# Financial Statements January – September 2008

## Highlights

- Revenue declined by 1.7% to DKK 29,110m compared with 1Q-3Q 2007 due to lower revenue from traditional landline telephony, divestment of International Voice Business, divestment and outsourcing of business activities in Business Nordic, lower sales in TDC Shop, lower roaming prices as well as fewer landline and mobile wholesale customers. This was partly offset by more broadband and TV customers as well as more domestic retail mobile customers and more mobile customers in Sunrise. Further, a positive impact was achieved from HTCC's acquisitions that was partly offset by the divestments of Bité and Sunrise Business Communications (SBC). Adjusted for acquisitions and divestments of enterprises, revenue declined by 3.1%.
- EBITDA increased by 4.4% to DKK 9,781m compared with 1Q-3Q 2007 due to more broadband and TV customers, lower wages, salaries and pension costs as well as lower transmission costs resulting from lower traffic in traditional landline telephony. Further, a positive impact was achieved from HTCC's acquisitions in addition to gains from the divestment of small business activities. This was partly counterbalanced by lower revenue from traditional landline telephony, the divestments of Bité and SBC, sale and lease back of properties as well as higher customer acquisition and retention costs in Sunrise due to growth in customer intake. The EBITDA margin improved from 31.6% to 33.6%. Adjusted for acquisitions and divestments of enterprises, EBITDA increased by 1.8%, reflecting a 4.5% increase in the Nordic business and a 11.9% decline in Sunrise.
- Operating income (EBIT), excluding special items, increased by 13.5% to DKK 5,490m.
- Net income declined to DKK 1,992m compared with DKK 9,381m in 1Q-3Q 2007, due to the gains from the divestment of Bité and Talkline as well as divestment of properties in 1Q-3Q 2007.
- Net income from continuing operations, excluding special items and fair value adjustments, rose by 49.0% to DKK 3,069m.
- Total cash flow declined to DKK (7,192)m compared with DKK 3,162m in 1Q-3Q 2007, due to the sale of properties and divestment of Bité and Talkline in 1Q-3Q 2007.
- Net interest-bearing debt was down by DKK 3,820m to DKK 40,468m.
- TDC acquired Tele2 in Switzerland.

### Outlook for 2008 (revised)

- Revenue is expected to decrease slightly compared with 2007, as declining revenue in the domestic landline business and Sunrise will be only partly compensated for by the full-year effect of HTCC's acquisitions and growth in YouSee.
- Net income from continuing operations, excluding special items and fair value adjustments, is expected to increase by 30%-40% compared with 2007. More efficient operations, decreasing interest expenses as well as lower depreciation, amortization and impairment losses will be partly offset by higher taxes from the full-year effect of the tax legislation amendments in 2007.

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# Key financial data

| | DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|---|
| **Statements of Income** | | | | |
| Revenue | | 29,110 | 29,610 | (1.7) |
| Transmission costs and cost of goods sold | | (8,779) | (9,485) | 7.4 |
| Other external expenses | | (5,863) | (5,552) | (5.6) |
| Wages, salaries and pension costs | | (5,051) | (5,419) | 6.8 |
| Total operating expenses before depreciation, etc. | | (19,693) | (20,456) | 3.7 |
| Other income and expenses | | 364 | 216 | 68.5 |
| **Income before depreciation, amortization and special items (EBITDA)** | | **9,781** | **9,370** | **4.4** |
| Depreciation, amortization and impairment losses | | (4,291) | (4,531) | 5.3 |
| **Operating income (EBIT) excluding special items** | | **5,490** | **4,839** | **13.5** |
| Special items | | (1,530) | 4,534 | (133.7) |
| Income from joint ventures and associates | | 505 | 424 | 19.1 |
| Net financials | | (1,735) | (2,694) | 35.6 |
| **Income before income taxes** | | **2,730** | **7,103** | **(61.6)** |
| Income taxes | | (745) | (1,228) | 39.3 |
| **Net income from continuing operations** | | **1,985** | **5,875** | **(66.2)** |
| Net income from discontinued operations[1] | | 7 | 3,506 | (99.8) |
| **Net income** | | **1,992** | **9,381** | **(78.8)** |
| **Net income from continuing operations, excl. special items and fair value adjustments[2]** | | **3,069** | **2,060** | **49.0** |
| **Net interest-bearing debt** | | **40,468** | **44,288** | **(8.6)** |
| **Statements of Cash Flow** | | | | |
| Operating activities | | 5,839 | 6,783 | (13.9) |
| Investing activities | | (4,488) | 8,044 | (155.8) |
| Financing activities | | (8,543) | (11,665) | 26.8 |
| **Total cash flow** | | **(7,192)** | **3,162** | **-** |
| **Key financial ratios** | | | | |
| Earnings Per Share (EPS) | DKK | 10.6 | 48.4 | - |
| EPS, excl. special items, fair value adjustments and discontinued operations | DKK | 16.1 | 11.4 | - |
| Dividend payments per share | DKK | 3.6 | 3.5 | - |
| EBITDA margin (EBITDA divided by revenue) | % | 33.6 | 31.6 | - |
| Capex, excl. share acquisitions-to-revenue ratio | % | 12.1 | 11.3 | - |
| Cash Earnings Per Share (CEPS), excl. special items, fair value adjustments and discontinued operations[3] | DKK | 34.3 | 31.5 | - |
| Return on capital employed (ROCE)[4] | % | 13.8 | 11.0 | - |

1) Related primarily to Talkline.
2) Special items and fair value adjustments are present in several lines in the Statements of Income as shown in the detailed Statements of Income on page 21.
3) CEPS is defined as (net income excluding special items and fair value adjustments attributable to shareholders of the Parent Company - net income from discontinued operations + depreciation, amortization and impairment losses + share-based compensation - income from joint ventures and associates - minority interests' share of depreciation, amortization and impairment losses together with share-based compensation) / number of average shares outstanding.
4) ROCE is defined as EBIT excluding special items plus interest and other financial income excluding fair value adjustments plus income from joint ventures and associates divided by average equity attributable to Company shareholders plus interest-bearing debt.

# TDC Group


## Summary

TDC's revenue declined by DKK 500m or 1.7% to DKK 29,110m in 1Q-3Q 2008. Earnings before depreciation, amortization and special items (EBITDA) increased by 4.4% to DKK 9,781m. Net income from continuing operations excluding special items and fair value adjustments totaled DKK 3,069m, up by 49.0% due to a higher EBITDA, lower net financials as well as lower depreciation, amortization and impairment losses.

In 3Q 2008, TDC's EBITDA increased by 8.5% to DKK 3,487m from DKK 3,213m in 3Q 2007, with particularly good progress achieved by the Nordic business units.

TDC's total customer base amounted to 11.5m customers in 3Q 2008, up by 2.3% compared with 3Q 2007. This development was due chiefly to HTCC's acquisitions and more mobile voice customers in Sunrise.


## Revenue

In 1Q-3Q 2008, TDC's revenue declined by DKK 500m or 1.7% to DKK 29,110m. This reflects mainly declining domestic revenue from traditional landline telephony in Fixnet Nordic and Business Nordic attributed to the migration toward mobile telephony and, to some extent, VoIP products. Further, the divestment of International Voice Business and the divestment and outsourcing of business activities in Business Nordic impacted revenue negatively in 1Q-3Q 2008. Sunrise was adversely impacted by lower revenue from postpaid customers due to retail price reductions and reduced mobile termination prices, and Sunrise Business Communications, due to lower activity and the divestment. Mobile Nordic's declining revenue reflected lower terminal sales, lower sales of PCs and other CPE sales, etc., in TDC Shop, lower roaming and termination prices, as well as lower service provider revenue caused by fewer wholesale customers, which was partly compensated for by increased volumes. YouSee contributed positively to growth due chiefly to the larger customer base. In general, revenue was positively impacted by higher revenue from internet and network services attributable mainly to the increase in broadband subscriber bases.

Finally, a positive impact was achieved from HTCC's acquisitions, partly offset by the divestments of Bité and Sunrise Business Communications (SBC). Adjusted for acquired and divested enterprises, TDC's revenue decreased by 3.1%[1].

## Total operating expenses

Total operating expenses dropped by DKK 763m or 3.7% to DKK 19,693m in 1Q-3Q 2008.

Transmission costs and cost of goods sold fell by DKK 706m or 7.4% to DKK 8,779m due largely to the divestment of International Voice Business, less domestic landline traffic, the divestment of Bité, reduction in mobile termination fees in Denmark and Switzerland and reduced sales of mobile and data products. This was partly offset by HTCC's acquisitions and by higher costs in YouSee due mainly to higher program costs resulting from the larger customer base and wider range of programs in the packages.

Other external expenses increased by 5.6% to DKK 5,863m, reflecting HTCC's acquisitions, higher lease payments due to the sale and leaseback of Danish properties in 2007 as well as customer acquisition and retention costs in Sunrise and costs related to outsourcing IT services. This was partly counteracted by lower consultancy fees and the divestment of Bité. In total, Other external expenses decreased by 2.3% in the Nordic business units.

Wages, salaries and pension costs dropped by 6.8% to DKK 5,051m reflecting primarily fewer employees. The divestment of Bité and outsourcing of IT services, which also contributed positively, were partly counteracted by HTCC's acquisitions.

The number of full-time employee equivalents totaled 15,539, which was 2,304 or 12.9% less than in 3Q 2007. The domestic workforce fell from 12,785 in 3Q 2007 to 11,004 in 3Q 2008, down by 13.9%, of which outsourcing of tasks contributed 2.7 percentage points.

On September 8, 2008, TDC announced a redundancy program comprising approximately 400 employees. The majority of the involved employees are laid off as from October 1, 2008. Accordingly, the involved employees are included in

[1] Developments from 1Q-3Q 2007 to 1Q-3Q 2008 were impacted by HTCC's acquisition of Invitel (April 2007) and Memorex (March 2008) as well as the divestment of Bité (February 2007) and Sunrise Business Communications (SBC) (July 2008). In the remainder of this report, 'adjusted for acquired and divested enterprises' refers to reported figures for the TDC Group adjusted for these acquisitions and divestments.

the above-mentioned number of full-time employee equivalents in 3Q 2008.

Adjusted for acquired and divested enterprises, total operating expenses dropped by 4.6%.

### Income before depreciation, amortization and special items (EBITDA)

TDC's EBITDA increased by DKK 411m or 4.4% to DKK 9,781m in 1Q-3Q 2008. EBITDA in Fixnet Nordic increased due to lower transmission costs and cost of goods sold, as well as lower wages due to fewer full-time employee equivalents. Moreover, EBITDA in Business Nordic increased, as a result of reduced other external expenses. In addition, gains from the divestments of small business activities[2] impacted positively. YouSee's higher activity level also contributed. This was partly offset by lower EBITDA in Sunrise related to reduced mobile termination charges as well as lower prices for postpaid customers and higher customer acquisition and retention costs.

Finally, a positive impact was achieved from HTCC's acquisitions, which was partly offset by the divestment of Bité.

The EBITDA margin improved from 31.6% in 1Q-3Q 2007 to 33.6% in 1Q-3Q 2008. The EBITDA margin in the Nordic business units excluding YouSee was 36.8% in 1Q-3Q 2008 compared with 33.6% in 1Q-3Q 2007. The EBITDA margin in YouSee was 29.0% in 1Q-3Q 2008 compared with 28.7% in 1Q-3Q 2007.

Adjusted for acquired and divested enterprises, EBITDA increased 1.8% compared with 1Q-3Q 2007, reflecting a 4.5% increase in the Nordic business units and a 11.9% decline in Sunrise.

In 3Q 2008, TDC's EBITDA increased by 8.5% to DKK 3,487m from DKK 3,213m in 3Q 2007. EBITDA increased by 8.4% in Business Nordic, 11.1% in Fixnet Nordic, 3.2% in Mobile Nordic, 10.0% in YouSee, partly offset by a 14.6% decrease in Sunrise.

[2] Minor gains and losses from the divestment of business activities are included in Other income and expenses, whereas large gains and losses are included in Special items.

### Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses fell by DKK 240m or 5.3% to DKK 4,291m in 1Q-3Q 2008. The reduction reflected mainly the lower depreciation level due to lower investments in wireline networks. This was partly offset by higher capital expenditures related to HTCC's acquisitions.

### Special items

In 1Q-3Q 2008, special items before and after tax amounted to expenses of DKK 1,530m and DKK 1,180m, respectively. Special items comprised primarily restructuring costs and impairment losses related to software and Sunrise Business Communications.

In 1Q-3Q 2007, special items amounted to an income of DKK 4,534m before tax and DKK 3,882m after tax. This stemmed chiefly from the divestment of properties and the divestment of Bité, which was partly offset by restructuring costs.

### Income from associates and joint ventures

Income after income taxes from associates and joint ventures totaled DKK 505m in 1Q-3Q 2008 compared with DKK 424m in 1Q-3Q 2007, up by DKK 81m, due chiefly to the increased postpaid customer intake in Polkomtel.

### Net financials

Net financials, including fair value adjustments, totaled an expense of DKK 1,735m in 1Q-3Q 2008, down by DKK 959m compared with 1Q-3Q 2007. Net financials, excluding fair value adjustments, amounted to an expense of DKK 1,865m in 1Q-3Q 2008, which was DKK 798m lower than in 1Q-3Q 2007.

This development reflects lower interest expenses due primarily to long-term debt redemptions. This was partly offset by interest expenses related to HTCC's acquisitions.

Fair value adjustments totaled an income of DKK 130m compared with a loss of DKK 31m in 2007, reflecting value adjustment of derivative financial instruments in both years.

### Income taxes

Income taxes amounted to DKK 745m in 1Q-3Q 2008, which was DKK 483m lower than in 1Q-3Q 2007. Income taxes related to net income, excluding special items and fair value adjustments, totaled DKK 1,071m in 1Q-3Q 2008, up by DKK 531m on 1Q-3Q 2007.

The effective tax rate, excluding special items and fair value adjustments was 25.9% in 1Q-3Q 2008 compared with 20.8% in 1Q-3Q 2007. The increase reflects primarily the non-recurrent positive impact on deferred taxes in 1Q-3Q 2007 resulting from the reduction of the Danish corporate tax rate.

## Net income from discontinued operations

Net income from discontinued operations amounted to DKK 7m compared with DKK 3,506m in 1Q-3Q 2007. This development reflected the divestment of Talkline in 3Q 2007.

## Net income

Net income, including special items and fair value adjustments, totaled DKK 1,992m compared with DKK 9,381m in 1Q-3Q 2007. The decrease related mainly to gains from the divestment of Talkline and Bité as well as sale and leaseback of properties in 1Q-3Q 2007.

Net income from continuing operations, excluding special items and fair value adjustments, rose by DKK 1,009m or 49.0% to DKK 3,069m. This increase related primarily to higher EBITDA and lower net financials.

## Statements of Cash Flow

In 1Q-3Q 2008, cash flow from operating activities amounted to DKK 5,839m, down by 13.9% compared with 1Q-3Q 2007. This development was due mainly to currency translation adjustments from hedging activities, a negative development in net working capital and cash flow from special items. In addition, operating cash flow from Bité and Talkline, which were divested in 2007, also contributed to the negative development. This was partly counterbalanced by lower net interests paid and higher EBITDA.

Cash flow from investing activities was DKK (4,488)m compared with DKK 8,044m in 1Q-3Q 2007. This decline reflects primarily the sale of properties and the divestment of Talkline and Bité in 1Q-3Q 2007.

Cash flow from financing activities amounted to DKK (8,543)m in 1Q-3Q 2008 compared with DKK (12,779)m in 1Q-3Q 2007. This change was due largely to lower repayments of Senior Loans, and was partly counterbalanced by lower proceeds from long-term loans in HTCC.

## Equity

Equity aggregated DKK 11,824m at September 30, 2008, up from DKK 10,427m at year-end 2007. Net income of DKK 1,992m and currency translation adjustments of DKK 118m were partly counterbalanced by dividend payments of DKK 713m.

## Net interest-bearing debt

Net interest-bearing debt totaled DKK 40,468m at the end of 3Q 2008, down by DKK 3,820m compared with the end of 3Q 2007. The decrease in net interest-bearing debt was due mainly to the cash flow from operating activities and investments in property, plant and equipment as well as in intangible assets. Debt of DKK 0.5bn related to HTCC's acquisitions negatively influenced the development in net interest-bearing debt compared with 1Q-3Q 2007.

Compared with year-end 2007, net interest-bearing debt decreased by DKK 932m.

### Net interest-bearing debt[1]

| DKKm | 3Q 2008 | 3Q 2007 |
|---|---|---|
| Senior Loans | 29,261 | 36,224 |
| Euro Medium Term Notes (EMTN) | 7,264 | 9,531 |
| Other loans | 6,078 | 5,216 |
| **Loans** | **42,603** | **50,971** |
| Interest-bearing payables | 0 | 3 |
| **Gross interest-bearing debt** | **42,603** | **50,974** |
| Interest-bearing receivables | (158) | (69) |
| Cash and cash equivalents | (1,977) | (6,617) |
| **Net interest-bearing debt** | **40,468** | **44,288** |

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

During 1H 2008, TDC bought back Senior Loans of DKK 2,714m (EUR 364m), of which DKK 2,339m (EUR 314m) was settled in 2Q 2008 and DKK 375m (EUR 50m) was settled in 3Q 2008.

Thereby, all of the buy-backs made during the last year, which amounted to DKK 6,335m (EUR 849m) are settled. As a result, the following amounts (nominal value) were outstanding in relation to the Senior Loans at September 30, 2008: Facility A: DKK 6,171m (EUR 827m), Facility B: DKK 10,772m (EUR 1,443m) and Facility C: DKK 12,841m (EUR 1,721m). In total: DKK 29,784m (EUR 3,991m).

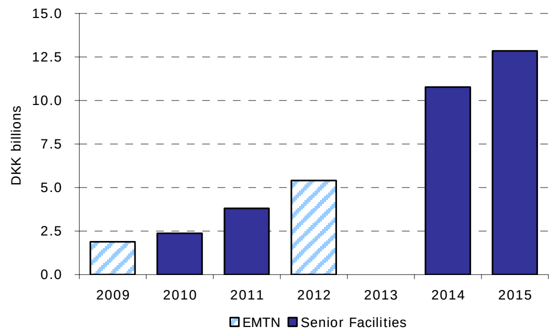
On October 2, 2008, TDC made a mandatory prepayment of DKK 875m (EUR 117m), which represented 50% of various disposal proceeds. The prepayment was made as a pro rata prepayment of Facility A2, B2 and C2 loans.

As a result of this prepayment, the following amounts (nominal value) were outstanding at October 2, 2008: Facility A: DKK 5,988m (EUR 803m), Facility B: DKK 10,452m (EUR 1,401m) and Facility C: DKK 12,460m (EUR 1,670m). In total: DKK 28,900m (EUR 3,874m).

In addition to the buy-back and prepayment of Senior Loans, TDC bought back EMTN notes due February 2009 in the second and third quarters of 2008. The buy-backs amounted to DKK 386m (EUR 52m) for the second quarter and DKK 312m (EUR 42m) for the third quarter.

TDC may from time to time continue to make buy-backs and to prepay its debt, including Senior Loans and EMTNs.

**Maturity profile of nominal debt for TDC Group excl. HTCC[1]**




[1] Nominal value of Senior Facilities and EMTN as of September 30, 2008.

## Capital expenditures

Capital expenditures, excluding share acquisitions, totaled DKK 3,508m in 1Q-3Q 2008, up by DKK 162m compared with 1Q-3Q 2007. This increase stemmed mainly from HTCC's acquisitions, YouSee's capacity expansion, establishment of new call centers in Fixnet Nordic and higher IT investments, partly offset by fewer xDSL installations at a lower unit price and less spent on fiber in the domestic landline network. The capex-to-revenue ratio was 12.1% in 1Q-3Q 2008 compared with 11.3% in 1Q-3Q 2007.

## Capital and purchase commitments

Commitments related to outsourcing agreements amounted to DKK 0.8bn at December 31, 2007. During 2008, TDC has entered into additional outsourcing agreements relating to the operation and maintenance of the domestic mobile network and Sunrise network as well as IT Services. Commitments related to outsourcing agreements thereby increased by approximately DKK 1.9bn.

## Number of customers

TDC's total customer base amounted to 11.5m customers in 3Q 2008, up by 2.3% on 3Q 2007, which was attributable primarily to HTCC's acquisitions and more mobile voice customers in Sunrise. In total, the international customer base increased by 10.2% to 3.6m.

The domestic customer base was down by 1.0% to 7.8m, largely as a result of fewer retail and wholesale landline telephony, dial-up internet and mobile voice wholesale customers. This was partly offset by growth in the retail mobile voice and data card and landline broadband customer bases as well as more TV customers. The domestic retail mobile voice customer base rose by 6.9% to 2,8m, and the number of landline broadband customers in TDC's domestic operations grew by 3.2% to 1,3m customers.

## Accounting policies

The financial statements for 1Q-3Q 2008 have been prepared in accordance with IAS 34 and additional Danish disclosure requirements for interim financial statements of listed companies.

The accounting policies are unchanged from the Annual Report 2007.

With effect from January 1, 2008, the principles for allocating revenues and expenses to the respective segments (business lines) were changed. Comparative figures for previous periods have been restated accordingly.

Business Nordic bases its services mainly on infrastructure that is administered by Fixnet Nordic and Mobile Nordic, respectively. Operating expenses spent in Fixnet Nordic and Mobile Nordic to produce Business Nordic's services are allocated to Business Nordic based on measurable cost drivers, e.g. number of minutes of use. These principles are also used for Fixnet Nordic's use of Mobile Nordic's infrastructure, and vice versa, e.g. leased lines. Interconnect services between networks are accounted for as intra-segment revenue, billed at regulated prices.

Services from Other activities to other segments, i.e. IT Nordic's delivery of IT solutions as well as Headquarters' supply of supporting facilities, i.e. buildings, cars and billing services, are allocated to the respective segments based on measurable cost drivers. Costs related to Headquarters' staff functions, i.e. HR, legal, finance, etc., are not allocated to other segments.

Headquarters has assumed all pension obligations for the members of the three Danish pension funds. Accordingly, the net periodic pension cost/income and the plan assets for the three Danish pension funds are related to Headquarters. Segments in which members are employed pay contributions to Headquarters, and these are included in the respective segments' EBITDA.

## Outlook for 2008

The Outlook for 2008 is based on comprehensive financial plans for each individual business line. However, by their very nature, forward-looking statements involve certain risks and uncertainties that are described in more detail in the Safe Harbor Statement.

TDC expects revenue in 2008 to decrease slightly compared with revenue in 2007, as the decrease in the domestic landline business and Sunrise will be only partly offset by the full-year effect of HTTC's acquisitions and growth in YouSee. This revenue outlook represents a downward revision compared with the previous outlook for 2008, which expected revenue to be level with 2007.

Net income from continuing operations excluding special items and fair value adjustments, is expected to increase by 30%-40% compared with 2007, as increasing earnings from more efficient operations, decreasing interest expenses due to debt repayments in 2007 and lower depreciation, amortization and impairment losses will be partly offset by higher tax expenses from the full-year impact of the tax legislation amendments in 2007. It should be noted that this net income outlook is sensitive to foreign currency adjustments.

The above-mentioned net income outlook represents an upward revision compared with the previous outlook for 2008, which expected net income from continuing operations excluding special items and fair value adjustments to increase by 10%-20%.

# Major events

## Changes in TDC A/S' Board of Directors

As announced previously, Henning Dyremose resigned as Chairman of the Board of Directors at TDC's Annual General Meeting 2008, which was held on March 13. The remaining Board members were re-elected. At a subsequent Board meeting, the Board of Directors elected Vagn Sørensen as Chairman and Kurt Björklund as Vice Chairman.

At an Extraordinary General Meeting in TDC A/S on May 16, 2008, Pierre Danon was elected as a new member of TDC A/S' Board of Directors. The Board of Directors was otherwise unchanged.

Pierre Danon, 51 years old, is Chief Executive Officer of Numericable and Completel. He is Chairman of the Board of Directors of Eircom and has previously been senior advisor at JPMorgan; Chief Operating Officer of the Capgemini Group; Chief Executive Officer of BT Retail and President of Xerox Europe. Pierre Danon holds a degree in civil engineering from Ecole Nationale des Ponts et Chaussées and a law degree from Faculté de Droit Paris II Assas. He also holds an MBA from HEC School of Management, Paris.

At a subsequent Board meeting, the Board of Directors elected Vagn Sørensen as Chairman and Pierre Danon as Vice Chairman of the Board of Directors.

Further, Pierre Danon has joined the Compensation Committee set up by the Board of Directors, a committee that also has Vagn Sørensen (Chairman), Kurt Björklund and Gustavo Schwed as members.

On October 14, 2008, Richard Wilson resigned from his position as member of TDC A/S' Board of Directors – a position he has held since February 2006. Andrew Sillitoe, alternate to Richard Wilson since his election by TDC A/S' General Meeting in April 2006, became an ordinary member of the Board of Directors as of the same date. Andrew Sillitoe is a Partner of Apax Partners LLP.

Moreover, the Board of Directors announces that Andrew Sillitoe as of today has joined the Audit Committee set up by the Board of Directors, a committee that also has Lawrence Guffey (Chairman) and Vagn Sørensen as members.

## Sunrise Communications AG outsources business areas involving 520 employees

TDC A/S' wholly owned subsidiary Sunrise Communications AG has entered into agreements with Alcatel-Lucent and Aurelius, respectively, which entails outsourcing and transferring jointly 520 of the Swiss Group's total of 2,100 employees.

*Agreement with Alcatel-Lucent*

The agreement includes the entire network operation and maintenance of Sunrise, whereas key tasks such as network planning and customer care will remain with Sunrise. The agreement, which took effect from July 1, 2008, will – after the migration period – be fully implemented by the end of January 2009. 290 employees have been transferred to Alcatel-Lucent under the agreement.

The agreement is for a term of 7 years and the total value of the transaction is approximately CHF 550m, depending on the actual build out of the Sunrise network during the contractual period.

*Agreement with Aurelius*

The agreement with Aurelius Information Technology Holding GmbH is for all the shares in Sunrise Communication AG's wholly owned subsidiary Sunrise Business Communications AG, which deals with planning, installation and integration of internal equipment and data networks for business customers. All of the company's 230 employees are included in the transaction, which had effect from July 1, 2008.

The divestment is part of the ongoing streamlining of the Sunrise activities.

## Change in TDC A/S' Executive Committee

In August, Mads Middelboe retired from his position as CEO of Mobile Nordic.

As new CEO of Mobile Nordic, the Board of Directors appointed Jesper Theill Eriksen, who at that time was Chief of Staff & HR in TDC A/S. Jesper Theill Eriksen, master of law, has been with TDC since 1996. From 2004-2006, he has held various positions including CEO of Bité, TDC's former subsidiary in Lithuania and then CEO of TDC's wholly owned Swiss subsidiary Sunrise Communications AG.

The Executive Committee of TDC A/S, which was thereby reduced, now consists of the following six members: President and CEO, Jens Alder; Senior Executive Vice President (SEVP) and Chief Financial Officer, Jesper Ovesen; SEVP and CEO, Fixnet Nordic, Carsten Dilling; SEVP and CEO, Mobile Nordic, Jesper Theill Eriksen; SEVP and CEO, Business Nordic, Klaus Pedersen; and SEVP and Chief Strategy Officer, Eva Berneke.

### TDC acquires Tele2 in Switzerland

On September 29, 2008, TDC A/S' wholly owned Swiss subsidiary, Sunrise Communications AG, entered into a Share Purchase Agreement to acquire 100% of the share capital of Tele2 Telecommunications Services AG ("Tele2 AG") in Switzerland.

Tele2 AG is the third-largest landline telecommunications provider in Switzerland. In addition to landline telephony, Tele2 AG offers internet access and mobile telephony services and focuses on offering simple services at low prices.

The total consideration for Tele2 AG will amount to CHF 50m.

Closing of the transaction is expected to take place in the second half of November 2008, subject to the approval of the Swiss competition authority and the Swiss Federal Communication Commission.

### TDC and Vodafone agree terms for transfer of 4.8% of the total share capital in Polkomtel

On October 29, 2008, TDC and Vodafone agreed on terms for transfer from TDC to Vodafone of 4.8% of the total share capital in the Polish mobile operator, Polkomtel, equal to 24% of TDC's shares in Polkomtel. The agreement is a result of the sales process that was started on February 2, 2006, as a consequence of the change of ownership to TDC A/S which occurred when Nordic Telephone Company ApS settled its public tender offer for TDC A/S.

On March 10, 2006, TDC and the polish shareholders in Polkomtel (KGHM Polska Miedz, PKN Orlen, Polskie Sieci Elektroenergetyczne and Weglokoks) agreed on the terms for a transfer of 76% of TDC's shares in Polkomtel. Due to a dispute between TDC and Vodafone on the sales process, closing of the March 10, 2006, agreement has been delayed.

The purchase price for the remaining 980,486 shares sold to Vodafone is calculated on the basis of the same price mechanism as was agreed between TDC and the Polish shareholders in the March 10, 2006, agreement. The purchase price thus amounts to EUR 214.04 per share reduced by the dividend payments per share received by TDC from March 10, 2006, until closing and added an interest.

Closing is conditional on the lifting of the injunction imposed against TDC A/S and Polkomtel S.A. blocking the closing of the 10 March, 2006 agreement. Closing of the transaction with Vodafone, as well as closing of the March 10, 2006 agreement, is expected to take place after the injunction has been lifted.

The sale of all TDC's shares in Polkomtel will result in a cash inflow of approximately EUR 725m (DKK 5.4bn) upon closing. In addition, TDC will receive dividends of EUR 25m (DKK 0.2bn) in November 2008.

Polkomtel are recognized in TDC's consolidated financial statements under the equity method. TDC's net income for 2007 included DKK 483m relating to Polkomtel.

The sale of all TDC's shares in Polkomtel is currently expected to result in an after tax gain of approximately DKK 4.0bn, which is expected to be included in the statement of income in 4Q 2008 as special items related to income from associates and joint ventures.

# Segment reporting

## Segment reporting 1Q–3Q

| DKKm | Business Nordic | | Fixnet Nordic | | Mobile Nordic | | YouSee | |
|---|---|---|---|---|---|---|---|---|
| | 1Q-3Q 2008 | 1Q-3Q 2007 | 1Q-3Q 2008 | 1Q-3Q 2007 | 1Q-3Q 2008 | 1Q-3Q 2007 | 1Q-3Q 2008 | 1Q-3Q 2007 |
| External revenue | 8,887 | 9,110 | 5,849 | 6,489 | 3,455 | 3,679 | 2,378 | 2,093 |
| Intra-segment revenue | 170 | 187 | 547 | 591 | 532 | 663 | 29 | 16 |
| Revenue | 9,057 | 9,297 | 6,396 | 7,080 | 3,987 | 4,342 | 2,407 | 2,109 |
| Total operating expenses before depreciation etc. | (6,192) | (6,504) | (3,440) | (4,267) | (2,913) | (3,266) | (1,710) | (1,504) |
| Other income and expenses | 107 | 58 | 149 | 93 | 4 | 6 | 0 | 1 |
| **EBITDA** | **2,972** | **2,851** | **3,105** | **2,906** | **1,078** | **1,082** | **697** | **606** |

| DKKm | Sunrise | | Other activities[1] | | Total | |
|---|---|---|---|---|---|---|
| | 1Q-3Q 2008 | 1Q-3Q 2007 | 1Q-3Q 2008 | 1Q-3Q 2007 | 1Q-3Q 2008 | 1Q-3Q 2007 |
| External revenue | 6,367 | 6,618 | 2,174 | 1,621 | 29,110 | 29,610 |
| Intra-segment revenue | 10 | 11 | 107 | 138 | 1,395 | 1,606 |
| Revenue | 6,377 | 6,629 | 2,281 | 1,759 | 30,505 | 31,216 |
| Total operating expenses before depreciation etc. | (4,859) | (4,866) | (1,970) | (1,635) | (21,084) | (22,042) |
| Other income and expenses | 4 | 0 | 100 | 58 | 364 | 216 |
| **EBITDA** | **1,522** | **1,763** | **411** | **182** | **9,785** | **9,390** |

1) Includes International Holdings, IT Nordic and Headquarters.

| **Reconciliation of revenue, DKKm** | **1Q-3Q 2008** | **1Q-3Q 2007** |
|---|---|---|
| Reportable segments | 30,505 | 31,216 |
| Elimination of intra-segment items | (1,395) | (1,606) |
| **Consolidated amounts** | **29,110** | **29,610** |

| **Reconciliation of Income before depreciation, amortization and special items (EBITDA), DKKm** | **1Q-3Q 2008** | **1Q-3Q 2007** |
|---|---|---|
| EBITDA from reportable segments | 9,785 | 9,390 |
| Elimination of intra-segment EBITDA | (4) | (20) |
| Unallocated: | | |
| Depreciation, amortization and impairment losses | (4,291) | (4,531) |
| Special items | (1,530) | 4,534 |
| Income from joint ventures and associates | 505 | 424 |
| Net financials | (1,735) | (2,694) |
| **Consolidated Income before income taxes** | **2,730** | **7,103** |

## Segment reporting 3Q

| DKKm | Business Nordic | | Fixnet Nordic | | Mobile Nordic | | YouSee | |
|---|---|---|---|---|---|---|---|---|
| | 3Q 2008 | 3Q 2007 | 3Q 2008 | 3Q 2007 | 3Q 2008 | 3Q 2007 | 3Q 2008 | 3Q 2007 |
| External revenue | 2,872 | 2,944 | 1,885 | 2,125 | 1,177 | 1,252 | 803 | 709 |
| Intra-segment revenue | 56 | 72 | 209 | 176 | 164 | 217 | 11 | 6 |
| Revenue | 2,928 | 3,016 | 2,094 | 2,301 | 1,341 | 1,469 | 814 | 715 |
| Total operating expenses before depreciation etc. | (1,935) | (2,077) | (1,111) | (1,400) | (928) | (1,067) | (574) | (497) |
| Other income and expenses | 51 | 24 | 49 | 28 | 2 | 0 | 1 | 1 |
| **EBITDA** | **1,044** | **963** | **1,032** | **929** | **415** | **402** | **241** | **219** |

| DKKm | Sunrise | | Other activities[1] | | Total | |
|---|---|---|---|---|---|---|
| | 3Q 2008 | 3Q 2007 | 3Q 2008 | 3Q 2007 | 3Q 2008 | 3Q 2007 |
| External revenue | 2,140 | 2,227 | 777 | 633 | 9,654 | 9,890 |
| Intra-segment revenue | 3 | 3 | 34 | (7) | 477 | 467 |
| Revenue | 2,143 | 2,230 | 811 | 626 | 10,131 | 10,357 |
| Total operating expenses before depreciation etc. | (1,612) | (1,605) | (638) | (580) | (6,798) | (7,226) |
| Other income and expenses | 3 | 0 | 49 | 33 | 155 | 86 |
| **EBITDA** | **534** | **625** | **222** | **79** | **3,488** | **3,217** |

1) Includes International Holdings, IT Nordic and Headquarters.

| Reconciliation of revenue, DKKm | 3Q 2008 | 3Q 2007 |
|---|---|---|
| Reportable segments | 10,131 | 10,357 |
| Elimination of intra-segment items | (477) | (467) |
| **Consolidated amounts** | **9,654** | **9,890** |

| Reconciliation of Income before depreciation, amortization and special items (EBITDA), DKKm | 3Q 2008 | 3Q 2007 |
|---|---|---|
| EBITDA from reportable segments | 3,488 | 3,217 |
| Elimination of intra-segment EBITDA | (1) | (4) |
| Unallocated: | | |
| Depreciation, amortization and impairment losses | (1,435) | (1,529) |
| Special items | (914) | 3,593 |
| Income from joint ventures and associates | 181 | 184 |
| Net financials | (696) | (1,269) |
| **Consolidated Income before income taxes** | **623** | **4,192** |

# Business Nordic

Business Nordic offers a wide range of telecommunications solutions in Denmark and the other Nordic countries and includes TDC Nordic, NetDesign and TDC Hosting. Business Nordic provides internet and network services, including leased lines and fiber access, landline telephony, mobile services and sale of terminals and installation.

| DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|
| **Revenue** | **9,057** | **9,297** | **(2.6)** |
| Internet and network | 3,058 | 3,025 | 1.1 |
| Landline telephony | 2,120 | 2,321 | (8.7) |
| Mobile telephony | 1,786 | 1,750 | 2.1 |
| Terminal equipment etc. | 1,919 | 1,976 | (2.9) |
| Other[1] | 174 | 225 | (22.7) |
| Transmission costs and cost of goods sold | (3,823) | (3,947) | 3.1 |
| Other external expenses | (873) | (1,053) | 17.1 |
| Wages, salaries and pension costs | (1,496) | (1,504) | 0.5 |
| Operating expenses | (6,192) | (6,504) | 4.8 |
| Other income and expenses | 107 | 58 | 84.5 |
| **EBITDA** | **2,972** | **2,851** | **4.2** |

1) Includes operator services, etc.

## Revenue

Business Nordic's revenue decreased by DKK 240m or 2.6% to DKK 9,057m in 1Q-3Q 2008. This was driven mainly by lower revenue from traditional landline telephony related to fewer customers and therefore less traffic, combined with lower minutes of use. Outsourcing of mobile terminal sale to large customers and divestment of CPE business activities, etc., i.e. LG[3], Business Phone[4] and Digital Signatur contributed negatively. Finally, TDC Sweden also had lower revenue. This was only partly offset by more mobile customers.

## Operating expenses

Operating expenses fell to DKK 6,192m in 1Q-3Q 2008, which was DKK 312m or 4.8% lower than in 1Q-3Q 2007. This development reflected primarily lower other external expenses as a result of ongoing streamlining of the business to focus on higher margin products, and lower transmission costs and cost of goods sold primarily due to lower activity and lower costs per minute.

## Income before depreciation, amortization and special items (EBITDA)

In 1Q-3Q 2008, EBITDA rose by DKK 121m or 4.2% to DKK 2,972m, reflecting largely lower operating expenses, which more than offset lower revenue from traditional landline telephony. Gains from the divestment of Business Phone and Uppsala Stadsnät in 2Q 2008 and Digital Signatur in 3Q 2008 also contributed to the increase.

[3] LG refers to import, sales, installation and service of telecommunications installations from LG-Nortel.
[4] Telecommunications solutions to small and medium sized business customers.

# Fixnet Nordic

Fixnet Nordic offers landline services to residential customers and wholesale customers in Denmark. Fixnet Nordic provides landline telephony, internet and network services, including broadband solutions and leased lines, convergence products, triple-play solutions, security services, hosting, sale of terminals and installation. Traditional landline telephony remains the largest business area, but the customer base is decreasing as some customers are switching mainly to mobile but also to VoIP.

| DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|
| **Revenue** | **6,396** | **7,080** | **(9.7)** |
| Landline telephony | 3,464 | 4,075 | (15.0) |
| Internet and network | 1,881 | 1,867 | 0.7 |
| Mobile telephony | 431 | 460 | (6.3) |
| Operator services | 238 | 248 | (4.0) |
| Other[1] | 382 | 430 | (11.2) |
| Transmission costs and cost of goods sold | (1,191) | (1,601) | 25.6 |
| Other external expenses | (1,582) | (1,689) | 6.3 |
| Wages, salaries and pension costs | (1,291) | (1,557) | 17.1 |
| | (4,064) | (4,847) | 16.2 |
| Operating expenses allocated to other business lines | 624 | 580 | 7.6 |
| Operating expenses | (3,440) | (4,267) | 19.4 |
| Other income and expenses | 149 | 93 | 60.2 |
| **EBITDA** | **3,105** | **2,906** | **6.8** |

1) Includes terminal equipment, etc.

## Revenue

In 1Q-3Q 2008, Fixnet Nordic's revenue decreased by DKK 684m or 9.7% to DKK 6,396m due mainly to decreasing landline telephony revenue caused by a decreasing customer base and the divestment of International Voice Business. Revenue from internet and network services was almost unchanged, covering a decrease in revenue from leased lines that was counterbalanced by higher revenue from growth in xDSL subscribers.

## Operating expenses

Operating expenses fell to DKK 3,440m in 1Q-3Q 2008, down by 19.4% compared with 1Q-3Q 2007.

Transmission costs and cost of goods sold amounted to DKK 1,191m in 1Q-3Q 2008, down DKK 410m or 25.6% compared with 1Q-3Q 2007. The decrease was due primarily to the divestment of International Voice Business and lower wholesale and retail landline traffic.

Other external expenses decreased by DKK 107m or 6.3% to DKK 1,582m in 1Q-3Q 2008. This development reflected lower costs to contractors due to fewer incidents of cable damage, lower consultancy fees and lower costs related to temporary employees. This was partly counterbalanced by higher rent due to the sale and lease back of properties in 2007.

Wages, salaries and pension costs dropped by DKK 266m or 17.1% to DKK 1,291m in 1Q-3Q 2008. This development was driven primarily by a reduction of 1,015 full-time employee equivalents.

## Income before depreciation, amortization and special items (EBITDA)

In 1Q-3Q 2008, EBITDA rose by DKK 199m or 6.8% to DKK 3,105m. This performance reflected mainly lower wages, salaries and pension costs due to redundancy programs as well as lower transmission costs and cost of goods sold. The divestment of International Voice Business also contributed to the increase. This was partly counterbalanced by a decline in the traditional landline telephony business due to the migration to mobile and, to some extent, VoIP.

# Mobile Nordic

Mobile Nordic is the leading provider of mobile telecommunications services in Denmark and also includes the TDC Shop chain and Telmore. The customer focus is on postpaid and prepaid voice services, mobile broadband access, content and handsets for the residential market. In the SoHo segment, the focus is also on business applications. Telmore sells prepaid mobile products and ADSL products online via a self-service website. Telmore is the market leader in Denmark in the online mobile self-service segment.

| DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|
| **Revenue** | **3,987** | **4,342** | **(8.2)** |
| Transmission costs and cost of goods sold | (1,550) | (1,879) | 17.5 |
| Other external expenses | (1,224) | (1,183) | (3.5) |
| Wages, salaries and pension costs | (337) | (389) | 13.4 |
| | (3,111) | (3,451) | 9.9 |
| Operating expenses allocated to other business lines | 198 | 185 | 7.0 |
| Operating expenses | (2,913) | (3,266) | 10.8 |
| Other income and expenses | 4 | 6 | (33.3) |
| **EBITDA** | **1,078** | **1,082** | **(0.4)** |

## Revenue

Mobile Nordic's revenue decreased by DKK 355m or 8.2% to DKK 3,987m in 1Q-3Q 2008 due to lower sales of PCs and other CPE sales, etc., in TDC Shop. Further, revenue from service providers decreased, caused by fewer wholesale customers, which was only partly compensated for by larger volumes. The prepaid segment was also impacted by lower revenue due to a smaller customer base. Finally, reduced mobile termination prices and reduced roaming revenue due to the EU roaming regulation also affected revenue negatively. This was partly counteracted by higher postpaid revenue from more customers and higher subscription fees and higher revenue from more Telmore customers.

## Operating expenses

Operating expenses totaled DKK 2,913 m in 1Q-3Q 2008, down by DKK 353m or 10.9% compared with 1Q-3Q 2007.

Transmission costs and cost of goods sold fell by 17.5% or DKK 329m to DKK 1,550m in 1Q-3Q 2008. This was due to reduced sales of PCs and other CPE sales, etc. in TDC Shop as well as reduced mobile termination prices that were partly counterbalanced by increased volumes and leased-line costs due to network roll-out.

Other external expenses amounted to DKK 1,224m in 1Q-3Q 2008, up by DKK 41m or 3.5%, compared with 1Q-3Q 2007. This stemmed from higher rent and leases in connection with outsourcing the operation of the mobile network and from higher marketing costs. This was partly counteracted by lower customer acquisition costs.

Wages, salaries and pension costs dropped by DKK 52m or 13.4% to DKK 337m in 1Q-3Q 2008 as a result of fewer full-time employee equivalents. This was achieved mainly by outsourcing the operation of the mobile network.

## Income before depreciation, amortization, and special items (EBITDA)

In 1Q-3Q 2008, Mobile Nordic's EBITDA declined by DKK 4m or 0.4% to DKK 1.078m, which reflected primarily lower roaming revenue and fewer wholesale and prepaid customers. This was partly offset by a larger postpaid subscriber base, more Telmore customers and reduced customer acquisition costs.

# YouSee

YouSee is the largest TV distributor in Denmark and provides TV signals for approximately 44% of all Danish households. YouSee offers cable TV, broadband services and telephony.

| DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|
| **Revenue** | **2,407** | **2,109** | **14.1** |
| Transmission costs and cost of goods sold | (1,037) | (884) | (17.3) |
| Other external expenses | (321) | (292) | (9.9) |
| Wages, salaries and pension costs | (352) | (328) | (7.3) |
| Operating expenses | (1,710) | (1,504) | (13.7) |
| Other income and expenses | 0 | 1 | - |
| **EBITDA** | **697** | **606** | **15.0** |

## Revenue

YouSee's revenue rose by DKK 298m or 14.1% to DKK 2,407m in 1Q–3Q 2008. This increase was driven mainly by higher revenue from TV and digital services due to a larger customer base and higher ARPU, that resulted from both a wider range of channels in the packages and higher prices. A positive impact also resulted from a larger customer base and broadband ARPU.

## Operating expenses

Operating expenses increased by DKK 206m or 13.7% to DKK 1,710m in 1Q–3Q 2008.

Transmission costs and cost of goods sold totaled DKK 1,037m in 1Q–3Q 2008, up by DKK 153m or 17.3% compared with 1Q–3Q 2007. This rise stemmed from increased program expenses resulting from more customers and the wider range of channels included in the packages.

Other external expenses rose by DKK 29m or 9.9% to DKK 321m in 1Q–3Q 2008, and related primarily to more installation work in connection with changing customers' TV packages and fixing cable faults, increased leasehold costs, and more temporary employees in call centers.

Wages, salaries and pension costs rose by DKK 24m or 7.3% to DKK 352m in 1Q–3Q 2008, due largely to an increase in full-time employee equivalents.

## Income before depreciation, amortization and special items (EBITDA)

YouSee's EBITDA rose by DKK 91m or 15.0% to DKK 697m in 1Q–3Q 2008. This increase in EBITDA related to TV and broadband due mainly to an increased customer base and higher ARPU.

# Sunrise

Sunrise offers mobile telephony, landline telephony and internet services.

| DKKm | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % |
|---|---|---|---|
| **Revenue** | **6,377** | **6,629** | **(3.8)** |
| Transmission costs and cost of goods sold | (2,330) | (2,482) | 6.1 |
| Other external expenses | (1,751) | (1,497) | (17.0) |
| Wages, salaries and pension costs | (778) | (887) | 12.3 |
| Operating expenses | (4,859) | (4,866) | 0.1 |
| Other income and expenses | 4 | 0 | - |
| **EBITDA** | **1,522** | **1,763** | **(13.7)** |

## Revenue

In 1Q-3Q 2008, Sunrise's revenue declined by DKK 252m or 3.8% to DKK 6,377m. This decrease was mainly a consequence of lower revenue from postpaid customers related to retail price reductions, lower revenue from Sunrise Business Communications due to lower activity in 1H 2008 and subsequent divestment, lower sale of handsets and reduced mobile termination prices. This was partly counterbalanced by increased landline wholesale revenue and increased revenue from a larger prepaid and postpaid mobile customer base.

## Operating expenses

Operating expenses decreased by DKK 7m or 0.1% to DKK 4,859m in 1Q-3Q 2008.

Transmission costs and cost of goods sold amounted to DKK 2,330m in 1Q-3Q 2008, down by DKK 152m or 6.1% compared with 1Q-3Q 2007. This can be attributed mainly to an adjustment of prices for termination of landline calls for 2006 and 2007, reduction of mobile termination prices at January 1, 2008, and lower sale of handsets. This was partly countered by higher transmission costs due to increased wholesale traffic.

Other external expenses amounted to DKK 1,751m in 1Q-3Q 2008, up by DKK 254m or 17.0% compared with 1Q-3Q 2007, due to higher customer acquisition and retention costs, and call center costs.

Wages, salaries and pension costs fell by DKK 109m or 12.3% to DKK 778m in 1Q-3Q 2008, caused mainly by fewer full-time employee equivalents.

## Income before depreciation, amortization and special items (EBITDA)

EBITDA decreased by DKK 241m or 13.7% to DKK 1,522m in 1Q-3Q 2008, reflecting primarily reduced revenue from mobile termination, lower gross profit from postpaid customers due to price decreases, and increased customer retention costs as well as higher customer acquisition costs driven by customer intake. This was partly counterbalanced by an adjustment relating to reduced termination prices for landline calls for 2006 and 2007, reduced prices for mobile termination and a decrease in wages resulting mainly from a reduction in full-time employee equivalents.

# Other activities

Other activities cover Bité, HTCC, Headquarters and IT Nordic.

Bité was divested as of February 9, 2007, and was included in the financial figures until this date.

HTCC is a 64.6% owned landline and data communications provider. On April 27, 2007, HTCC acquired Invitel, which was included in the financial figures as of May 2007. As of March 3, 2008, HTCC acquired Memorex, which was included in the financial figures as of March 2008. Memorex is the leading alternative telecommunications provider in the Central and Eastern European region providing leading global telecommunications providers and internet companies with wholesale data and capacity services.

TDC initiated an evaluation of HTCC's strategic alternatives in June 2008. However, in the light of the current climate of financial and economic uncertainty, HTCC will continue to pursue its strategy as a publicly-traded company while continuing to consider initiatives to enhance shareholder value. TDC expects to continue to regularly evaluate its investment in HTCC and, depending on the results of such future reviews, may decide to alter its strategy for its investment in HTCC, and may increase or reduce its interest in HTCC accordingly.

In 1Q-3Q 2008, Other activities´ EBITDA totaled DKK 411m compared with DKK 182m in 1Q-3Q 2007. HTTC was the main contributor due to the acquisitions. IT Nordic also contributed to the increase through cost reductions that were partly offset by sale and leaseback of properties in 2007, which increased lease payments.

# Risk factors related to TDC's operations

TDC's Annual Report contains a description as of February 22, 2008 of certain risks that could materially adversely affect TDC's business, financial condition, results of operations or cash flows. It is noted that the information included in this Earnings Release is not complete in and of itself and does not necessarily include risks that were described in the Annual Report and that have not been subject to material change, or risks that have arisen since the date of the Annual Report and that were not included in the Annual Report. The risks described in the Annual Report and below are not the only risks that TDC faces. Additional risks and uncertainties not currently known to TDC or that TDC currently deems to be immaterial may also materially adversely affect TDC's business, financial condition, results of operations or cash flows.

### The new DTT gatekeeper will increase the competitive pressure on YouSee

YouSee is expected to face increasing competition from sources, also including DTT. Competition is driven by price, convenience and the range of channels offered. I/S DIGI-TV, an entity owned by the Danish state broadcasting services and TV2/Danmark A/S, launched DTT in March 2006, which utilizes digital technology to provide a greater number of channels and picture and sound enhancements such as HDTV and Dolby Digital through a conventional antenna. By the end of March 2008, Swedish operator Boxer was elected as commercial gatekeeper for DTT. Boxer has announced that they will offer 29 channels in multiple packets from November 1, 2009. From November 1, 2009, DIGI-TV will also utilize an additional multiplex that will double their current channel offering. All in all, the DTT network will be expanded, with up to 30-35 channels, by the end of 2009. The increased range of channels in the generally accessible terrestrial network will significantly increase competition. In the long term, increased competition in the Danish cable-TV market may also arise from new technology, mainly from future internet-based content providers. Failure by YouSee to meet these challenges may have a materially adverse effect on TDC's market share of the Danish TV-distribution market.

# Safe Harbor Statement

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

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

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

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

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

These factors include, but are not limited to:

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

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

# Statements of Income

| TDC Group (DKKm) | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % | 3Q 2008 | 3Q 2007 | Change in % |
|---|---|---|---|---|---|---|
| **Revenue** | **29,110** | **29,610** | **(1.7)** | **9,654** | **9,890** | **(2.4)** |
| Transmission costs and cost of goods sold | (8,779) | (9,485) | 7.4 | (2,834) | (3,095) | 8.4 |
| Other external expenses | (5,863) | (5,552) | (5.6) | (1,926) | (1,903) | (1.2) |
| Wages, salaries and pension costs | (5,051) | (5,419) | 6.8 | (1,562) | (1,765) | 11.5 |
| Total operating expenses before depreciation, etc. | (19,693) | (20,456) | 3.7 | (6,322) | (6,763) | 6.5 |
| Other income and expenses | 364 | 216 | 68.5 | 155 | 86 | 80.2 |
| **Income before depreciation, amortization and special items (EBITDA)** | **9,781** | **9,370** | **4.4** | **3,487** | **3,213** | **8.5** |
| Depreciation, amortization and impairment losses | (4,291) | (4,531) | 5.3 | (1,435) | (1,529) | 6.1 |
| **Operating income (EBIT), excluding special items** | **5,490** | **4,839** | **13.5** | **2,052** | **1,684** | **21.9** |
| Special items[1] | (1,530) | 4,534 | (133.7) | (914) | 3,593 | (125.4) |
| **Operating income (EBIT)** | **3,960** | **9,373** | **(57.8)** | **1,138** | **5,277** | **(78.4)** |
| Income from joint ventures and associates | 505 | 424 | 19.1 | 181 | 184 | (1.6) |
| Fair value adjustments | 130 | (31) | - | (246) | (337) | 27.0 |
| Currency translation adjustments | 43 | 13 | - | 183 | (90) | - |
| Financial income | 1,863 | 1,509 | 23.5 | 799 | 585 | 36.6 |
| Financial expenses | (3,771) | (4,185) | 9.9 | (1,432) | (1,427) | (0.4) |
| Net financials | (1,735) | (2,694) | 35.6 | (696) | (1,269) | 45.2 |
| **Income before income taxes** | **2,730** | **7,103** | **(61.6)** | **623** | **4,192** | **(85.1)** |
| Income taxes related to income, excluding special items and fair value adjustments | (1,071) | (540) | (98.3) | (393) | (333) | (18.0) |
| Income taxes related to special items | 350 | (652) | 153.7 | 216 | (711) | 130.4 |
| Income taxes related to fair value adjustments | (24) | (36) | 33.3 | 58 | 27 | 114.8 |
| Total income taxes | (745) | (1,228) | 39.3 | (119) | (1,017) | 88.3 |
| **Net income from continuing operations** | **1,985** | **5,875** | **(66.2)** | **504** | **3,175** | **(84.1)** |
| Net income from discontinued operations | 7 | 3,506 | (99.8) | 7 | 3,325 | (99.8) |
| **Net income** | **1,992** | **9,381** | **(78.8)** | **511** | **6,500** | **(92.1)** |
| **Attributable to:** | | | | | | |
| Shareholders of the Parent Company | 2,104 | 9,580 | (78.0) | 538 | 6,579 | (91.8) |
| Minority interests | (112) | (199) | 43.7 | (27) | (79) | 65.8 |
| | | | | | | |
| **Net income from continuing operations, excluding special items and fair value adjustments** | **3,069** | **2,060** | **49.0** | **1,400** | **603** | **132.2** |
| **EPS (DKK)** | | | | | | |
| Earnings Per Share | 10.6 | 48.4 | (78.1) | 2.7 | 37.7 | (92.8) |
| Earnings Per Share, diluted | 10.6 | 48.4 | (78.1) | 2.7 | 37.7 | (92.8) |

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

# Balance Sheets

| TDC (DKKm) | September 30, 2008 | December 31, 2007 | September 30, 2007 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 29,182 | 28,317 | 31,058 |
| Property, plant and equipment | 24,875 | 24,704 | 24,788 |
| Investments in joint ventures and associates | 1,869 | 1,640 | 1,567 |
| Minority passive investments | 9 | 7 | 7 |
| Deferred tax assets | 179 | 267 | 411 |
| Pension assets | 6,724 | 6,402 | 6,264 |
| Receivables | 96 | 95 | 374 |
| Derivative financial instruments | 0 | 39 | 173 |
| Prepaid expenses | 202 | 147 | 150 |
| **Total non-current assets** | **63,136** | **61,618** | **64,792** |
| **Current assets** | | | |
| Inventories | 617 | 641 | 571 |
| Receivables | 8,610 | 7,566 | 8,208 |
| Income tax receivables | 18 | 14 | 20 |
| Derivative financial instruments | 469 | 781 | 914 |
| Prepaid expenses | 865 | 665 | 764 |
| Marketable securities | 918 | 0 | 0 |
| Cash | 1,059 | 8,251 | 6,617 |
| Assets held for sale | 0 | 0 | 119 |
| **Total current assets** | **12,556** | **17,918** | **17,213** |
| **Total assets** | **75,692** | **79,536** | **82,005** |
| **Equity and liabilities** | | | |
| Common shares | 992 | 992 | 992 |
| Reserves | (526) | (582) | (254) |
| Retained earnings | 11,290 | 9,185 | 11,136 |
| Proposed dividends | 0 | 714 | 0 |
| **Equity attributable to Company shareholders** | **11,756** | **10,309** | **11,874** |
| Minority interests | 68 | 118 | 185 |
| **Total equity** | **11,824** | **10,427** | **12,059** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 2,851 | 3,027 | 3,413 |
| Provisions | 1,704 | 1,275 | 1,228 |
| Pension liabilities, etc. | 176 | 201 | 206 |
| Loans | 39,418 | 45,571 | 49,061 |
| Derivative financial instruments | 166 | 141 | 98 |
| Deferred income | 1,133 | 992 | 994 |
| **Total non-current liabilities** | **45,448** | **51,207** | **55,000** |
| **Current liabilities** | | | |
| Loans | 3,185 | 4,146 | 1,910 |
| Trade and other payables | 8,165 | 8,046 | 7,444 |
| Income tax payable | 2,654 | 1,877 | 2,139 |
| Derivative financial instruments | 489 | 312 | 275 |
| Deferred income | 3,109 | 2,934 | 2,813 |
| Provisions | 818 | 587 | 354 |
| Liabilities concerning assets held for sale | 0 | 0 | 11 |
| **Total current liabilities** | **18,420** | **17,902** | **14,946** |
| **Total liabilities** | **63,868** | **69,109** | **69,946** |
| **Total equity and liabilities** | **75,692** | **79,536** | **82,005** |

# Statements of Cash Flows

| TDC Group (DKKm) | 1Q-3Q 2008 | 1Q-3Q 2007 | Change in % | 3Q 2008 | 3Q 2007 |
|---|---|---|---|---|---|
| Income before depreciation, amortization and special items (EBITDA) | 9,781 | 9,370 | 4.4 | 3,487 | 3,213 |
| Reversal of items without cash flow effect | (261) | (150) | (74.0) | (198) | (38) |
| Pension contributions | (127) | (119) | (6.7) | (39) | (43) |
| Payments related to provisions | (92) | (86) | (7.0) | (22) | (48) |
| Cash flow related to special items | (339) | (30) | - | (117) | 102 |
| Change in net working capital excl. special items | (634) | (316) | (100.6) | 34 | 305 |
| **Cash flow from operating activities before net financials and tax** | **8,328** | **8,669** | **(3.9)** | **3,145** | **3,491** |
| Interest paid, net | (2,030) | (2,983) | 31.9 | (633) | (1,109) |
| Realized currency translation adjustments | (411) | 723 | (156.8) | 109 | (16) |
| **Cash flow from operating activities before tax** | **5,887** | **6,409** | **(8.1)** | **2,621** | **2,366** |
| Corporate income tax paid | (48) | (45) | (6.7) | (22) | (38) |
| **Cash flow from operating activities in continuing operations** | **5,839** | **6,364** | **(8.2)** | **2,599** | **2,328** |
| Cash flow from operating activities in discontinued operations | 0 | 419 | - | 0 | 81 |
| **Total cash flow from operating activities** | **5,839** | **6,783** | **(13.9)** | **2,599** | **2,409** |
| Investment in enterprises | (302) | (564) | 46.5 | 4 | (118) |
| Investment in property, plant and equipment | (2,894) | (2,627) | (10.2) | (883) | (791) |
| Investment in intangible assets | (848) | (678) | (25.1) | (330) | (232) |
| Investment in other non-current assets | (3) | (6) | 50.0 | 0 | (3) |
| Investment in marketable securities | (1,264) | 0 | - | (1,264) | 0 |
| Divestment of enterprises | 151 | 3,189 | (95.3) | 60 | 0 |
| Sale of property, plant and equipment | 83 | 4,321 | (98.1) | 23 | 4,175 |
| Divestment of joint ventures and associates, and other non-current assets | 29 | 4 | - | (9) | 0 |
| Sale of marketable securities | 347 | 0 | - | 347 | 0 |
| Change in loans to joint ventures and associates | 0 | (2) | - | 0 | 0 |
| Dividends received from joint ventures and associates | 206 | 400 | (48.5) | 0 | 1 |
| **Cash flow from investing activities in continuing operations** | **(4,495)** | **4,037** | **-** | **(2,052)** | **3,032** |
| Cash flow from investing activities in discontinued operations | 7 | 4,007 | (99.8) | 7 | 4,017 |
| **Total cash flow from investing activities** | **(4,488)** | **8,044** | **(155.8)** | **(2,045)** | **7,049** |
| Proceeds from long-term loans | 515 | 1,672 | (69.2) | 0 | 294 |
| Repayments of long-term loans | (8,264) | (12,628) | 34.6 | (2,770) | (5,044) |
| Change in short-term bank loans | (1) | (13) | 92.3 | 0 | (1) |
| Change in interest-bearing receivables | (80) | (1,115) | 92.8 | 0 | (1,415) |
| Change in minority interests | 0 | (1) | - | 0 | 0 |
| Dividends paid | (713) | (694) | (2.7) | 0 | 0 |
| **Cash flow from financing activities in continuing operations** | **(8,543)** | **(12,779)** | **33.1** | **(2,770)** | **(6,166)** |
| Cash flow from financing activities in discontinued operations | 0 | 1,114 | - | 0 | 1,413 |
| **Total cash flow from financing activities** | **(8,543)** | **(11,665)** | **26.8** | **(2,770)** | **(4,753)** |
| **Total cash flow** | **(7,192)** | **3,162** | **-** | **(2,216)** | **4,705** |
| **Cash and cash equivalents (end-of-period)** | **1,059** | **6,617** | **(84.0)** | **1,059** | **6,617** |

# Statements of Changes in Equity

| DKKm | Equity attributable to Company shareholders: Common shares | Reserve for currency translation adjustments | Retained earnings | Proposed dividends | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| Shareholders' equity at January 1, 2007 | 992 | 69 | 1,534 | 694 | 3,289 | 282 | 3,571 |
| Currency translation adjustments, foreign enterprises | - | (833) | 0 | - | (833) | (30) | (863) |
| Currency hedging of net investments in foreign enterprises | - | 676 | 0 | - | 676 | 0 | 676 |
| Reversal of currency translation adjustments, foreign enterprises | - | 2 | 0 | - | 2 | 0 | 2 |
| Tax related to changes in equity | - | (168) | 0 | - | (168) | 0 | (168) |
| Net gain/(loss) recognized directly in equity | 0 | (323) | 0 | 0 | (323) | (30) | (353) |
| Net income | - | - | 9,580 | 0 | 9,580 | (199) | 9,381 |
| Total comprehensive income | 0 | (323) | 9,580 | 0 | 9,257 | (229) | 9,028 |
| Distributed dividends | - | - | 0 | (694) | (694) | - | (694) |
| Dilution gain regarding subsidiaries | - | - | 22 | - | 22 | 61 | 83 |
| Additions to minority interests | - | - | - | - | - | 71 | 71 |
| **Shareholders' equity at September 30, 2007** | **992** | **(254)** | **11,136** | **0** | **11,874** | **185** | **12,059** |

| DKKm | Equity attributable to Company shareholders: Common shares | Reserve for currency translation adjustments | Retained earnings | Proposed dividends | Total | Minority interests | Total |
|---|---|---|---|---|---|---|---|
| Shareholders' equity at January 1, 2008 | 992 | (582) | 9,185 | 714 | 10,309 | 118 | 10,427 |
| Currency translation adjustments, foreign enterprises | - | 999 | 0 | - | 999 | 62 | 1,061 |
| Currency hedging of net investments in foreign enterprises | - | (935) | 0 | - | (935) | 0 | (935) |
| Reversal of currency translation adjustments, foreign enterprises | - | (8) | 0 | - | (8) | 0 | (8) |
| Net gain/(loss) recognized directly in equity | 0 | 56 | 0 | 0 | 56 | 62 | 118 |
| Net income | - | - | 2,104 | 0 | 2,104 | (112) | 1,992 |
| Total comprehensive income | 0 | 56 | 2,104 | 0 | 2,160 | (50) | 2,110 |
| Distributed dividends | - | - | 0 | (714) | (714) | - | (714) |
| Dividends, treasury shares | - | - | 1 | 0 | 1 | - | 1 |
| **Shareholders' equity at September 30, 2008** | **992** | **(526)** | **11,290** | **0** | **11,756** | **68** | **11,824** |

# Customers & Employees

## Customers

| Customers ('000) (end-of-period) | 3Q 2007 | 4Q 2007 | 3Q 2008 | Change in % 3Q08 vs. 3Q07 | Change in % 3Q08 vs. 4Q07 |
|---|---|---|---|---|---|
| **Domestic, retail and wholesale:** | | | | | |
| Landline customers | 2,426 | 2,372 | 2,185 | (9.9) | (7.9) |
| - Retail | 2,044 | 2,003 | 1,871 | (8.5) | (6.6) |
| - Wholesale | 382 | 369 | 314 | (17.8) | (14.9) |
| Mobile voice customers | 2,918 | 2,864 | 3,011 | 3.2 | 5.1 |
| - Retail | 2,614 | 2,632 | 2,794 | 6.9 | 6.2 |
| - of which Telmore | 602 | 610 | 648 | 7.6 | 6.2 |
| - Wholesale | 304 | 232 | 217 | (28.6) | (6.5) |
| Mobile data cards customers | 70 | 73 | 101 | 44.3 | 38.4 |
| Landline internet customers | 1,409 | 1,419 | 1,411 | 0.1 | (0.6) |
| - Broadband | 1,267 | 1,290 | 1,307 | 3.2 | 1.3 |
| - Non-broadband | 142 | 129 | 104 | (26.8) | (19.4) |
| TV customers | 1,098 | 1,105 | 1,134 | 3.3 | 2.6 |
| **Domestic customers, total** | **7,921** | **7,833** | **7,842** | **(1.0)** | **0.1** |
| **International:** | | | | | |
| Landline customers | 1,286 | 1,298 | 1,493 | 16.1 | 15.0 |
| Mobile customers | 1,508 | 1,538 | 1,645 | 9.1 | 7.0 |
| Landline internet customers | 508 | 501 | 500 | (1.6) | (0.2) |
| **International customers, total** | **3,302** | **3,337** | **3,638** | **10.2** | **9.0** |
| **Group customers, total** | **11,223** | **11,170** | **11,480** | **2.3** | **2.8** |

## Employees

**Full-time equivalents[1]**

| EoP | 3Q 2007 | 4Q 2007 | 3Q 2008 | Change in % 3Q08 vs. 3Q07 | Change in % 3Q08 vs. 4Q07 |
|---|---|---|---|---|---|
| Business Nordic | 3,905 | 3,808 | 3,586 | (8.2) | (5.8) |
| - of which in Denmark | 2,423 | 2,312 | 2,038 | (15.9) | (11.9) |
| Fixnet Nordic | 6,026 | 5,768 | 5,011 | (16.8) | (13.1) |
| - of which in Denmark | 6,021 | 5,763 | 5,011 | (16.8) | (13.0) |
| Mobile Nordic | 1,238 | 1,262 | 975 | (21.2) | (22.7) |
| - of which in Denmark | 1,238 | 1,262 | 975 | (21.2) | (22.7) |
| YouSee | 1,086 | 1,110 | 1,172 | 7.9 | 5.6 |
| Sunrise | 2,101 | 2,036 | 1,468 | (30.1) | (27.9) |
| Others | 3,487 | 3,406 | 3,327 | (4.6) | (2.3) |
| - of which in Denmark | 2,017 | 1,967 | 1,808 | (10.4) | (8.1) |
| **TDC** | **17,843** | **17,390** | **15,539** | **(12.9)** | **(10.6)** |
| **TDC, domestic** | **12,785** | **12,414** | **11,004** | **(13.9)** | **(11.4)** |

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

# Selected financial and operational data, 2004 – 1Q-3Q 2008

| TDC Group | | 2004 | 2005 | 2006 | 2007 | 1 -3Q 2007 | 1Q-3Q 2008 |
|---|---|---|---|---|---|---|---|
| **Statements of Income:** | DKKm | | | | | | |
| Revenue | | 34,689 | 38,848 | 39,941 | 39,321 | 29,610 | 29,110 |
| **Income before depreciation, amortization and special items (EBITDA)** | | **11,529** | **12,492** | **12,991** | **12,498** | **9,370** | **9,781** |
| Depreciation, amortization and impairment losses | | (6,534) | (6,696) | (6,491) | (6,227) | (4,531) | (4,291) |
| **Operating income (EBIT), excluding special items** | | **4,995** | **5,796** | **6,500** | **6,271** | **4,839** | **5,490** |
| Special items | | 357 | (973) | (312) | 1,809 | 4,534 | (1,530) |
| **Operating income (EBIT)** | | **5,352** | **4,823** | **6,188** | **8,080** | **9,373** | **3,960** |
| Income from joint ventures and associates | | 5,632 | 334 | 449 | 1,401 | 424 | 505 |
| Net financials | | (714) | (1,068) | (2,723) | (3,396) | (2,694) | (1,735) |
| **Income before income taxes** | | **10,270** | **4,089** | **3,914** | **6,085** | **7,103** | **2,730** |
| Income taxes | | (1,105) | (850) | (858) | (1,431) | (1,228) | (745) |
| **Net income from continuing operations** | | **9,165** | **3,239** | **3,056** | **4,654** | **5,875** | **1,985** |
| Net income from discontinued operations | | 745 | 4,211 | 387 | 3,513 | 3,506 | 7 |
| **Net income** | | **9,910** | **7,450** | **3,443** | **8,167** | **9,381** | **1,992** |
| **Attributable to:** | | | | | | | |
| - Shareholders of the Parent Company | | 9,912 | 7,474 | 3,446 | 8,409 | 9,580 | 2,104 |
| - Minority interests | | (2) | (24) | (3) | (242) | (199) | (112) |
| **Net income, excluding special items and fair value adjustments[1]:** | | | | | | | |
| **Operating income (EBIT)** | | **4,995** | **5,796** | **6,500** | **6,271** | **4,839** | **5,490** |
| Income from joint ventures and associates | | 566 | 334 | 439 | 542 | 424 | 515 |
| Net financials | | (892) | (887) | (2,900) | (3,274) | (2,663) | (1,865) |
| **Income before income taxes** | | **4,669** | **5,243** | **4,039** | **3,539** | **2,600** | **4,140** |
| Income taxes | | (1,233) | (1,050) | (1,077) | (806) | (540) | (1,071) |
| **Net income from continuing operations** | | **3,436** | **4,193** | **2,962** | **2,733** | **2,060** | **3,069** |
| Net income from discontinued operations | | 507 | 506 | 400 | 255 | 255 | 0 |
| **Net income** | | **3,943** | **4,699** | **3,362** | **2,988** | **2,315** | **3,069** |
| **Balance Sheets** | DKKbn | | | | | | |
| Total assets | | 90.3 | 93.5 | 80.8 | 79.5 | 82.0 | 75.7 |
| Net interest-bearing debt | | 20.1 | 16.5 | 55.2 | 41.4 | 44.3 | 40.5 |
| Total equity | | 38.9 | 43.8 | 3.6 | 10.4 | 12.1 | 11.8 |
| Average number of shares outstanding (million) | | 204.6 | 195.2 | 198.0 | 198.1 | 198.1 | 198.1 |
| **Statements of Cash Flow** | DKKm | | | | | | |
| Operating activities | | 11,084 | 8,691 | 10,141 | 9,938 | 6,783 | 5,839 |
| Investing activities | | 2,889 | (1,226) | (989) | 7,886 | 8,044 | (4,488) |
| Financing activities | | (12,573) | (4,229) | (15,760) | (13,028) | (11,665) | (8,543) |
| Total cash flow | | 1,400 | 3,236 | (6,608) | 4,796 | 3,162 | (7,192) |
| **Capital expenditures** | DKKbn | | | | | | |
| Excluding share acquisitions | | 5.0 | 5.6 | 5.3 | 5.2 | 3.3 | 3.5 |
| Including share acquisitions | | 9.9 | 6.2 | 5.6 | 5.8 | 3.9 | 3.8 |
| **Key financial ratios** | | | | | | | |
| Earnings Per Share (EPS) | DKK | 48.4 | 38.3 | 17.4 | 42.4 | 48.4 | 10.6 |
| EPS, excl. special items, fair value adjustments and discontinued operations | DKK | 16.8 | 21.6 | 15.0 | 15.0 | 11.4 | 16.1 |
| Dividend payments per share | DKK | 12.0 | 12.5 | 223.9 | 3.5 | 3.5 | 3.6 |
| EBITDA margin (EBITDA divided by revenue) | % | 33.2 | 32.2 | 32.5 | 31.8 | 31.6 | 33.6 |
| Capex, excl. share acquisitions-to-revenue ratio | % | 14.5 | 14.3 | 13.2 | 13.2 | 11.3 | 12.1 |
| Cash Earnings Per Share (CEPS), excl. special items, fair value adjustments and discontinued operations[2] | DKK | 46.2 | 54.1 | 45.2 | 42.8 | 31.5 | 34.3 |
| Return on capital employed (ROCE)[3] | % | 11.5 | 12.0 | 13.0 | 14.9 | 11.0 | 13.8 |
| **Subscriber base (end-of-period)[4]** | ('000) | | | | | | |
| Landline | | 3,483 | 3,471 | 3,311 | 3,670 | 3,712 | 3,678 |
| Mobile | | 4,536 | 5,588 | 6,195 | 4,475 | 4,496 | 4,757 |
| Internet | | 1,813 | 1,769 | 1,767 | 1,920 | 1,917 | 1,911 |
| TV customers | | 982 | 1,030 | 1,062 | 1,105 | 1,098 | 1,134 |
| **Total subscribers** | | **10,814** | **11,858** | **12,335** | **11,170** | **11,223** | **11,480** |
| **Full-time employee equivalents[5]** | | **18,565** | **19,373** | **18,164** | **17,390** | **17,843** | **15,539** |

1) Net income excluding special items and fair value adjustments excludes special items from income from joint ventures and associates as well as special items from income from discontinued activities.
2) CEPS is defined as (net income excluding special items and fair value adjustments attributable to shareholders of the Parent Company - net income from discontinued operations + depreciation, amortization and impairment losses + share-based compensation - income from joint ventures and associates - minority interests' share of depreciation, amortization and impairment losses together with share-based compensation) / number of average shares outstanding.
3) ROCE is defined as EBIT excluding special items plus interest and other financial income excluding fair value adjustments plus income from joint ventures and associates divided by average equity attributable to Company shareholders plus interest-bearing debt.
4) The number denotes end-of-period subscribers and includes customers with subscriptions and customers without subscriptions according to the following general principles:
· Landline subscribers who have generated traffic in the previous month.
· Mobile subscribers active for a certain period of time, up to 3 months.
· Internet subscribers active for a certain period of time, up to 3 months.
The number of subscribers also includes resale and mobile datacard customers.
5) The number denotes end-of-period full-time employee equivalents including permanent employees, trainees and temporary employees. The number of full-time employee equivalents is exclusive of FTEs in discontinued operations.

# Management Statement

The Board of Directors and the Executive Committee have reviewed and approved the Financial Statements of the TDC Group for January – September 2008.

The Financial Statements, which have not been audited or reviewed by the Group's auditors, have been prepared in accordance with IAS 34 and additional Danish disclosure requirements for listed companies.

In our opinion, the Financial Statements give a true and fair view of the Group's assets, liabilities and financial position at September 30, 2008 as well as of the results of its operations and cash flows for January – September 2008. Furthermore, in our opinion, the Financial Statements provide a fair review of the developments in the Group's activities and financial position as well as a description of the significant risks and uncertainties that may affect the Group.

### Executive Committee

Jens Alder
*President and Chief Executive Officer*

Eva Berneke
*Senior Executive Vice President and Chief Strategy Officer*

Carsten Dilling
*Senior Executive Vice President and Chief Executive Officer, Fixnet Nordic*

Jesper Theill Eriksen
*Senior Executive Vice President and Chief Executive Officer, Mobile Nordic*

Jesper Ovesen
*Senior Executive Vice President and Chief Financial Officer*

Klaus Pedersen
*Senior Executive Vice President and Chief Executive Officer, Business Nordic*

### Board of Directors

Vagn Sørensen
*Chairman*

Pierre Danon
*Vice Chairman*

Kurt Björklund

Lawrence Guffey

Oliver Haarmann

Gustavo Schwed

Andrew Sillitoe

Jan Bardino

Leif Hartmann

Steen M. Jacobsen

Bo Magnussen

## About TDC

TDC is the leading provider of communications solutions in Denmark and has a strong Nordic focus. In the Nordic region, TDC has four business units: Business Nordic, Fixnet Nordic, Mobile Nordic and YouSee. TDC's activities outside the Nordic region include Sunrise, a leading telecommunications provider in Switzerland, and HTCC, a leading telecommunications provider in Hungary. TDC was partly privatized in 1994 and fully privatized in 1998. Nordic Telephone Company ApS owns 87.9% of TDC, with the remainder of the shares held by individual and institutional shareowners.

TDC A/S
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0900 København C

For further information please contact TDC Investor Relations on +45 6663 7680

## Listing

Shares: OMX Nordic Exchange Copenhagen A/S.
Reuters TDC.CO.
Bloomberg TDC DC.
Nominal value DKK 5.
ISIN DK00-10253335.
SEDOL 5698790.