDA, adjustments for items with no cash flow effect, pension contributions, payments related to provisions, change in net working capital and cash flow related to Capex.

PABX or *Private Automatic Branch Exchange* which is an automatic telephone switching system within a private enterprise. Originally, such systems - called private branch exchanges (PBX) - required the use of a live operator. As today almost all private branch exchanges are automatic, the abbreviation PBX has been extended to PABX.

Penetration refers to the measurement, usually as a percentage, of the take-up of services. As of any date, the penetration is calculated by dividing the number of subscribers by either the population of households or the number of inhabitants to which the service is available.

PoP or *Point of Presence* refers to a local access point to a communications network, e.g. the internet.

Postpaid refers to subscriptions that are paid for at the beginning of the period, whereas the usage charge, which varies depending on the tariff plan selected by the subscriber, is paid at the end of the period.

Prepaid refers to when the customer pays for a specified amount of credit for services upfront. The credit then diminishes as the customer uses the service.

PSTN or *Public Switched Telephone Network* refers to the telecommunications network based on copper lines carrying analog voice data - traditional landline telephony.

PVR or *Personal Video Recorder* refers to a device that records video in a digital format to a disk drive or other memory media within a device. The term includes standalone set-top boxes, portable media players and software for personal computers which enables video capture and playback to and from disk.

Quadruple-play refers to the bundling of triple play (telephony, internet and TV services) with mobile telephony.

Quality of Service refers to a collective measure of the level of service delivered to the customer, and reflects the network's transmission quality and service availability.

RGU or *Revenue Generating Unit* refers to the total number of customer relationships that generate revenue for TDC. Copper RGUs reflect the total number of customer relationships on the copper network, see also customer base.

SDH or *Synchronous Digital Hierarchy* refers to a standard technology for synchronous data transmission on optical media and provides faster and less-expensive network interconnection than traditional PDH (Plesiochronous Digital Hierarchy) equipment. In digital telephone transmission, synchronous means the bits from one call are carried within one transmission frame. Plesiochronous means 'almost synchronous' or a call that must be extracted from more than one transmission frame.

SHDSL or *Symmetric High-speed Digital Subscriber Line* refers to DSL technology with symmetric data transmission.

SMP or *Significant Market Power* refers to a designation assigned to operators having a dominant market position in a specific submarket. As a rule of thumb in NITA's market analyses, shares greater than 50% automatically trigger an SMP designation while 25-50% will call for the fulfillment of additional criteria.

SMS or Short *Message Service* refers to short text messages that can be sent or received on mobile phones.

SoHo or *Small Office/Home Office* refers to a category of businesses which is defined by, among others, being fewer than two employees and with limited revenue during the last year (< DKK 30,000).

Telemetric communication between two machines is also referred to as an M2M (machine-to-machine) solution, and is based mainly on mobile communication. M2M solutions are used for 'Dankort'-terminals (debit cards), GPS monitoring, distant reading, alarms etc.

Terrestrial Network refers to a ground-based telecommunications network.

Transfer-pricing refers to the determination of prices concerning the transfer of goods and services between intragroup entities.

Triple-play refers to the bundling of telephony, internet and TV services through one access channel only. Triple-play bundles are included as three customers in the total customer figures. A triple-play subscription must entail all three services.

Turbo 3G refers to the HSDPA technology.

TVoIP or *TV over Internet Protocol* refers to TV programming provided over the internet.

ULL or *Unbundled Local Loop* refers to raw copper lines to which competing carriers have been granted access by the incumbent operator, allowing such alternative carriers to offer data transmission capacity and/or telephony to the incumbent's subscriber base.

UMTS or *Universal Mobile Telecommunications Systems* refers to a 3G network designed to provide a wide range of voice, high-speed data and multimedia services.

VDSL or *VHDSL (Very High Bitrate DSL)* is a DSL technology that provides faster data transmission than other DSL technologies over copper wires.

VoD or *Video on Demand* refers to transmission delivery of video via broadband at the time requested by the customer.

VoIP or *Voice over Internet Protocol* refers to a telephone call over the internet.

VPN or *Virtual Private Network* refers to a large network that operates in the same way as a LAN allowing geographically spread offices or computers to communicate with the same protection, speed and accessibility as with a LAN.

WAN or *Wide Area Network* refers to a long-distance data communications network and is a geographically dispersed collection of LANs. The internet, for instance, is a WAN, but a network between a company's divisions can also be WAN.

WAP or *Wireless Application Protocol* refers to an open international standard for application layer network communications in a wireless communication environment. Its main use is to enable access to the Internet from a mobile phone or PDA.

xDSL is a family of technologies that provides digital data transmission over copper wires. See also ADSL, VDSL and SHDSL.