Annual Report 2007

Table of contents

Financial highlights for the year

TDC's revenue decreased by 1.6% to DKK 39,321m in 2007. This reflects mainly lower revenue from traditional landline telephony, due primarily to the migration to mobile telephony as well as lower revenue in Sunrise caused by an unfavorable development in the Swiss exchange rate. This was partly counterbalanced by growth in the cable-TV and broadband business due largely to an increased customer base. In addition, revenue was positively impacted by growth in the business segment related to higher revenue from mobile services and data communications and internet services, which was also generated by a larger customer base. Adjusted for acquisition and divestment of companies, revenue was down by 0.9%.

TDC's income before depreciation, amortization and special items (EBITDA) decreased by 3.8% to DKK 12,498m. This development was caused chiefly by lower gross profit from traditional landline telephony and an unfavorable development in Sunrise due mainly to the Swiss exchange rate. Higher costs due to sale and leaseback of properties in 2007, higher costs resulting from outsourcing of IT services and higher consultancy fees also had a negative impact on EBITDA. This was partly counterbalanced by growth in the broadband and cable-TV business, due mainly to a larger customer base. The acquisition of Invitel more than offsets the divestment of Bité. Adjusted for acquisitions and divestments of companies, EBITDA was down by 5.0%.

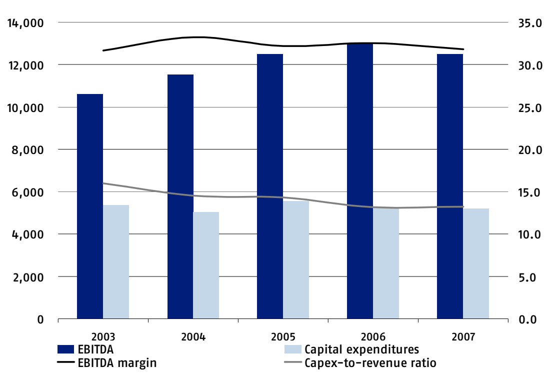
Net income, including special items and fair value adjustments, increased by DKK 4,724m to DKK 8,167m in 2007. The increase related mainly to the divestment of Talkline, Bité and One and sale and leaseback of properties in 2007, partly counteracted by impairment loss related to goodwill from Sunrise due to reduced expectations of Sunrise's performance. Net income, excluding special items and fair value adjustments, decreased by DKK 374m to DKK 2,988m.

Net interest-bearing debt was reduced by DKK 13.8bn to DKK 41.4bn, driven principally by the divestment of Talkline, Bité and One as well as sale and leaseback of properties. The acquisition of Invitel had a negative influence on the development in net interest-bearing debt.

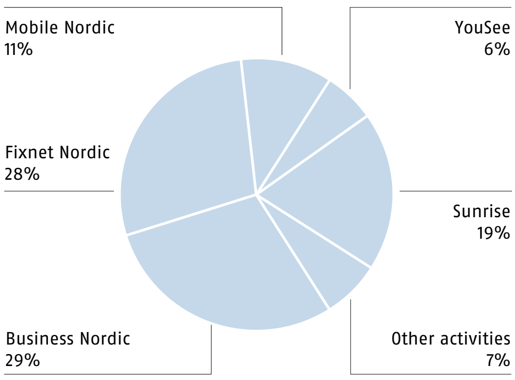
Compared with the Outlook stated in Annual Report 2006, adjusted for the divestment of Talkline, TDC's revenue was 1.6% lower. The continued growth in broadband and mobile activities along with the acquisition of Invitel partly offset the decrease in the landline business and the impact of the divestment of Bité. Net income, excluding special items and fair value adjustments, was in line with the Outlook for 2007 described in the Annual Report 2006 due to lower EBITDA being offset by lower depreciation and amortization as well as higher income from associates. The Outlook provided with the Annual Report 2006 did not include the new tax legislation.

TDC's revenue was 1.6% lower than the latest Outlook for 2007 stated in the third-quarter report. Revenue was negatively impacted by less growth in the business customer segment than expected as well as lower average

EBITDA / Capital expenditures (DKKm) — EBITDA margin / Capex-to-revenue ratio (%)



TDC Group
EBITDA per business line



revenue per user (ARPU) in the Danish broadband operations and lower Internet access and IP-VPN ARPU in the Nordic region. Sales of mobile handsets were also lower than expected. Net income excluding special items and fair value adjustments was 9% above the latest outlook and stemmed from lower net financials and lower income tax.

The above results are reviewed in detail in the Management's Discussion and Analysis of Financial Statements.

Major events in 2007

Acquisition of Invitel by TDC's Hungarian subsidiary HTCC
On April 27, 2007, pursuant to a share purchase agreement announced on January 9, 2007, TDC's subsidiary, HTCC, completed its acquisition of Invitel Távközlési Szolgáltató Zrt (Invitel) for a total consideration of EUR 470m (USD 611m) including the assumption of debt. Invitel is the second-largest landline telecommunications service provider in Hungary. The consideration was financed solely by HTCC.

Divestment of TDC's Baltic subsidiary Bité
On January 19, 2007, TDC announced that an agreement had been signed regarding the divestment of its wholly-owned subsidiary Bité to the Central and Eastern European private equity fund Mid Europa Partners for a total cash consideration of EUR 0.45bn. TDC's gain from the sale of its shares amounted to DKK 1,165m after tax, which is included in the Statement of Income under special items.

Re-organization and merger with certain subsidiaries
With effect from July 1, 2007, TDC was re-organized to achieve a stronger business and customer-oriented approach for its Nordic business lines. In the Nordic region, TDC now comprises four business lines: Business Nordic, Fixnet Nordic, Mobile Nordic and YouSee (formerly TDC Cable TV).

In order to align the legal structure to the new organization, on October 1, 2007, TDC accomplished a merger between TDC A/S, the large Danish subsidiaries: TDC Solutions A/S, TDC Mobile International A/S, TDC Services A/S and TDC Mobil A/S, and certain minor subsidiaries. YouSee A/S remains a separate legal entity, which is wholly-owned by TDC A/S.

The merger has effect as from January 1, 2007.

Divestment of TDC's German subsidiary Talkline
On July 31, 2007, TDC divested Talkline, the wholly-owned German mobile operator, to debitel AG. The total consideration was EUR 560m on a cash- and debt-free basis. The sale of the shares resulted in an after-tax gain of DKK 3,251m, which was included in the Statement of Income under special items related to income from discontinued operations.

The Eastern High Court's judgment regarding compulsory redemption of minority shareholdings in TDC A/S
At an Extraordinary General Meeting of TDC A/S on February 28, 2006, more than 90% of the common shares represented voted for new provisions in the Bylaws permitting Nordic Telephone Company ApS (NTC) to compulsorily redeem the minority shareholdings in TDC A/S. The new provisions were then declared adopted. Based on the amended Bylaws, on March 5, 2006, NTC initiated a compulsory redemption of the minority shareholdings in TDC A/S. However, on March 8, 2006, the Danish Commerce and Companies Agency (DCCA) rejected the request to register the amendments of the Bylaws and therefore on March 9, 2006, NTC suspended the compulsory redemption.

In May 2006, TDC brought the decision of the DCCA before the courts. In parallel, the Danish Labor Market Supplementary Pension Scheme (ATP) had initiated legal proceedings against TDC and NTC in March 2006 claiming that the new provisions in the Bylaws were invalid because NTC did not own 90% or more of the shares of TDC A/S.

On June 13, 2007, the Eastern High Court delivered its judgment in the two actions. The court found for ATP's and the DCCA's claims that the provisions in the Bylaws regarding compulsory redemption for the benefit of NTC were invalid and could not be registered with the DCCA. Both TDC and NTC decided not to appeal the Eastern High Court's judgment to the Supreme Court whereby the judgment became final. As a consequence, the relevant provisions for compulsory redemption have been taken out of TDC A/S' Bylaws.

Divestment of TDC's 15% ownership share in the Austrian mobile company One
On October 2, 2007, TDC divested One to a consortium of Mid Europa Partners and France Telecom. TDC held 15% of the shares in the company. The other shareholders were E.on, Telenor and Orange. The total consideration was EUR 1.4bn on a cash- and debt-free basis of which TDC's share amounted to EUR 213m. TDC has received total proceeds, including repayment of its shareholder loan, of approxi-

mately DKK 1.3bn, which has resulted in an after-tax gain of DKK 859m. The gain was included in the Statement of Income under special items related to income from associates and joint ventures.

Sale and leaseback of 224 properties

In July, TDC entered into a sale and leaseback agreement regarding 224 of its 1,586 properties in Denmark with EjendomsSelskabet Norden that has ATP Ejendomme A/S and PFA Ejendomme A/S as its main investors. The properties cover about 480,000 square meters and are being used largely for technical and administrative purposes. As a consequence of the sale and leaseback, TDC is now a lessee of the properties. The leases are interminable for up to 30 years for the lessee as well as the lessor. The total consideration was DKK 4.1bn on a cash- and debt-free basis. The sale resulted in an after-tax gain of DKK 2,816m which was included in the Statement of Income under special items.

TDC A/S' Executive Committee – changes and enlargement

By mutual agreement with TDC, Kim Frimer resigned from his positions as member of TDC A/S' Executive Committee and Chief Executive Officer (CEO) of TDC Solutions A/S on January 9, 2007. Until the merger between TDC A/S and TDC Solutions A/S, President and CEO of TDC A/S, Jens Alder, served as the CEO of TDC Solutions A/S in addition to his other positions.

In connection with the re-organization of TDC, on July 1, 2007, TDC A/S' Executive Committee gained an additional two new members, Klaus Pedersen and Eva Berneke. Klaus Pedersen who has been with the TDC Group since 1992, since 2005 as Senior Executive Vice President, Business, TDC Solutions A/S, became responsible for Business Nordic. Eva Berneke, joined McKinsey & Co in 1993, since 1998 partner of its branch in Paris, became responsible for strategy.

On August 1, 2007, Carsten Dilling joined TDC A/S' Executive Committee with responsibility for Fixnet Nordic. Carsten Dilling has a BSc in Business Economics and a Graduate Diploma in Business Administration from Copenhagen Business School. He was with IBM from 1984-2001 and was CEO of Columbus IT Partner A/S from 2001-2005 and CEO of Ementor A/S and Deputy CEO of Ementor ASA from 2005-2007.

On September 3, 2007, Jesper Theill Eriksen joined TDC A/S' Executive Committee with responsibility for HR and Group Staff functions. Jesper Theill Eriksen succeeded Henriette Fenger Ellekrog. Jesper Theill Eriksen, Master of Law, has been with TDC since 1996. In January 2004, he was appointed CEO of TDC's former subsidiary Bité in Lithuania, in January 2006 he was appointed CEO of TDC's subsidiary Sunrise Communications AG (formerly TDC Switzerland AG) and in November 2006 he was appointed CEO of TDC's former subsidiary TDC Mobile International A/S.

On November 20, 2007, TDC announced that Jesper Ovesen will take up the position as Chief Financial Officer (CFO) and member of TDC A/S' Executive Committee as from January 1, 2008, after Hans Munk Nielsen who wished to retire from his post in TDC A/S by the end of 2007. Jesper Ovesen, who is a certified public accountant, has been CEO of KIRKBI A/S since January 1, 2007. In the period 2004-2006 Jesper Ovesen was CFO in LEGO Holding A/S. Jesper Ovesen has been CFO in Danske Bank and Novo Nordisk. Jesper Ovesen is a member of the Board of Directors of Skandinaviska Enskilda Banken AB and FLSmidth & Co A/S.

The composition of TDC's Executive Committee is contained in the Management section.

Termination of US Securities and Exchange Commission (SEC) registration and SEC reporting obligations

Following withdrawal of TDC's American Depository Shares under its American Depository Receipts program (ADR program) and common shares from listing and registration on the New York Stock Exchange in April 2006 and termination of TDC's ADR program at the end of October 2006, on November 13, 2006, TDC filed a notice of termination of registration with the SEC under section 12(g) of the Securities Exchange Act of 1934 and suspension of its duty to file reports to the SEC under sections 13(a) and 15(d). TDC's obligations to file reports under sections 13(a) and 15(d) were immediately suspended. On August 17, 2007, TDC filed a notice of termination of its duty to file reports to the SEC under sections 13(a) and 15(d) and such duty was terminated in November 2007. Thus, all TDC's SEC reporting obligations have now been terminated.

Acquisition of Memorex by HTCC

On December 20, 2007, TDC announced that its subsidiary, HTCC, had signed a share purchase agreement to acquire 95.7% of the common shares of the Austrian-based Memorex Telex Communications AG (Memorex), one of the leading alternative bandwidth providers in Central and Eastern Europe with the largest landline infrastructure in the region.

The total consideration, which will be financed solely by HTCC, amounts to EUR 90.5m (approximately USD 130.3m) and includes the assumption of EUR 60.2m (approximately USD 86.7m) in debt and a cash consideration of EUR 30.3m (approximately USD 43.6m) to Memorex shareholders.

The acquisition is expected to be closed by the end of the first quarter 2008 following the satisfaction of customary closing conditions, including obtaining the necessary competition authority approvals.

Selected financial and operational data

TDC Group[1]		2003	2004	2005	2006	2007	2007[3]	2007[4]
Statements of Income	DKKm						USDm	EURm
Revenue		33,506	34,689	38,848	39,941	39,321	7,748	5,273
Income before depreciation, amortization and special items (EBITDA)		**10,600**	**11,529**	**12,492**	**12,991**	**12,498**	**2,463**	**1,676**
Depreciation, amortization and impairment losses		(6,036)	(6,534)	(6,696)	(6,491)	(6,227)	(1,227)	(835)
Operating income (EBIT), excluding special items		**4,564**	**4,995**	**5,796**	**6,500**	**6,271**	**1,236**	**841**
Special items		(1,212)	357	(973)	(312)	1,809	356	243
Operating income (EBIT), including special items		**3,352**	**5,352**	**4,823**	**6,188**	**8,080**	**1,592**	**1,084**
Income from associates and joint ventures		777	5,632	334	449	1,401	276	188
Net financials		(505)	(714)	(1,068)	(2,723)	(3,396)	(669)	(456)
Income before income taxes		**3,624**	**10,270**	**4,089**	**3,914**	**6,085**	**1,199**	**816**
Income taxes		(909)	(1,105)	(850)	(858)	(1,431)	(282)	(192)
Net income from continuing operations		**2,715**	**9,165**	**3,239**	**3,056**	**4,654**	**917**	**624**
Net income from discontinued operations		496	745	4,211	387	3,513	692	471
Net income		**3,211**	**9,910**	**7,450**	**3,443**	**8,167**	**1,609**	**1,095**
Attributable to:								
– Shareholders of the Parent Company		3,203	9,912	7,474	3,446	8,409	1,657	1,127
– Minority interests		8	(2)	(24)	(3)	(242)	(48)	(32)
Net income, excluding special items and fair value adjustments:[2]								
Operating income (EBIT), excluding special items		**4,564**	**4,995**	**5,796**	**6,500**	**6,271**	**1,236**	**841**
Income from associates and joint ventures		1,351	566	334	439	542	107	73
Net financials		(1,099)	(892)	(887)	(2,900)	(3,274)	(646)	(439)
Income before income taxes		**4,816**	**4,669**	**5,243**	**4,039**	**3,539**	**697**	**475**
Income taxes		(1,205)	(1,233)	(1,050)	(1,077)	(806)	(159)	(108)
Net income from continuing operations		**3,611**	**3,436**	**4,193**	**2,962**	**2,733**	**538**	**367**
Net income from discontinued operations		447	507	506	400	255	51	34
Net income		**4,058**	**3,943**	**4,699**	**3,362**	**2,988**	**589**	**401**
Balance Sheets	DKKbn						USDbn	EURbn
Total assets		92.6	90.3	93.5	80.8	79.5	15.7	10.7
Net interest-bearing debt		28.8	20.1	16.5	55.2	41.4	8.2	5.6
Total equity		35.9	38.9	43.8	3.6	10.4	2.0	1.4
Shares outstanding (million)		**213.6**	**204.6**	**195.2**	**198.0**	**198.1**	**198.1**	**198.1**
Statements of Cash Flow	DKKm						USDm	EURm
Operating activities		10,679	11,084	8,691	10,141	9,938	1,958	1,333
Investing activities		(12,618)	2,889	(1,226)	(989)	7,886	1,554	1,058
Financing activities		4,932	(12,573)	(4,229)	(15,760)	(13,028)	(2,567)	(1,747)
Total cash flow		**2,993**	**1,400**	**3,236**	**(6,608)**	**4,796**	**945**	**643**
Capital expenditures	DKKbn						USDbn	EURbn
Excluding share acquisitions		5.4	5.0	5.6	5.3	5.2	1.0	0.7
Including share acquisitions		13.4	9.9	6.2	5.6	5.8	1.1	0.8

[1] Pension costs are recognized in accordance with US GAAP FAS Nos. 87/88 for 2003 and in accordance with IAS 19 for 2004-2007.
[2] Net income excluding special items and fair value adjustments also excludes special items from income from associates and joint ventures as well as special items from income from discontinued activities.
[3] ranslated solely for the convenience of the reader at a rate of DKK 5.0753 to $1.00, the exchange rate of Danmarks Nationalbank on December 28, 2007.
[4] Translated solely for the convenience of the reader at a rate of DKK 7.4566 to €1.00, the exchange rate of Danmarks Nationalbank on December 28, 2007.

TDC Group		2003	2004	2005	2006	2007
Key financial ratios						
Earnings Per Share (EPS) incl. special items and fair value adjustments	DKK	15.0	48.4	38.3	17.4	42.4
EPS excl. special items and fair value adjustments	DKK	19.0	19.3	24.2	17.0	16.3
Dividend payments per share	DKK	11.5	12.0	12.5	223.9	3.5
EBITDA margin (EBITDA divided by revenue)	%	31.6	33.2	32.2	32.5	31.8
Capex excl. share acquisitions-to-revenue ratio	%	16.0	14.5	14.3	13.2	13.2
Cash Earnings Per Share (CEPS) excl. special items and fair value adjustments[5]	DKK	41.0	48.7	56.7	47.2	44.1
Return on capital employed (ROCE)[6]	%	12.0	11.5	12.0	13.0	14.9
Subscriber base (end-of-period)[7]	(1,000)					
Landline		3,631	3,483	3,471	3,311	3,670
Mobile		4,108	4,536	5,588	6,195	4,475
Internet		1,696	1,813	1,769	1,767	1,920
TV		924	982	1,030	1,062	1,105
Total subscribers		**10,359**	**10,814**	**11,858**	**12,335**	**11,170**
Number of employees[8]		**19,071**	**18,565**	**19,373**	**18,164**	**17,390**

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

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

[7] The number denotes end-of-year subscribers and includes customers with subscriptions and customers without subscriptions according to the following general principles:
- Landline subscribers who have generated traffic in the previous month.
- Mobile subscribers active for a certain period of time, up to 3 months.
- Internet subscribers active for a certain period of time, up to 3 months.

The number of subscribers also includes resale customers.
In 2007, landline customers were affected by the acquisition of Invitel by HTCC. Mobile customers were affected by the divestment of Bité in 2007.

[8] The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees. The number of full-time employee equivalents is excluding discontinued operations.

The TDC Group

TDC is the leading provider of telecommunications solutions in Denmark, the second-largest full-range telecommunications provider in the Swiss market and is represented in the pan-Nordic market, Hungary and Poland.

TDC was partly privatized in 1994 and fully privatized in 1998. At year-end 2007, the share majority was held by Nordic Telephony Company, which is indirectly wholly-owned by certain equity funds that are directly or indirectly advised or managed by five international equity firms – Apax Partners Worldwide LLP, The Blackstone Group International Limited, Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited.

By the end of 2007, the TDC Group had 7.8m customers in Denmark: 2.4m landline customers, 2.9m mobile customers, 1.4m internet customers, and 1.1m TV customers. In addition, the TDC Group had 2.3m customers in Switzerland, 1.0m customers in Hungary and 0.1m customers in TDC Nordic.

TDC's total customer base amounted to 11.2m customers in 2007, down 9.4% on 2006, which was attributable mainly to the divestment of Bité in February 2007. This was partly counterbalanced by the acquisition of Invitel.

The domestic customer base totaled 7.8m, up 0.7%. This development resulted primarily from growth in the mobile retail and broadband customer bases as well as more TV customers, and was partly offset by fewer landline telephony, mobile wholesale and dial-up internet customers.

At year-end 2007, TDC had 17,390 full-time employee equivalents compared with 18,164 in 2006. At year-end 2007, the domestic operations accounted for 12,414 full-time employee equivalents compared with 13,122 in 2006. The decrease was driven by general savings and improved efficiency e.g. within call centers and back-office functions.

Subscriber base (end-of-period) **1,000**

TDC Group	**2006**	**2007**	**Growth in % 2007 vs. 2006**
Domestic	**7,781**	**7,833**	**0.7**
Landline customers	2,594	2,372	(8.6)
– Retail	2,159	2,003	(7.2)
– Wholesale	435	369	(15.2)
Mobile customers	2,777	2,937	5.8
– Retail	2,467	2,705	9.6
– Wholesale	310	232	(25.2)
Internet customers	1,348	1,419	5.3
– Broadband	1,151	1,290	12.1
– Non-broadband	197	129	(34.5)
TV customers	1,062	1,105	4.0
International	**4,554**	**3,337**	**(26.7)**
Landline customers	717	1,298	81.0
Mobile customers	3,418	1,538	(55.0)
Internet customers	419	501	19.6
TDC Group	**12,335**	**11,170**	**(9.4)**

The reduction in full-time employee equivalents was effected by natural attrition and redundancy programs implemented during 2006 and 2007. The lower number of full-time employee equivalents in Denmark also resulted from outsourcing, primarily to external IT service providers, partly counteracted by more full-time employee equivalents due to more cable damage corrections. The reduction in international full-time employee equivalents is principally a consequence of the divestment of Bité and redundancies in HTCC and Sunrise, partly counteracted by HTCC's acquisition of Invitel.

With effect from July 1, 2007, TDC changed the organization. TDC's business lines now comprise Business Nordic, Fixnet Nordic, Mobile Nordic, YouSee[1] and Sunrise. Other activities include Bité, HTCC, Headquarters and IT Nordic.

Business activities

TDC

TDC's main business lines and their contribution to revenue and EBITDA for the year ended December 31, 2007 are:

- Business Nordic (32% of revenue, 29% of EBITDA) provides telecommunications solutions to TDC's business customers in Denmark and the other Nordic countries. The activities include mainly data communications and internet services, comprising broadband solutions, landline telephony, convergence products (combined landline and mobile telephony), mobile services, terminal equipment and leased lines, including fiber access. In addition to offering telephony and data communications services through TDC's network, Business Nordic operates a pan-Nordic network through TDC Nordic[2]. Business Nordic also provides IP/LAN infrastructure through NetDesign.

- Fixnet Nordic (24% of revenue, 28% of EBITDA) provides landline services to residential, including SoHo customers, and wholesale customers in Denmark. Fixnet Nordic's activities include chiefly landline telephony, convergence products (combined landline and mobile telephony), data communications and internet services, including broadband solutions, and leased lines.

- Mobile Nordic (15% of revenue, 11% of EBITDA) provides mobile services to residential, SoHo and wholesale customers in Denmark. Mobile Nordic's focus areas cover primarily residential activities, which include mobile services and sale of handsets. Mobile Nordic also includes Telmore, which is a service provider that offers mobile telephony services as web-based self-services through Mobile Nordic's network.

- YouSee (7% of revenue, 6% of EBITDA) is a Danish provider of cable TV, broadband and telephony. YouSee offers its customers triple-play solutions (TV, broadband and telephony in one package), supplies cable TV through a fully digitized hybrid fiber coaxial-cable network and offers analog as well as digital TV.

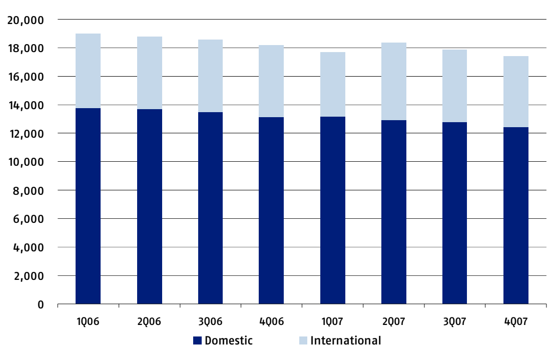
- Sunrise (22% of revenue, 19% of EBITDA) is the second-largest full-range telecommunications provider in Switzerland. Its activities include mobile and landline telephony and internet services. Sunrise has its own national landline backbone, GSM/EDGE and ISP networks, and is further developing and expanding its mobile network based on UMTS/HSDPA technology.

- Other activities include Bité, HTCC, Headquarters and IT Nordic. Bité was divested at the beginning of February 2007. HTCC (Hungarian Telephone and Cable Corp.) is a 64.6% owned subsidiary and as of April 27, 2007, HTCC

[1] YouSee is the former TDC Cable TV.

[2] TDC Nordic includes the following companies in Sweden, Norway and Finland: TDC Sverige AB, TDC Dotcom AB, TDC Norge AS and TDC Oy Finland. TDC Nordic was formerly named TDC Song.

Number of employees
End-of-period



acquired another Hungarian telecommunications provider, Invitel. HTCC provides landline and data communications services in Hungary for retail and wholesale customers. Headquarters and IT Nordic provide internal services for the TDC Group's domestic business lines. TDC also holds a 19.6% stake in the Polish mobile operator Polkomtel (which is in the process of being sold).

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 data communications and internet services, landline telephony, mobile services, leased lines, including fiber access, and sale of terminals and installation.

At year-end 2007, Business Nordic had approximately 1.7m customers, with approximately 1.6m in the domestic market and approximately 0.1m international customers. In 2007, Business Nordic's revenue was DKK 12,419m. At year-end 2007, Business Nordic had 3,808 full-time employee equivalents.

Business areas

Data communications and internet services

Business Nordic's data communications and internet services business consists largely of broadband subscription packages, private IP-based networks and data communications services. In 2007, revenue from data communications and internet services was DKK 3,655m, corresponding to 29% of Business Nordic's revenue. Business Nordic's broadband customer base increased to 337,000 at year-end 2007.

In addition to broadband products, Business Nordic offers a wide range of other services, including service-level agreements and security packages, such as firewall and antivirus programs. For some business customers, these services are delivered free of charge, which means that they are bundled with the line product.

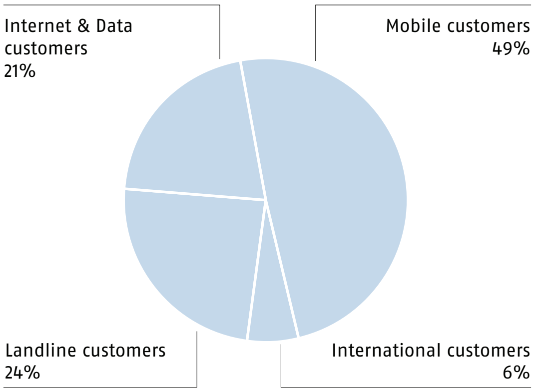
Competition continued to increase in 2007. As broadband access for businesses is being increasingly seen as a commodity that 'anyone' in the market can provide, power utility companies and small geographically limited companies are also offering low-priced, high-speed broadband.

Landline telephony

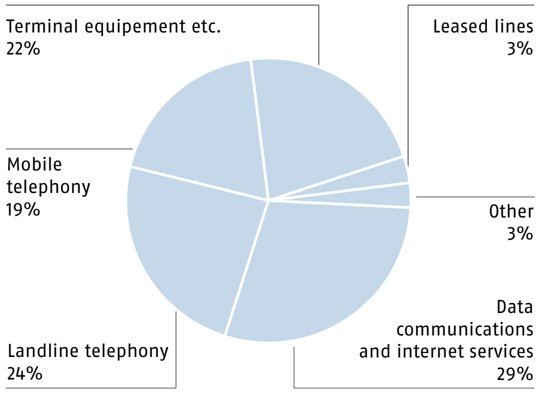
Business Nordic's landline telephony business consists of traditional landline telephony, convergence products and VoIP. In 2007, revenue from landline telephony was DKK 3,036m, corresponding to 24% of Business Nordic's revenue.

Business Nordic's product portfolio consists principally of the PSTN telephone services and ISDN products and newer products/technologies such as convergence products and VoIP solutions.

Business Nordic
Customers 2007 (end-of-year)



Business Nordic
Revenue per business area 2007



The basic PSTN product for business customers is similar to the one offered to residential customers in Fixnet Nordic, but is typically sold at discounted rates. ISDN products offered to business customers include products with multiple telephone lines. Convergence products are combined landline and mobile telephony products offered in one package. Together they comprise a virtual private network that enables business customers' employees to use the same internal telephone numbers for both landline and mobile phones. VoIP, an IP-telephony product, is also a low-priced solution for business customers.

In 2007, the market for landline voice revenues for both access and traffic continued to decline and this decline is expected to accelerate. VoIP has impressive growth rates, but the total volume is still small compared with the traditional landline products.

Mobile services
Business Nordic's mobile business consists of postpaid mobile customers. In 2007, mobile revenue was DKK 2,347m, corresponding to 19% of Business Nordic's revenue. Mobile voice is a growing market, both in terms of revenue and volume, due to the migration from landline to mobile. However, the prices of mobile termination and roaming moderate revenue growth.

In the business segment of the mobile market, customers wish to enhance efficiency by ensuring that their employees are available and able to work online everywhere. These customers also need mobile access to mail and calendar (PIM) on handheld devices as well as mobile access to internet/intranet via PC cards (for which both bandwidth and coverage are important criteria). Turbo 3G, which is based on HSDPA technology, was therefore clearly in focus in this market.

Terminal equipment etc.
Business Nordic's terminal equipment business consists of the sale and installation of hardware ranging from handsets and computers to large switchboards and the provision of related service agreements. In 2007, revenue was DKK 2,697m, corresponding to 22% of Business Nordic's revenue.

Customer premises equipment (CPE) is the hardware required to handle telephony and data traffic. TDC Business Centers[3] sell CPE products and services to business customers.

Business Nordic sells two types of CPE, telephony CPE and data CPE. Telephony CPE includes products ranging from large PABX's, which are in-house telephone switching systems for the largest business corporations, to single telephone apparatuses sold to small business customers. Data CPE consists mainly of routers, switches, DSL modems and other bridging equipment used to create LAN and WAN solutions.

Although most CPE is sold to customers, a small part of CPE is leased. Business Nordic offers service agreements in conjunction with equipment sales, with agreements made for certain repairs to the equipment within specified time limits.

Leased lines
As domestic and international leased-line services cover the transmission of both telephony and data traffic to business customers, Business Nordic has a clear focus on fiber access sales and has experienced substantial growth in 2007. Revenue from leased lines was DKK 418m in 2007, corresponding to 3% of Business Nordic's revenue.

TDC Nordic
In 2004, Business Nordic acquired TDC Nordic (formerly TDC Song), a Nordic telecommunications provider with a pan-Nordic network. TDC Nordic offers CPE as well as a wide range of services in data communications, landline telephony and mobile telephony in the Nordic region, with IP-VPN and internet access as its main services.

TDC Nordic aims at being a significant challenger in the Nordic market by focusing on creating an integrated network that targets the business and the wholesale markets in Sweden, Norway and Finland.

TDC Nordic's main competitive advantage is the ability to offer simple yet efficient and technically advanced telecommunications solutions in combination with high-quality customer service. Business customers are con-

[3] Outlets targeting business customers.

nected to TDC Nordic's fiber network in the Nordic countries at competitive prices.

Competition

Broadband

Business Nordic has a relatively stable market share of approximately 60% of the Danish business broadband market. As many small and medium-sized companies are buying broadband connections, the number of business broadband connections grew by 11% in 2007.

Business Nordic is the dominant player in the market for employee broadband with approximately 60% of the Danish market. Employee broadband is an employee-paid tax-subsidized broadband connection that is offered by a company to its employees. The growth was nearly 19% in 2007.

The market for fiber-based business broadband access is maturing, and Business Nordic increased its market share in 2007. Power utility companies continued their roll-out of fiber across the country. Despite low penetration in areas covered until now, the power utility companies are expected to continue their deployment of fiber. The introduction of Turbo 3G, a new type of technology for the mobile network, has further expanded the total broadband market.

Landline telephony

In Denmark, Business Nordic has a 84% share of the business landline market. In recent years, landline traffic volumes have steadily declined due largely to the increasing popularity of mobile telephony and now also VoIP substitution. Competitively priced private-network solutions have enabled business customers with several branches to establish their own networks based on IP-VPN or leased lines that can route traffic between branches within the companies' own networks instead of through the public telephone network. This resulted in a decline in total billed minutes and landline subscriptions for business customers.

The Danish PSTN market has little differentiation between products except through the packaging of different combinations of features.

The market for PSTN/ISDN substitutes addressing the business market, i.e. VoIP products, grew in 2007. The market was characterized by several small IP telephony companies that provide single-line products and/or multi-line hosted products especially designed for the small and medium-sized businesses.

Mobile telephony

Business Nordic has a relatively stable market share in Denmark of approximately 56% of mobile business subscriptions. Network quality and reliability, price and security are important criteria for customer preferences. The price pressure has intensified during the year although few new competitors have entered the market. Free internal traffic between employees within the same corporation is becoming increasingly common.

The market for mobile subscriptions is still showing growth despite high penetration in the business market. The increase in mobile traffic is even bigger, demonstrating the increasing use of mobile telephony as an alternative to landline telephony.

The use of mobile broadband increased in 2007. Up- and download of data via mobile telephones has grown strongly from 2006 to 2007 by almost 400%. Customers have also shown an increasing interest in convergence solutions that link companies' mobile and landline telephony.

Fixnet Nordic

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

At year-end 2007, Fixnet Nordic had approximately 3.1m customers. Fixnet Nordic's largest customer segments are landline and broadband. In 2007, Fixnet Nordic's revenue was DKK 9,357m. Combined, landline telephony and data communications and internet services accounted for 77% of Fixnet Nordics revenue in 2007. At year-end 2007, Fixnet Nordic had 5,768 full-time employee equivalents.

Business areas

Landline telephony

Fixnet Nordic's landline telephony business consists largely of traditional landline telephony and VoIP for the residential market. With revenue of DKK 5,352m in 2007, traditional landline telephony represented the largest share of Fixnet Nordic's revenue, corresponding to 57%.

The product offerings for residential customers included traditional PSTN/ISDN telephony products, Duét convergence products and VoIP.

To counter migration towards mobile and VoIP, and to meet the market's increased focus on flat-rate products, Fixnet Nordic has in 2004 launched TDC Samtale, a landline telephony flat-rate product. As a continuation of the success of TDC Samtale, Fixnet Nordic launched TDC Samtale Døgn and TDC Samtale Weekend. In 2007, the flat-rate product portfolio was extended to also include packages aimed at sole-proprietor customers. The number of subscribers totaled 383,000 at year-end 2007. Furthermore, TDC Telefoni a PSTN subscription with value-added-services enabling call-forwarding and free subscription with up to 5 mobile subscriptions, was introduced as a way to offset migration.

Duét is a convergence product that bundles landline with a mobile subscription and is offered in several feature packages. Duét can forward calls from landline telephones to mobile phones. In 2007, the Duét customer base increased to 345,000 subscribers.

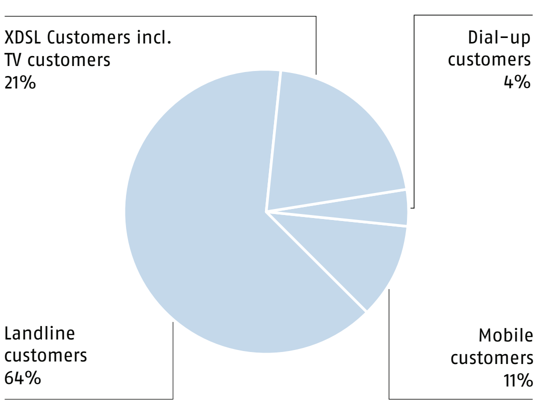
In 2006, Fixnet Nordic launched VoIP for residential customers. VoIP is an IP telephony product that provides voice quality comparable to the PSTN network. Fixnet Nordic's VoIP customer base had increased to 54,000 at year-end 2007.

Data communications and internet services

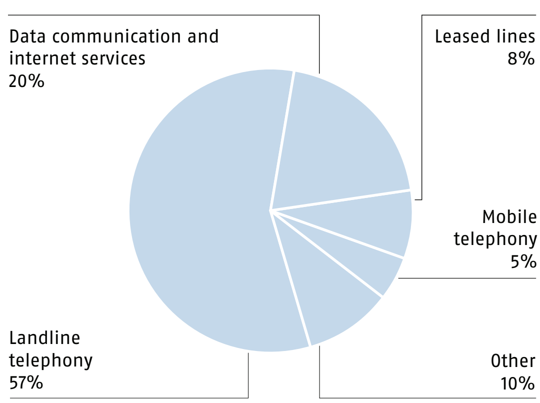
Fixnet Nordic's business activities within data communications and internet services consist chiefly of broadband subscription packages, dial-up solutions and data communications services. In 2007, revenue from data communications and internet services was DKK 1,872m, corresponding to 20% of Fixnet Nordic's revenue. Fixnet Nordic's broadband customer base increased to 510,000 at year-end 2007.

Fixnet Nordic's broadband subscription packages are usually offered as a flat-rate service with unlimited up- and download. The DSL product range spans from a connection with a downstream bandwidth of 160 kbps and an upstream bandwidth of 128 kbps to a connection with a

Fixnet Nordic
Customers 2007 (end-of-year)



Fixnet Nordic
Revenue per business area 2007



downstream bandwidth of 20 Mbps and an upstream bandwidth of 1024 kbps. In addition to the flat-rate products, Fixnet Nordic also offers a consumption-based broadband service targeting low-volume users such as existing internet dial-up customers. In 2007, TDC Netway, a low-priced pay-for-service product aimed at young people and students, was changed to Broadband City to better match the existing product portfolio. The number of subscribers has grown since its introduction in 2006 and totaled 11,000 at year-end 2007.

Fixnet Nordic launched TDC TV in 2005, which is a digital TV solution through TDC broadband. TDC TV's customer base had increased to 13,000 subscribers at year-end 2007. In October 2007, Fixnet Nordic started a new sales agreement with FONA – one of Denmark's leading electronic retail chains. FONA is the first external TDC sales channel focusing on selling broadband and TDC TV. FONA has broad geographic coverage with 64 outlets.

Leased lines
The leased-line business offers domestic and international leased-line services on a wholesale basis and offers analog as well as digital circuits. Leased lines can be used for transporting both telephony and data traffic. Fixnet Nordic offers point-to-point connections with guaranteed bandwidth to its leased-line customers. Digital leased lines are offered with different bandwidths ranging from 64 kbps to more than 1 Gbps. Revenue from leased lines was DKK 771m in 2007, corresponding to 8% of Fixnet Nordic's revenue.

Operator services
The operator-services business consists of directory inquiries services. In 2007, revenue from the operator-services business amounted to a total of DKK 326m, corresponding to approximately 3% of total revenue.

Competition
Landline telephony
In the Danish landline business, Fixnet Nordic has a 83% market share of the residential landline telephony market.

In the market for domestic and international telephony services, competition is driven by regulations requiring TDC to permit other telecommunications companies to interconnect with TDC's network at low LRAIC-based prices controlled by the Danish telecom regulator (NITA). These rates have been reduced numerous times in recent years, resulting in a continuous reduction of end-user prices. In addition, landline-traffic volumes have declined steadily in recent years. This trend can be explained largely by mobile but also by VoIP substitution. The Danish PSTN market has little differentiation between products except through the packaging of different combinations of features.

The technology that enables VoIP has further intensified competition. Competitors are able to compete with triple-play solutions, offering broadband, TV and VoIP in one package. With the merger in 2007 to one company, TDC can now also offer triple-play solutions, including mobile telephony, in one single solution.

Data and internet services
Fixnet Nordic has a 27% share of the Danish residential broadband market.

Customer migration from dial-up internet to broadband solutions in Denmark continued in 2007. Competition in the broadband market intensified, especially in urban areas where several operators launched new low-priced products with less service and increasing download speeds (20 Mbps). This development was further enhanced by TDC's sale of raw copper and Bitstream access at LRAIC-based prices to competitors.

To counter the increasing competition in the broadband market, in 2007, Fixnet Nordic launched Broadband City 15 Mbps, Double-Up campaigns and other pricing promotions. Fixnet Nordic has launched 50 Mbps broadband in January 2008.

Power utility companies continued their roll-out of fiber to residential homes, adding to the strong competitive pressure on copper-based access. Despite low penetration in areas covered until now, the power utility companies are expected to continue their deployment of fiber.

Mobile Nordic
Mobile Nordic is the leading provider of mobile telecommunications services in Denmark and includes also TDC Shop and Telmore. In terms of customers, the focus is on

voice, mobile broadband access, content and handsets for the residential market, and in the SoHo segment the focus is also on business applications. Telmore sells prepaid mobile products and services online via a self-service website. Telmore is the market leader in Denmark in the online mobile self-service segment.

At year-end 2007, Mobile Nordic had approximately 1.8m customers. In 2007, Mobile Nordic's revenue was DKK 5,906m and Mobile Nordic had 1,262 full-time employee equivalents at year-end 2007.

Business areas
In October 2007, Mobile Nordic changed the name of its portfolio MobilExtra to Max and launched this new post-paid product portfolio with various price plans. The Max product family was introduced for customers with a focus on high usage of either SMS or voice. The products are MaxSms (free SMS and MMS, voice charged per minute), MaxTale (flat-rate voice) and MaxOne (an all-in-one product, voice charged per minute). MobilTid is another major mobile product in the portfolio. MobilTid is a pre-paid mobile service package featuring a free subscription. In 2007, a new prepaid mobile service TDC Click was introduced for price-driven online customers.

The Telmore concept is mainly an online-channel product based on no subscription fees, a simple prepaid tariff structure, and an easy-to-use web-based customer interface. The concept focuses on Lean operations and limited marketing budgets. In addition to relatively low prices, customers are offered a wide range of additional options such as automatic payment for additional minutes when a certain limit is reached, Children's Budget[4] and detailed call specification, which can be selected online. At the end of 2007, Telmore had 610,000 customers.

In 2005, data services were launched on the UMTS network, providing access via mobile broadband cards, increased speed and video telephony on 3G phones to both business and residential customers. By the end of 2006, Mobile Nordic's UMTS network covered almost half of the Danish population including the four largest cities in Denmark and selected areas with a high density of business premises. By the end of 2007, 62% of the population had access to UMTS. All customers with 3G handsets or mobile broadband cards have automatic access to the UMTS network and any speed upgrades on the network. Customers with laptops are able to surf the internet via Mobile Nordic's UMTS network at speeds considerably faster than the speed on the GSM mobile network. Turbo 3G, which is based on HSDPA technology and provides customers with high-bandwidth broadband access via the mobile network, was launched in January 2008.

Music is offered via TDC Online music store as a dual-download service for both mobile handsets and PCs. In 2007, 16% of all these music downloads were via mobile handsets.

Mobile Nordic also offers its network services on a whole-sale basis to service providers. Wholesale products consist of voice, SMS and data-transmission access, while the service providers carry out the sales, distribution, billing and customer care for the end customer.

Competition
Mobile Nordic has approximately 38% of the Danish mobile market for residential customers.[5]

In the mobile residential market, handset prices and traffic tariffs are important criteria for customer preferences. Low-to-medium usage customers are targeted with low-priced minutes while medium-to-high usage customers are targeted with semi-flat rates. Mobile Nordic offers handset subsidies to postpaid subscribers. In Denmark, mobile residential customers who buy subsidized handsets have a six-month binding period, which is the maximum fixed subscription period permitted by regulation.

In 2007, the domestic mobile market was further consolidated by Telia buying debitel. The mobile market is now divided into one main operator (TDC) and two secondary operators (Sonofon/Telenor and Telia). The mobile operator 3 holds a position as a minor player in the market. This market also has a characteristically high number of small service providers. The new competitor, BiBoB, en-

[4] With Children's Budget, parents can limit the amount their children can spend.

[5] The market share includes Fixnet Nordic's Duét product.

tered the mobile market in 2007, with low-priced products and a more aggressive strategy than other telecommunications providers. This might be the beginning of a new price-war on the mobile market.

YouSee

YouSee is the largest TV distributor in Denmark and provides TV signals to approximately 43% of all Danish households. YouSee offers cable TV, broadband services and telephony.

At year-end 2007, YouSee had approximately 1.1m cable-TV customers and 309,000 broadband customers. The number of telephony customers was 35,000 at year-end 2007. In 2007, YouSee's revenue was DKK 2,852m, and YouSee had 1,110 full-time employee equivalents at year-end 2007.

In September 2007, TDC Cable TV changed its name to YouSee. This was part of a new strategy to brand YouSee as an independent company focusing on delivering TV, broadband and telephony on its coaxial network.

As of November 1, 2007, YouSee acquired Fredericia Municipality's cable-TV activities - a television provider for approximately 17,000 households.

Business areas

TV

YouSee's core business is TV, and offers analog and digital TV. Analog TV is offered in three standard packages (basic, medium and full) to individual household customers and organized customers, representing 31% and 69% of YouSee's TV business, respectively. Organized customers include antenna and housing associations.

Digital TV is offered as an add-on to the analog TV-packages and requires a set-top box. The digital TV is offered in a large variety of small packages and gives TV viewers the option of HDTV and VoD.

The channels in the cable-TV packages are selected with consideration for customer preferences. YouSee's basic package, with approximately 168,000 customers, contains primarily free channels from the national broadcasting services. The medium package, with approximately 95,000 customers, contains some of the most popular pay channels as well as the channels from the basic package. The majority of YouSee's customers prefer the full package, which includes the same channels as the medium package plus some domestic and foreign channels, and has approximately 637,000 customers. Some organized customers, i.e. large antenna associations who represent an additional 192,000 households and housing associations, are agency customers who buy individually customized content packages from YouSee.

YouSee expects to continue the migration of its analog TV packages toward digital packages. Approximately 7.5% of YouSee's TV customers are digital customers and therefore own or lease digital set-top boxes. During 2007, YouSee pushed this development further by introducing more digital services e.g. additional High Definition channels. By the end of 2007, the digital customer base had increased 55% to 82,000.

YouSee has a market-leading 68% share of the cable-TV market in Denmark. Its main competitors are other owners of cable-TV networks and program providers distributing directly through satellite receivers. Competition is expected to increase as utility companies extend their fiber-cabling activities, broadband suppliers expand their capacity and the national DTT roll-out continues.

Broadband

At year-end 2007, YouSee had 309,000 broadband customers, or 28% of the accessible customers, who are customers with a YouSee's cable-TV subscription. YouSee's broadband products are based primarily on a flat-rate concept, whereby the customer is billed for a fixed monthly subscription with unlimited up- and downloads. Currently, broadband speeds of up to 15 Mbps are offered.

At the beginning of 2008, YouSee introduced a new price structure that makes it more favorable for customers to choose high-speed bandwidths.

Telephony

At year-end 2007, YouSee had 35,000 telephony customers including both VoIP and traditional landline telephony. Since the introduction of VoIP in 2005, YouSee has offered its customers triple-play solutions, including TV, broadband and telephony. At year-end 2007, YouSee had more than 26,000 mainly triple-play VoIP customers. YouSee offers VoIP with Quality of Service which ensures a voice flow of the same quality as PSTN. VoIP is offered as a pre-paid, flat-rate product, with management and payments online.

Sunrise

Sunrise offers mobile telephony, landline telephony and internet services. Sunrise generated revenue of DKK 8,842m in 2007 and had 2,036 full-time employee equivalents at year-end 2007.

Sunrise has maintained its position as the second-largest full-range telecommunications provider in the Swiss market, which is characterized by strong competition as well as decreasing mobile and landline prices. Sunrise does not have its own landline access network. In March 2006, the Swiss parliament decided in favor of the liberalization of the access network. Since mid-2007, Swisscom has been required to provide competitors with access to its local loop based on cost-oriented prices and Sunrise began investing in local-loop access in the fourth quarter of 2007. The prices offered by Swisscom have been disputed and a preliminary decision is expected by the end of 2008. At year-end 2007, Sunrise had 2.3m customers. Sunrise's total customer base is relatively stable, with declining traditional landline voice and dial-up services offset by growth in mobile users and broadband.

Business areas

Mobile telephony

Sunrise's mobile telephony revenue was DKK 5,373m in 2007, which was 61% of its total revenue. Sunrise had 1.5m mobile customers at year-end 2007.

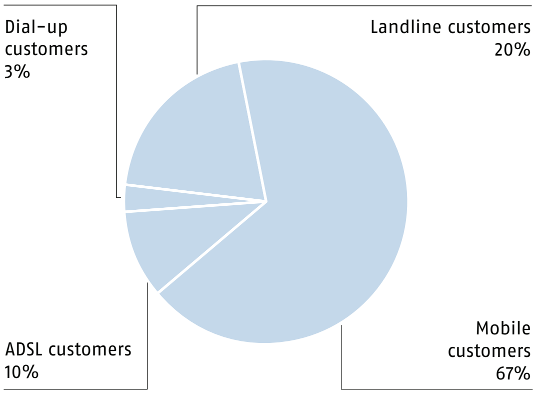
Sunrise's mobile business includes retail and wholesale. The retail business offers postpaid and prepaid services, PC cards and mobile handsets. By the end of 2007, 55% of Sunrise's mobile subscriptions were prepaid.

New logo colors, four clear new brand values (simplicity, honesty, boldness and vitality) and a massive simplification of mobile rate plans mark the beginning of the new Sunrise brand image. Sunrise now offers just three mobile subscriptions and one prepaid offer. The previous basic monthly charge no longer applies – instead, a minimum monthly amount spent is required. A prepaid offer and flat-rate subscription is available for high-volume customers.

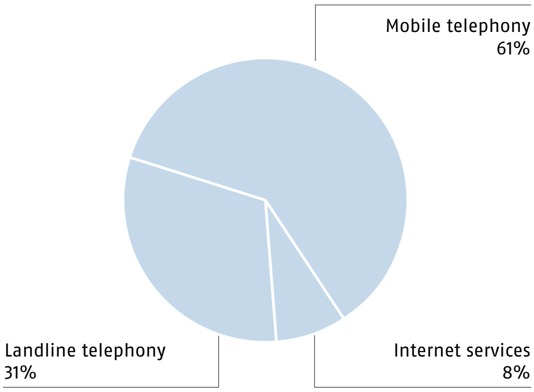
In order to compete with the no-frills packages offered by its competitors', Sunrise has launched the yallo brand in 2005. yallo offers simple and transparent pricing and no subscriptions along the lines of the Telmore concept. Sunrise sells yallo through its direct and indirect distribution channels. yallo offers competitive prices for domestic calls as well as for calls to large parts of Europe. The product therefore targets the rather large community of European foreigners living in Switzerland.

Sunrise also offers a wide portfolio of value-added services and data services, such as the Sunrise live portal, which includes music downloads, games and video te-

Sunrise
Customers 2007 (end-of-year)



Sunrise
Revenue per business area 2007



lephony. In 2006, Sunrise launched a UMTS/HSDPA network. The outdoor population coverage at the end of 2007 was approximately 99% for GSM/EDGE and 70% for UMTS. At the end of 2007, HSDPA was available in all major cities in Switzerland. Sunrise also launched a USB modem, called t@ke away, which allows surfing at an HSDPA speed of 3.6 Mbps.

In the mobile retail and wholesale areas, Sunrise currently has agreements with companies such as Cablecom, Tele2 and Aldi.

Landline telephony
Revenue from landline telephony in Sunrise was DKK 2,745m in 2007. Landline telephony contributed 31% of Sunrise's revenue in 2007. At the end of 2007, Sunrise had 0.5m landline customers.

Sunrise's landline telephony business covers the retail and wholesale markets. Retail voice includes pre-fix and pre-select PSTN plans. By signing a twelve-month contract, customers obtain more favorable terms. The main family of PSTN price plans is called Sunrise Select, and contains a range that includes a charge-by-the-minute plan, a charge-by-the-call plan and a plan with minutes included. Sunrise offers additional options such as discounted international calls or discounted calls within a user group. Business customers also benefit from data solutions such as IP-VPN and leased lines and network-integration solutions that combine voice and data in one network (including LAN, PABX and IP communications services). Landline wholesale activities consisted of primarily transit traffic and, to a smaller extent, data and internet services.

Internet services
In 2007, the internet-services business contributed DKK 724m in revenue, or 8% of Sunrise's revenue. Sunrise had 0.2m broadband customers and 0.1m dial-up customers at year-end 2007.

Sunrise's internet-services business offers dial-up and two different DSL products. ADSL plus is a flat-rate product with up to 5 Mbps downstream. ADSL Flex is a consumption-based DSL product for which the customer pays a subscription fee that covers a certain amount of megabytes, while additional usage is billed per megabyte.

The growing broadband market in Switzerland is the driver for the continuous DSL customer growth in Sunrise. As access to the local loop on a regulated basis has just started in Switzerland, Sunrise currently resells Swisscom's DSL products with small gross margins and little room for product differentiation other than through pricing. Sunrise began investing in ULL access in fourth quarter 2007 and, as a result, expects margins to grow in future years. Churn in the DSL business was low, but increased as the market began to saturate.

The dial-up internet business is declining and is expected to be substituted by broadband services within the next few years. Sunrise is currently focusing its DSL acquisition programs on migrating its dial-up customers to one of the Sunrise DSL products.

Competition
Mobile
Sunrise had a stable market position with a 20% network market share in 2007.

In 2007, the service providers continued to penetrate the Swiss market. Sunrise expects the intense price competition to continue as a result of the presence of these players in the Swiss mobile market. With the simplification of its mobile portfolio and the discontinuation of the basic monthly charge, Sunrise is ready to face this challenge.

Landline
The total market for landline voice traffic in Switzerland declined in 2007 due principally to migration from landline to mobile telephony. As voice products typically consist only of a choice of price plans, there is little room for differentiating Sunrise's products and competitors' products beyond price.

Sunrise's landline business, initially successful with a market share of over 20% in 2002, has experienced a decline in market share to 12%. Reasons are entry of competitors with own access to customers or with a purely low-price strategy as well as lack of unbundling of the local loop, which has hindered Sunrise in offering competitive landline products. However, the introduction of ULL is expected to put Sunrise in a position to provide better prices and product offerings.

Broadband

Sunrise's broadband market share was approximately 10% in 2007 and Sunrise is continuing to migrate its dial-up customer base to DSL. Not all customers who are moving away from dial-up acquire ADSL from Sunrise. This is mainly because Sunrise currently only resells Swisscom's DSL offers. This keeps rates high and bandwidths limited. With the unbundling of the local loop, Sunrise will have the freedom to change this and Sunrise expects to grow its market share with ULL.

Other activities

Other activities include HTCC, Headquarters and IT Nordic. TDC also holds a 19.6% stake in the Polish mobile operator Polkomtel.

HTCC (Hungary)

TDC holds 64.6% of the shares in the Hungarian company, HTCC. HTCC had 1,415 full-time employee equivalents at year-end 2007.

HTCC acquired Invitel in April 2007. The acquisition of Invitel has made HTCC a strong contender with an improved market position in line with the strategy for the Hungarian market. With the acquisition, HTCC holds a 20% market share of the Hungarian landline market. HTCC already had the wholly-owned subsidiaries Hungarotel and PanTel and acquired Tele 2 in Hungary during 2007. HTCC is currently acquiring Memorex, an Austrian-based company and a leading alternative bandwidth provider in Central and Eastern Europe with the largest landline infrastructure in the region.

After the acquisition of Invitel, HTCC rebranded its name in Hungary to Invitel.

HTCC provides its retail customers with landline telephony, data communications and internet services, including broadband solutions and other value-added services, such as VoIP services. HTCC also offers its business customers high-speed internet access, data transport services, including leased lines, ATM services and frame-relay services, virtual private networks and web hosting.

HTCC is also a wholesaler providing capacity and transport services on its network to wireline and wireless telecommunications providers and internet service providers.

With its international network, HTCC transfers voice, data and internet traffic to and from Hungary.

Headquarters and IT Nordic

Headquarters and IT Nordic supply a number of internal services for the TDC Group's domestic business lines, which gain economies of scale and cost-effective solutions.

IT Nordic delivers IT services to TDC's Nordic business lines. Some of these services have been outsourced in recent years. Headquarters' services comprise billing, procurement, logistics, facility management, risk management and security. Headquarters also undertakes group staff functions including finance, legal affairs, human resources, marketing and communications.

Polkomtel (Poland)

TDC has a 19.6% stake in the Polish mobile operator Polkomtel.

Due to the change of control in TDC in 2006, TDC was forced to offer its shares to the other shareholders of Polkomtel, and an agreement was reached in March 2006 with Polkomtel's Polish shareholders. However, the conditions for the sale were challenged by the only non-Polish shareholder, Vodafone, and arbitration between the parties is ongoing.

TDC's network

TDC operates an extensive telecommunications network in Denmark. The backbone network has high-capacity transmission capabilities and is fully digitalized. The access network reaches almost 100% of Denmark's population. In addition, TDC has rolled out a GSM network in Denmark and has been in the process of rolling out a UMTS network in Denmark since 2005. In Switzerland, TDC has its own landline and GSM networks and is currently rolling out a UMTS network. TDC also operates its own landline network in the Nordic region and in Hungary (HTCC).

The landline network

Fixnet Nordic's domestic landline network includes a fully invested PSTN/ISDN network, an MPLS/IP backbone network and DSL coverage of more than 98% of potential customers at 512 kbps downstream speed. TDC's DSL network can deliver 2 Mbps to 95.5% of the Danish population. TDC can also deliver up to 8 Mbps and 20 Mbps to 89% and 63% of the households, respectively, and from January 2008, TDC also offers speeds of 50 Mbps.

Backbone network

In Denmark, a key element of Fixnet Nordic's landline network is a fiber-based backbone. The backbone network carries voice, data services (IP, Ethernet and ATM) and TV signals and in Denmark consists of:

- 19,686 kilometers of fiber cable, which connects all of TDC's central offices 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 as well as DSL services. This network consists of:

- 228,000 kilometers of copper cable
- 7,447 kilometers of optical fiber cable

The PSTN customer base is continually declining in Denmark, which has been creating free capacity on the PSTN/ISDN network. TDC has high port utilization in its DSLAM equipment for DSL and IP, as a just-in-time port build-out is employed. As a result, the current customer take-up cannot be sustained without investing in additional port capacity.

The data networks

The data networks in Denmark and the Nordic region include TDC's ATM, Ethernet and IP networks. The ATM network (only in Denmark) is the major platform for aggregated DSL-based broadband-access services delivering a range of data-connection services including frame-relay and ATM services. The ATM network covers Denmark with 137 POPs. The ATM network is gradually being replaced by the Ethernet.

The IP network consists of an MPLS-based IP core network and IP aggregation networks. It 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. Routers are a key component of the reliability of the MPLS-based IP core network, as each POP is supported by two routers in order to prevent interruptions in the flow of traffic on the network. The separated IP cores in the Nordic countries are currently being integrated into a unified Nordic IP core.

The IP network is being extended to a larger number of POPs and provides a range of IP-access services, including dial-up, fixed-capacity leased-line access and ATM-based access. TDC's IP network extends to 161 POPs in Denmark. The IP aggregation networks include DSL networks providing DSL- and SHDSL-based services and IP/Ethernet networks providing up to 1 Gbps Ethernet-access services for the IP network.

Due to rapid data traffic growth, the traffic capacity limits on the ATM DSLAM platform have been reached on certain parts of the network. As a result, TDC is rolling out an IP/Ethernet network, and installs IP DSLAMs for DSL services in all central offices and nodes connected to the local copper loop. The new network enables improved high-speed DSL coverage using remote DSLAMs. TDC has now completed the roll-out covering approximately 900 POPs. The initial remote DSLAMs were implemented in fall 2007, with roll-out escalating from 2008.

Pan-Nordic networks (TDC Nordic)

TDC Nordic's networks comprise a fiber-based backbone network, a PSTN/ISDN network and an IP/Ethernet network. The PSTN/ISDN network is used to serve primarily business and wholesale customers. The backbone network consists of fiber cable and a pan-Nordic Synchronous Digital Hierarchy network delivering fixed point-to-point capacity. The landline access network (MAN) consists of optical-fiber cable that connects fiber directly to the customers. Apart from direct fiber-network connections, TDC Nordic relies on DSL over unbundled copper to provide local access. The coverage of the Nordic network includes primarily large and medium-sized towns in the Nordic region.

Central and Eastern Europe (HTCC)
HTCC has its own backbone network and approximately 7,000 kilometers of optical fiber throughout Hungary. HTCC's international network connects access points located in 30 cities across 14 countries. HTCC is currently acquiring Memorex, a leading bandwidth provider in Central and Eastern Europe that owns approximately 12,500 kilometers of optical fiber. This acquisition will enhance HTCC's position as a leading provider of telecommunications services in Central and Eastern Europe.

The mobile network
Mobile Nordic has rolled out GSM 1800 and 900 networks in Denmark. The GSM networks currently consist of 2,255 sites.

In Denmark, 99% of the population and geography is covered by GSM (outdoor) whereas 86% of the population also has GSM indoor coverage. According to industry surveys conducted by a Danish telecommunications research company, 77% of the decision makers in companies believe that Mobile Nordic has the best network. Of the decision makers that are already Mobile Nordic customers 88% believe that Mobile Nordic has the best network in Denmark.

Mobile Nordic is rolling out a UMTS network. The roll-out presently consists of 1,082 sites and provides 62% population coverage. The UMTS network is expected to fulfill the requirements of Mobile Nordic's Danish UMTS license to achieve 80% population coverage at a speed of 12.2 kbps by year-end 2008, with geographic coverage of approximately 13%. Besides the increase in coverage, capacity and offered data speed will continuously be upgraded to match customer expectations.

Mobile Nordic's network includes platforms for voicemail, SMS, WAP, MMS, a platform for content delivery, the mobile portal FLY[6] and an Intelligent Network platform for a large number of services, including prepaid services. Mobile Nordic has bundled its mobile broadband access offer (TDC Mobil Flex Data) with the TDC wireless hotspots in airports, hotels, conference centers, cafés and Statoil petrol stations and rest areas along the main transport roads across Denmark (a broadband add-on module to Flex Data).

High-speed data solutions, e.g. HSDPA have been implemented in the network early in 2008. HSDPA is currently being used as backbone for a trial together with the Danish State Railway Company (DSB), offering internet access in a selection of trains.

The cable network
YouSee has a fully digitalized network operated from one central head-end station in Copenhagen that serves as play-out for the entire network. This head-end station also serves as a basis for TDC's offerings of TVoIP, VoD and Mobile TV and also provides cable-modem provisioning and network management control servers for IP products. TV is transmitted digitally through Fixnet Nordic's domestic backbone network to 41 remote hubs, from where the three standard TV packages are converted into analog transmission. All digital programs are sent digitally via the coaxial networks, and customers need set-top boxes or TV sets with integrated digital cable receivers to receive them. From the hubs to the households, transmission is through a Hybrid Fiber and Coaxial (HFC) network, the majority of which is owned by YouSee. Often, the last few hundred meters of customer premises cable network are owned by landlords or organized customers. In total, YouSee's network covers almost 52% of Danish households.

As with TV transmission, IP traffic terminates via Fixnet Nordic's IP backbone to the same 41 hubs, partly through lines leased from Fixnet Nordic. The network owned by YouSee is completely return-path upgraded. Approximately two-thirds of the customer-owned network is upgraded by YouSee. Coaxial cables offer up to 5 Gbps digital capacity of which 2 Gbps is planned for digital TV and video and 0.5 Gbps is planned for DOCSIS. All modems operate in DOCSIS 1.1 mode but most are ready for DOCSIS 2.0. YouSee is presently rolling out additional downstream capacity using modular CMTS technology in accordance with the DOCSIS 3.0 standard. This will enable new DOCSIS 3.0 modems to provide end-users with at least 100 Mbps in the entire network.

[6] Through the FLY mobile portal, customers can surf on the internet, buy and download music, games, news, ringing tones etc., and watch TV on their mobile phones.

The Swiss network

Sunrise has built and operates its own mobile, landline and ISP networks. As a result, Sunrise offers integrated services and can meet the high market demand for quality, reliability and easy access to telecommunications services. Due to legislation requiring Swisscom to provide its competitors with access to its ULL network, Sunrise can obtain direct access to additional end users in Switzerland.

Mobile network

Despite difficult topographical circumstances and stringent environmental obligations, which 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. Sunrise's main coverage objective for its UMTS network is to achieve HSDPA indoor service in major cities such as Zurich, Basel, Bern, Lausanne, Geneva, Luzern etc. and then enlarge to less densely populated areas, ultimately covering approximately 56% of the Swiss population.

Landline network

Sunrise's landline network consists of a SDH/DWDM backbone (own fiber-optic network measuring more than 8,100 kilometers), and over 1,900 connected sites including direct connected customers, 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 for residential and business customers. An aggregation network is being built to connect Swisscom local exchanges in the ULL project.

ISP network

The Sunrise ISP network is fully redundant with two independent sites and provides a range of internet services.

Network operation

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

As part of the maintenance operations, TDC has entered into service and support agreements with technology vendors, which normally involve escalation procedures on system faults. The procedures could be initiated as part of the daily fault handling or as part of the network performance monitoring. The service and support agreements also include provisions for the service and repair of spare parts. In addition, TDC has agreements with local companies for on-site repairs and spare parts handling.

Sunrise's central network operations center monitors the entire Sunrise network and performs fault management procedures. Sunrise has a field crew that operates at 11 locations and performs first-line and preventive maintenance and implements site safety and security.

Billing, IT and procurement

Billing

Domestic

Through its Corporate Billing division, Headquarters is responsible for all domestic billing activities, as well as reminder procedures, billing complaints and debt collection. Billing is the most frequent and closest encounter TDC has with its customers. High satisfaction and loyalty among customers are ensured by developing the billing processes and ensuring that bills are delivered with correct amounts, frequency, layout and language.

Corporate Billing produced and distributed approximately 20m invoices and call specifications in 2007. Most customers receive quarterly invoices. Electronic billing is a particular focus area, as it can simultaneously improve customer satisfaction and reduce administrative costs. Headquarters has initiated actions to increase the number of bills distributed electronically and has introduced various electronic billing solutions. In the fourth quarter of 2007, 3.7% of all bills were distributed electronically.

International

Sunrise

Sunrise produces and distributes approximately 800,000 invoices monthly, 94% to residential customers and 6% to business and wholesale customers and dealers. All services can be included in one invoice. The payment methods are "over the counter" payments at post offices (approximately 50%) and electronic payments (approximately

50%). Sunrise has launched electronic billing and payment for its residential customers.

TDC Nordic
In TDC Nordic, each company is individually responsible for billing all its customers, retail as well as wholesale. Support and maintenance is managed by IT Nordic.

IT
IT Nordic is the overall IT unit in TDC and delivers IT services to TDC's Nordic business lines. In the last couple of years, all operations and a part of system development and maintenance have been outsourced, including development and maintenance of Enterprise Resource Planning (ERP) applications, user support and desktop management. IT Nordic is responsible for developing and maintaining IT systems, systems operation and desktop support and product development. In 2007, TDC decided to plan for a replacement of vital parts of the Nordic Enterprise Architecture to lower costs, decrease the product delivery time and improve the customer intimacy.

Procurement
Through its Supply Nordic division, Headquarters is responsible for attending to most of TDC's procurement needs in coordination with representatives from the TDC business lines. Supply Nordic is responsible for conducting the end-to-end sourcing of goods and services, i.e. from initial market analysis of the supplier market, competitive selection, and negotiations to the final implementation of contracts. Supply Nordic is also responsible for a wide range of products and services, e.g. from office materials to complex technical solutions such as UMTS and other infrastructure elements.

Research and development
TDC's research and development activities currently focus on developing broadband applications and services, as well as IP-based and UMTS network platforms and wireless LAN capabilities. High-speed data solutions, e.g. HSDPA have been implemented in the network early in 2008. An HSDPA backbone network is currently being used in a trial with the Danish State Railway Company (DSB) to develop a system that provides internet access through Public Hotspots (WLAN) in a selection of railway trains. TDC also participates in international programs, including standardization efforts, and cooperates with independent research organizations.

Intellectual property
Apart from TDC's leading brands, TDC does not believe that it is dependent on any other intellectual property rights, including any individual brands.

Property, plant and equipment
Headquarters manages the majority of TDC's office premises and floor space in Denmark. However, certain of TDC's Danish operations, such as Telmore, manage their own premises.

TDC's principal properties consist of numerous telecommunications installations, including exchanges of various sizes, transmission equipment, cable networks, base stations for mobile networks and equipment for radio communications, of which the majority is located in Denmark. TDC also has numerous computer installations, which are located principally in Copenhagen and Aarhus.

In 2007, TDC completed a sale and leaseback project and sold some of its properties, mainly administrative buildings and exchange buildings on August 15, 2007 at a price of DKK 4.1bn.

As the headquarters will be relocating to Teglholmen in 2009, the lease agreement for Nørregade 21, Copenhagen, was terminated in 2007.

The total portfolio of TDC's domestic properties consisted of approximately 913,700 gross square meters as of December 31, 2007, of which approximately 9% was owned by TDC and approximately 91% was leased. Compared with 2006, TDC now leases twice as many gross square meters, largely as a result of the sale and leaseback project. As of December 31, 2007, telecommunications installations (exchanges and base stations) accounted for 36% of TDC's total square meters, and other installations comprised 5% of its total property, plant and equipment.

Employees

Overview
TDC focuses on training its employees, and employee satisfaction is monitored in a yearly employee survey. The

employee satisfaction survey engages TDC's employees in dialog 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 (cf. note 6 regarding wages, salaries and pension costs).

TDC has implemented a number of general domestic redundancy programs in recent years. A program to reduce positions chiefly in TDC's staff functions was initiated in 2006 and implemented in the first half of 2007. The program caused a closure of vacant positions, relocation of employees to front-office jobs and employee layoffs. At the start of the second quarter of 2007, a program was initiated with the purpose of further reducing the workforce, in 2007 and 2008, regarding primarily employees in back-office functions in Fixnet Nordic and Business Nordic.

Unions

TDC estimates that more than 70% of TDC's employees are members of a union.

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 (AC-organisationerne) and other unions. TDC's agreement with the Association of Managers and Employees in Special Positions of Trust in TDC prohibits striking and other industrial actions.

TDC has entered into Truce Agreements, collective 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 make them suitable 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 dialog within 24 hours of an imminent conflict in order to prevent industrial action. The Truce Agreements will expire at the end of 2009, however they may be terminated by TDC or the unions subject to three months' notice in the event the assumptions behind the agreements lapse or change.

TDC has also entered into collective agreements with the Truce Agreement Unions regarding the terms and conditions of voluntary resignations by employees as an incentive 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, 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.

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 four years' and nine months in the amount of two-thirds of a month's salary (standoff pay).

The table shows the number of employees (head count) participating in each of TDC's pension plans as of December 31, 2007[7].

[7] The figures cover TDC A/S and YouSee A/S. The figures represent headcounts and not full-time employee equivalents. The following employees are included: Permanent employees and temporary employees except employees on leave, expatriates and employees who are included in a redundancy plan.

Contract types / Collective agreements	Ordinary pension plans	TDC pension fund members (civil servants)	Former government civil servants	Total
AC	1,562	6	2	1,570
Dansk Metal	4,300	2,502	467	7,269
LTD	1,022	488	107	1,617
Other or no collective agreement	334	8	2	344
Total	**7,218**	**3,004**	**578**	**10,800**

Outlook

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 section on risk factors and the Safe Harbor Statement.

TDC expects revenue in 2008 to increase slightly compared with revenue in 2007 due largely to HTCC, i.e. the full-year effect of the acquisition of Invitel, and growth in YouSee and Mobile Nordic.

Net income from continuing operations excluding special items and fair value adjustments, is expected to increase by 10%-20%, as increasing earnings from more efficient operations and decreasing interest expenses due to debt repayments in 2007 will be only partly offset by higher tax expenses from the full-year impact of new tax legislation.

Management's Discussion and Analysis of Financial Statements

Key financial data			DKKm
TDC Group	**2006**	**2007**	**Growth in % 2007 vs. 2006**
Revenue	**39,941**	**39,321**	**(1.6)**
Transmission costs and cost of goods sold	(12,625)	(12,326)	2.4
Other external expenses	(7,473)	(7,640)	(2.2)
Wages, salaries and pension costs	(7,209)	(7,141)	0.9
Total operating expenses before depreciation etc.	**(27,307)**	**(27,107)**	**0.7**
Other income and expenses	357	284	(20.4)
Income before depreciation, amortization and special items (EBITDA)	**12,991**	**12,498**	**(3.8)**
Depreciation, amortization and impairment losses	(6,491)	(6,227)	4.1
Operating income (EBIT), excl. special items	**6,500**	**6,271**	**(3.5)**
Special items	(312)	1,809	-
Operating income (EBIT), incl. special items	**6,188**	**8,080**	**30.6**
Income from associates and joint ventures	449	1,401	-
- of which special items	10	859	-
Net financials	(2,723)	(3,396)	(24.7)
Income before income taxes	**3,914**	**6,085**	**55.5**
Income taxes	(858)	(1,431)	(66.8)
Net income from continuing operations	**3,056**	**4,654**	**52.3**
Net income from discontinued operations	387	3,513	-
- of which special items related to discontinued operations	(5)	3,258	-
Net income	**3,443**	**8,167**	**137.2**
Attributable to:			
Shareholders of the Parent Company	3,446	8,409	144.0
Minority interests	(3)	(242)	-
Net income excl. special items and fair value adjustments [1]	**3,362**	**2,988**	**(11.1)**
EBITDA margin	32.5%	31.8%	-
Capital expenditures excl. share acquisitions	5,256	5,207	0.9
Capex excl. share acquisitions-to-revenue ratio	13.2%	13.2%	-
Net interest-bearing debt	(55,221)	(41,400)	-
Cash flow from operating activities	10,141	9,938	(2.0)

[1] Net income excluding special items and fair value adjustments, also excludes special items from income from associates and joint ventures as well as special items related to income from discontinued operations.

The TDC Group[8]

Revenue

In 2007, TDC's revenue amounted to DKK 39,321m, down DKK 620m or 1.6% compared with 2006. This reflects mainly declining domestic revenue from traditional landline telephony as a consequence of the migration toward mobile telephony and to some extent VoIP products as well as lower revenue from Sunrise stemming from a lower exchange rate. However, in local currency, revenue in Sunrise was unchanged. The divestment of Bité also had a negative impact on revenue. The decrease was partly counterbalanced by growth in the cable-TV and broadband business due chiefly to an increased customer base. In addition, revenue was positively impacted by growth in the business segment related to higher revenue from mobile services and data communications and internet services, also due to a larger customer base. The acquisition of the Hungarian landline operator, Invitel, by HTCC also had a positive impact on revenue. Adjusted for acquired and divested enterprises[9], TDC's revenue decreased by 0.9%.

[8] Talkline was divested as of July 2007, and has been classified as a discontinued operation.
[9] Developments from 2006 to 2007 were impacted by the following changes in ownership shares: Divestment of Contactel (February 2006), divestment of Bité (February 2007) and HTCC's acquisition of Invitel (April 2007). In the remainder of the Annual Report, 'adjusted for acquired and divested companies' refers to reported figures for the TDC Group adjusted for these acquisitions and divestments.

Transmission costs and cost of goods sold

Transmission costs and costs of goods sold amounted to DKK 12,326m in 2007, down by DKK 299m or 2.4% compared with 2006. Transmission costs and cost of goods sold were positively impacted primarily by the divestment of Bité and by lower domestic landline traffic and reduced sales of data CPE by TDC Shop. This was partly offset by YouSee due largely to higher program costs as a result of the larger customer base. The acquisition of Invitel also had a negative impact on transmission costs and cost of goods sold. Adjusted for acquired and divested enterprises, transmission costs and cost of goods sold decreased by 0.4%.

Other external expenses

Other external expenses amounted to DKK 7,640m in 2007, up DKK 167m or 2.2% on 2006 reflecting principally the acquisition of Invitel, higher costs due to outsourcing of IT services, higher lease payments due to sale and leaseback of properties in 2007, higher consultancy fees that comprised various strategic projects, higher costs for contractors due to more cable damage and higher customer acquisition costs. This was partly counteracted by the divestment of Bité. Adjusted for acquired and divested enterprises, other external expenses increased by 7.1%.

Revenue — DKKm

TDC Group	2006	2007	Growth in % 2007 vs. 2006
Business Nordic	12,270	12,419	1.2
Fixnet Nordic	9,723	9,357	(3.8)
Mobile Nordic	5,980	5,906	(1.2)
YouSee	2,458	2,852	16.0
Sunrise	9,252	8,842	(4.4)
Other activities[1]	258	(55)	(121.3)
TDC Group	**39,941**	**39,321**	**(1.6)**

[1] Includes IT Nordic, enterprises outside the Nordic region and Switzerland, Headquarters and eliminations.

Wages, salaries and pension costs

Wages, salaries and pension costs amounted to DKK 7,141m, down DKK 68m or 0.9% on 2006. The decrease reflected primarily lower wages and salaries due to fewer employees. In 2007, the domestic redundancy programs[10] resulted in a reduction of 345 full-time employee equivalents for the TDC Group, comprising mainly Fixnet Nordic, Business Nordic and Headquarters. Outsourcing of IT to CSC also contributed positively due to a reduction of 122 full-time employee equivalents. In Sunrise, a decline in basic wages and salaries was driven mainly by a reduction of 120 full-time employee equivalents due to redundancy programs. The divestment of Bité also had a positive impact. This was partly counteracted by severance payments[11] in Headquarters and Fixnet Nordic, more full-time employee equivalents in Mobile Nordic and the acquisition of Invitel. Adjusted for acquired and divested enterprises, wages, salaries and pension costs decreased by 2.9%.

[10] Redundancies implemented in 2007 related to the domestic programs announced in 2006 and as well as a program initiated in May 2007, aimed at reducing the back-office staff functions in Fixnet Nordic, Business Nordic and Headquarters.
[11] Severance payments regarding individuals are included in Wages, salaries and pension costs, whereas severance payments regarding redundancy programs are included in Special items.

Income before depreciation, amortization and special items (EBITDA)

TDC's EBITDA decreased by DKK 493m or 3.8% to DKK 12,498m in 2007. This was caused primarily by negative growth in Fixnet Nordic's EBITDA with a decrease of DKK 443m or 11.1% resulting chiefly from lower gross profit from traditional landline telephony and higher costs regarding increased installation and cable damage. EBITDA in Sunrise decreased DKK 209m or 8.2% due largely to lower exchange rate. Furthermore, EBITDA in Mobile Nordic decreased DKK 42m or 3.0% due primarily to lower gross profit from roaming-in traffic, higher customer acquisition costs and higher wages and salaries. The negative growth was partly counterbalanced by increased EBITDA of DKK 192m or 5.5% in Business Nordic that related principally to higher gross profit from mobile services, data communications and internet services and fiber access. EBITDA in YouSee increased DKK 155m or 25.1% reflecting primarily more customers on analog TV and broadband. The acquisition of Invitel more than offsets the divestment of Bité. Adjusted for acquired and divested enterprises, the decrease was 5.0%.

EBITDA **DKKm**

TDC Group	**2006**	**2007**	**Growth in % 2007 vs. 2006**
Business Nordic	3,492	3,684	5.5
Fixnet Nordic	3,990	3,547	(11.1)
Mobile Nordic	1,409	1,367	(3.0)
YouSee	617	772	25.1
Sunrise	2,559	2,350	(8.2)
Other activities[1]	924	778	(15.8)
TDC Group	**12,991**	**12,498**	**(3.8)**

[1] Includes IT Nordic, enterprises outside the Nordic region and Switzerland, Headquarters and eliminations.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses decreased by DKK 264m or 4.1% to DKK 6,227m in 2007. The reduction reflected mainly lower write-downs for impairment and the reduced investment level in Sunrise in recent years. Furthermore, lower amortization regarding customer-related assets due to the changed amortization method, lower amortization of software and lower depreciation on telecommunication installations.

Special items

Special items included 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, and costs for restructuring etc. Items of a similar nature for the non-consolidated enterprises are recognized under income from associates and joint ventures as well as net income from discontinued operations.

In 2007, special items before and after tax amounted to DKK 1,809m and DKK 1,243m, respectively. Special items before tax comprised primarily a gain from divestment of enterprises and properties amounting to DKK 4,611m consisting of divestment of properties amounting to DKK 3,426m and a gain from divestment of Bité of DKK 1,185m. This was partly counterbalanced by an impairment loss of DKK 2,507m related to goodwill from Sunrise. Special items were further impacted by restructuring costs of DKK (461)m, related largely to redundancy programs in the Nordic business and costs regarding discontinued use of sea cables, partly counterbalanced by income from rulings relating to VAT repayments of DKK 166m related to previous years.

In 2006, special items amounted to DKK (312)m before tax and DKK (45)m after tax. Special items before tax comprised principally restructuring costs amounting to DKK (1,331)m partly counterbalanced by income of DKK 995m related to a retroactive reduction of the landline network interconnect rates for 2000-2005 for Sunrise. Restructuring costs reflected primarily the redundancy programs of DKK (574)m, which comprised restructuring and redundancies mainly in the domestic and Swiss operations. Moreover, restructuring costs were impacted by early repayment of EMTN debt of DKK (291)m and costs of DKK (338)m related to the unutilized part of the Senior Credit Facilities.

Income from associates and joint ventures

Income after income taxes from associates and joint ventures totaled DKK 1,401m in 2007 compared with DKK 449m in 2006, up DKK 952m, including Polkomtel and One. The increase related mainly to special items due to the divestment of One in 2007.

Income after income taxes from associates and joint ventures excluding special items amounted to DKK 542m in 2007 compared with DKK 439m in 2006, up DKK 103m. The increase related primarily to Polkomtel´s larger customer base.

Special items DKKm

TDC Group	**2006**	**2007**
Gain from divestment of enterprises and properties	147	4,611
Income from rulings	995	166
Impairment losses and adjustment of goodwill	(123)	(2,507)
Restructuring costs etc.	(1,331)	(461)
Special items before income taxes[1]	**(312)**	**1,809**
Income taxes related to special items	267	(566)
Special items after income taxes[1]	**(45)**	**1,243**

[1] In excess of the special items above, net income from discontinued operations included gains of DKK 3,251m after tax from the divestment of Talkline in 2007. Furthermore, an adjustment regarding the divestment of TDC Directories of DKK 7m was included in net income from discontinued operations in 2007. A DKK 859m gain after tax from divestment of shares in One was included in income from associates in 2007. In 2006, an adjustment of a DKK 10m gain after tax from the sale of Belgacom was included in results from associates.

Net financials

Net financials, including fair value adjustments, amounted to DKK (3,396)m in 2007, an increase of DKK 673m compared with 2006. Financial expenses, net, excluding fair value adjustments, amounted to an expense of DKK 3,274m in 2007, an increase of DKK 374m compared with 2006.

This development reflect largely the full-year effect of the changed capital structure in 2006 as well as increased interest expenses due to HTCC's acquisition of Invitel. This was partly offset by the development of foreign currency adjustments, which were positive in 2007 and negative in 2006.

In 2007, fair value adjustments totaled an expense of DKK 122m compared with an income of DKK 177m in 2006, reflecting principally value adjustment of derivative financial instruments in both years.

Income taxes

Income taxes amounted to DKK 1,431m in 2007, an increase of DKK 573m compared with 2006.

Income taxes related to net income, excluding special items and fair value adjustments, totaled DKK 806m in 2007, a decrease of DKK 271m compared with 2006.

The effective tax rate, excluding special items and fair value adjustments was 22.8% in 2007 compared with 26.7% in 2006. In total, the development was positively impacted by the changed Danish tax legislation. On an ongoing basis, the changed tax legislation will have a negative impact due to the limited tax deductibility of interest expenses, which will be only partly offset by the reduction of the corporate income tax rate from 28% to 25%. However, in 2007 a non-recurrent positive impact on deferred taxes resulted from the lower corporate tax rate. The effective tax rate also developed positively due to taxes in 2006 related to dividends from Polkomtel.

Income taxes relating to special items amounted to DKK 566m in 2007 compared with a tax income of DKK 267m in 2006. Income taxes relating to fair value adjustments amounted to DKK 59m in 2007 compared with DKK 48m in 2006.

Net income from discontinued operations

In 2007, net income from discontinued operations amounted to DKK 3,513m, compared with DKK 387m in 2006. The increase was due largely to a gain of DKK 3,251m from divestment of Talkline in 2007.

Net income

Net income, including special items and fair value adjustments, increased by DKK 4,724m to DKK 8,167m in 2007. The increase related mainly to the gain from divestment of Talkline, Bité and One as well as sale and leaseback of properties in 2007. This was partly counteracted by impairment loss related to goodwill from Sunrise due to reduced expectations of Sunrise's performance. Net income, excluding special items and fair value adjustments, decreased by DKK 374m or 11.1% to DKK 2,988m.

Balance Sheets

Total assets amounted to DKK 79,536m at year-end 2007, down DKK 1,233m compared with year-end 2006. The decrease during 2007 was due chiefly to lower receivables and lower intangible assets. This was partly counteracted by an increase in cash.

Equity aggregated DKK 10,427m at year-end 2007, up DKK 6,856m compared with year-end 2006. The increase in equity during 2007 was due largely to net income of DKK 8,167m in 2007. This was counterbalanced by dividend payments of DKK 694m and currency translation adjustments of foreign enterprises, net of hedging and tax, DKK 621m.

Total liabilities amounted to DKK 69,109m, down by DKK 8,089m compared with year-end 2006. The decrease in liabilities during 2007 was due primarily to lower loans. This was partly counteracted by increased income tax payables.

Net interest-bearing debt

Net interest-bearing debt totaled DKK 41,400m at year-end 2007, down DKK 13,821m compared with 2006. The decrease in net interest-bearing debt was due to cash flow from operating activities and the proceeds from the divestment of Talkline, Bité and One as well as sale and leaseback of properties. The acquisition of Invitel[12] and interest payments on long-term debt had a negative influence on the development in net interest-bearing debt.

The Senior Facilities Agreement (SFA) is the main debt-financing instrument in TDC, representing 70.2% of total loans (in terms of net carrying value). Apart from a revolving credit facility, the SFA comprises three term loans, one being repayable in installments until 2011 (Facility A) and the other two being repayable as a bullet in 2014 and 2015, respectively (Facilities B and C).

During 2007, the drawings (nominal values) under the SFA were reduced by DKK 12,222m (EUR 1,638m) including mandatory prepayments stemming from disposals of certain assets.

During the third quarter of 2007 and the beginning of fourth quarter of 2007, TDC bought back SFA loans of DKK 3,634m (EUR 487m), of which DKK 1,425m (EUR 191m) was settled in the fourth quarter of 2007 and DKK 2,207m (EUR 296m) are expected to be settled in the first quarter of 2008. At year-end 2007 the following amounts (nominal values) drawn in euro were outstanding under the SFA: Facility A: DKK 7,244m (EUR 971m), Facility B: DKK 12,827m (EUR 1,719m) and Facility C: DKK 15,521m (EUR 2,080m). Adjusted for the buy-backs of DKK 2,207m (EUR 296m) to be settled in the first quarter of 2008 the following amounts were outstanding: Facility A: DKK 7,037m (EUR 943m), Facility B: DKK 11,894m (EUR 1,594m) and Facility C: DKK 14,454m (EUR 1,937m).

Capital expenditures

Capital expenditures, including share acquisitions, were DKK 5,850m in 2007, up DKK 255m compared with 2006. The increase stemmed mainly from the acquisition of Invitel by HTCC in 2007.

Capital expenditures, excluding share acquisitions, were DKK 5,207m in 2007, down DKK 49m compared with 2006. The reduction stemmed mainly from divestment of Bité, outsourcing of IT infrastructure and in Sunrise, lower GSM and EDGE network investments and a lower exchange rate. This was partly counteracted by the acquisition of Invitel and increased investments in principally the domestic GSM and UMTS networks and capital leases of property and PCs for TDC's employees.

The capex-to-revenue ratio was 13.2% in both 2006 and 2007.

Statements of Cash Flow

Cash flow from operating activities amounted to DKK 9,938m in 2007, down DKK 203m compared with 2006. This decrease related chiefly to higher net interest paid in 2007 compared with 2006 counterbalanced by an im-

[12] Debt in Invitel is included in Other loans.

Net interest-bearing debt [1] — DKKm

TDC Group	**2006**	**2007**
Senior Facilities	46,754	34,922
Euro Medium Term Notes (EMTN)	9,535	9,537
Other loans	2,460	5,258
Loans	**58,749**	**49,717**
Interest-bearing payables	5	3
Gross interest-bearing debt	**58,754**	**49,720**
Interest-bearing receivables	(78)	(69)
Cash	(3,455)	(8,251)
Net interest-bearing debt	**55,221**	**41,400**

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

provement in the development in working capital, a positive development in cash flow from special items and higher realized currency adjustments in 2007 compared with 2006.

Cash flow from investing activities totaled DKK 7,886m in 2007 compared with DKK (989)m in 2006. The development was driven largely by the sale and leaseback of properties, the divestment of Talkline, Bité and One in 2007 partly offset by sale of marketable securities in 2006.

Cash flow from financing activities totaled DKK (13,028)m in 2007 compared with DKK (15,760)m in 2006. The positive development related mainly to higher dividend payment in 2006 compared with 2007 and lower repayment of long-term debt in 2007 compared with 2006. This was partly counteracted by lower proceeds from long term loans.

TDC's cash and cash equivalents increased from DKK 3,455m at year-end 2006 to DKK 8,251m at year-end 2007.

Business Nordic

In 2007, Business Nordic's revenue and EBITDA were DKK 12,419m and DKK 3,684m respectively, compared with DKK 12,270m and DKK 3,492m in 2006. The EBITDA margin was 29.7% in 2007 compared with 28.5% in 2006.

At year-end 2007, Business Nordic had 3,808 full-time employee equivalents compared with 3,965 in 2006 and 1.7m customers against 1.5m in 2006.

Revenue

Business Nordic's revenue increased DKK 149m or 1.2% to DKK 12,419m in 2007. This revenue increase was driven mainly by growth in mobile telephony, data communications and internet services as well as fiber access. This was countered by declining revenue from traditional landline telephony and lower mobile termination fees and roaming prices.

Data communications and internet services

This business area includes largely broadband solutions, private IP-based networks and data communications services. In 2007, revenue from data communications and internet services rose by DKK 121m or 3.4% to DKK 3,655m. This can be attributed to a 12.5% increase in the number of domestic customers combined with growth in the Nordic internet access and IP-VPN customer base.

Selected financial and operational data — **Excluding special items**

Business Nordic		**2006**	**2007**	**Growth in % 2007 vs. 2006**
	DKKm			
Revenue		**12,270**	**12,419**	**1.2**
Transmission costs and cost of goods sold		(5,207)	(5,141)	1.3
Other external expenses		(1,629)	(1,661)	(2.0)
Wages, salaries and pension costs		(1,987)	(2,016)	(1.5)
Total operating expenses before depreciation etc.		**(8,823)**	**(8,818)**	**0.1**
Other income and expenses		45	83	84.4
Income before depreciation, amortization and special items (EBITDA)		**3,492**	**3,684**	**5.5**
Key financial ratios				
EBITDA margin [1]	%	28.5	29.7	-
Subscriber base (end-of-year)	(1,000)			
Landline customers		430	405	(5.8)
Internet customers		304	342	12.5
Mobile customers		664	818	23.2
International customers		80	94	17.5
Subscriber base, total		**1,478**	**1,659**	**12.2**
Number of employees [2]		**3,965**	**3,808**	**(4.0)**

[1] Income before depreciation, amortization and special items divided by revenue.
[2] The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees.

Landline telephony
This business area covers primarily traditional landline telephony, including PSTN and ISDN products, as well as convergence products and VoIP solutions. In 2007, revenue from landline telephony decreased by DKK 206m or 6.4% to DKK 3,036m. The decline was driven mainly by a 5.8% decreasing customer base with a lower usage due to the general market trend for traffic to migrate to the mobile networks and IP telephony.

Mobile telephony
Revenue from mobile telephony grew by DKK 133m or 6.0% to DKK 2,347m driven by a 23.2% domestic customer base increase, including a strong growth contribution from 3G data card subscriptions. This was partly counteracted by lower mobile termination fees and lower roaming prices.

Leased lines
Revenue from leased lines amounted to DKK 418m up DKK 63m or 17.7% reflecting mainly increased sales of fiber access.

Terminal equipment etc.
Revenue from terminal equipment was down by DKK 14m or 0.5% to DKK 2,697m. The decrease reflects lower sales of data and tele CPE in the Danish operations counterbalanced by growth in TDC Nordic.

Transmission costs and cost of goods sold
Transmission costs and cost of goods sold amounted to DKK 5,141m in 2007, down DKK 66m or 1.3% compared with 2006. The decrease stemmed mainly from lower domestic landline traffic and was partly counteracted by higher transmission costs due to higher mobile activity.

Other external expenses
Other external expenses amounted to DKK 1,661m in 2007, an increase of DKK 32m or 2.0%, stemming principally from a higher activity level in Business Nordic, higher acquisition costs, increased marketing costs and higher consultancy fees.

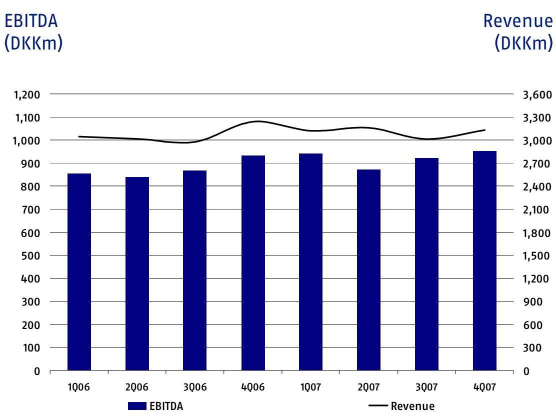
Wages, salaries and pension costs
In 2007, wages, salaries and pension costs amounted to DKK 2,016m, up DKK 29m or 1.5% driven by more full-time employee equivalents in NetDesign and TDC Hosting counteracted by a reduction in the remainder of Business Nordic domestic activities due partly to redundancy programs.

Revenue DKKm

Business Nordic	**2006**	**2007**	**Growth in % 2006 vs. 2007**
Revenue	12,270	12,419	1.2
Data communications and internet services	3,534	3,655	3.4
Landline telephony	3,242	3,036	(6.4)
Mobile telephony	2,214	2,347	6.0
Leased lines	355	418	17.7
Terminal equipment etc.	2,711	2,697	(0.5)
Other	214	266	24.3

Income before depreciation, amortization and special items (EBITDA)

In 2007, EBITDA amounted to DKK 3,684m, up by DKK 192m or 5.5%, reflecting largely higher gross profit from mobile telephony, data communications and internet services and higher sale of fiber access.



Fixnet Nordic

At year-end 2007, Fixnet Nordic had 3.1m customers, compared with 3.2m in 2006. The number of full-time employee equivalents totaled 5,768 by year-end 2007 compared with 6,208 in 2006.

Revenue and EBITDA were DKK 9,357m and DKK 3,547m, respectively in 2007 compared with DKK 9,723m and DKK 3,990m in 2006. The EBITDA margin decreased from 41.0% in 2006 to 37.9% in 2007, as a result largely of the negative growth in landline telephony business.

Revenue

In 2007, Fixnet Nordic's revenue totaled DKK 9,357m, a decrease of DKK 366m or 3.8% compared with 2006. The decrease was due mainly to a fall in landline telephony revenue of DKK 544m that was generated by a decreasing customer base and lower traffic. This was driven by migration to mobile and to some extent VoIP. Higher revenue of DKK 143m from broadband services partly offset the fall in landline revenue.

Landline telephony, residential

In 2007, revenue from landline telephony, residential decreased by DKK 442m or 11.0% to DKK 3,577m.

Selected financial and operational data — **Excluding special items**

Fixnet Nordic		**2006**	**2007**	**Growth in % 2007 vs. 2006**
	DKKm			
Revenue		**9,723**	**9,357**	**(3.8)**
Transmission costs and cost of goods sold		(2,172)	(2,156)	0.7
Other external expenses		(2,457)	(2,501)	(1.8)
Wages, salaries and pension costs		(1,994)	(1,999)	(0.3)
		(6,623)	**(6,656)**	**(0.5)**
Operating expenses allocated to other business lines		741	741	0.0
Total operating expenses before depreciation etc.		**(5,882)**	**(5,915)**	**(0.6)**
Other income and expenses		149	105	(29.5)
Income before depreciation, amortization and special items (EBITDA)		**3,990**	**3,547**	**(11.1)**
Key financial ratios				
EBITDA margin [1]	%	41.0	37.9	-
Subscriber base (end-of-year)	(1,000)			
Landline customers		2,138	1,932	(9.6)
Internet customers		755	768	1.7
Mobile customers		311	345	10.9
TV customers		3	13	-
Subscriber base, total		**3,207**	**3,058**	**(4.6)**
Number of employees [2]		**6,208**	**5,768**	**(7.1)**

1 Income before depreciation, amortization and special items divided by revenue.
2 The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees.

Revenue from subscriptions decreased by DKK 203m or 8.0% to DKK 2,324m in 2007, driven primarily by a decrease of approximately 166,000 or 9.9% in the number of domestic landline customers to 1.5m at year-end 2007.

In 2007, revenue from landline traffic decreased by DKK 240m or 16.1% to DKK 1,252m. The decrease is due to the migration of traffic to the mobile and IP networks. Landline traffic decreased by 0.7bn minutes or 14.5% in 2007 compared with 2006.

Landline telephony, wholesale

In 2007, revenue from landline telephony, wholesale decreased by DKK 80m or 4.3% to DKK 1,776m, stemming mainly from a lower wholesale customer base of 66,000 customers partly offset by increased revenue from international transit traffic.

Data communications and internet services

In 2007, revenue from data communications and internet services rose by DKK 87m or 4.9% to DKK 1,872m and covered largely broadband solutions, dial-up solutions and data communications services. The increase stemmed mainly from growth in xDSL sales of DKK 143m, partly offset by a decrease in revenue from dial-up customers. Fixnet Nordic's residential broadband customer base grew from 446,000 in 2006 to 510,000 at year-end 2007.

Leased lines

In 2007, revenue from leased lines decreased by DKK 6m, or 0.8% to DKK 771m. This business area comprises domestic and international leased line services to other telecommunications operators on a wholesale basis.

Mobile telephony

In 2007, revenue from mobile telephony, which consisted of Duét customers, rose by DKK 17m or 3.9% to DKK 450m, driven chiefly by a 10.9% increase in the customer base.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold amounted to DKK 2,156m in 2007, down DKK 16m or 0.7% compared with 2006. The decrease stemmed mainly from lower domestic landline traffic partly counterbalanced by growth in international transit traffic.

Other external expenses

Other external expenses increased by DKK 44m or 1.8% to DKK 2,501m in 2007 caused primarily by 18,000 extra installation and cable damage compared with 2006, an increase of 4%, causing higher costs for contractors.

Wages, salaries and pension costs

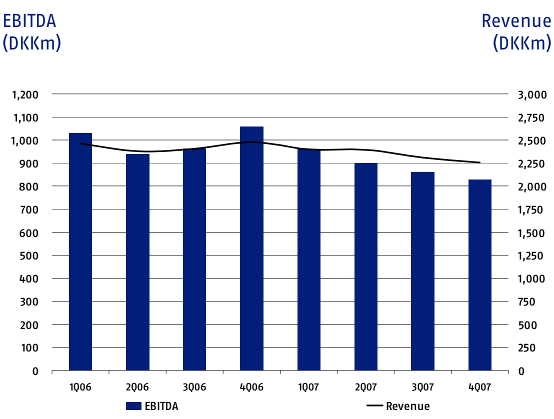
Wages, salaries and pension costs increased by DKK 5m or 0.3% to DKK 1,999m in 2007 driven primarily by increased personnel in call centers due to more incoming calls and increased average handling time and severance payments. This was partly offset by a reduction in full-time employee equivalents due to redundancy programs and reallocation of trainees to Headquarters.

Revenue **DKKm**

Fixnet Nordic	**2006**	**2007**	**Growth in % 2006 vs. 2007**
Revenue	9,723	9,357	(3.8)
Landline telephony	5,896	5,352	(9.2)
Data communications and internet services	1,785	1,872	4.9
Leased lines	777	771	(0.8)
Mobile telephony	433	450	3.9
Operator services	326	326	0.0
Other	506	586	15.8

Income before depreciation, amortization and special items (EBITDA)

In 2007, EBITDA amounted to DKK 3,547m, down by DKK 443m or 11.1%. This performance reflects largely declining growth in the landline telephony business, due to the migrations to mobile and to some extent VoIP, as well as higher costs due to a high level of installation and cable damage in 2007. This development was partly counterbalanced by increased growth in broadband solutions and general cost savings.



Mobile Nordic

Mobile Nordic's revenue and EBITDA in 2007 were DKK 5,906m and DKK 1,367m respectively, compared with DKK 5,980m and DKK 1,409m in 2006. The EBITDA margin was 23.1% in 2007 compared with 23.6% in 2006.

At year-end 2007, Mobile Nordic had 1,262 full-time employee equivalents compared with 1,226 in 2006 and 1.8m customers, as in 2006.

Revenue

Mobile Nordic's revenue decreased DKK 74m or 1.2% to DKK 5,906m in 2007. The revenue decrease was due mainly to lower mobile termination fees, EU roaming regulation and reduced sales of data CPE by TDC Shop. The retail postpaid segment grew by 50,000 customers to 540,000 and in Telmore the number of customers grew by 31,000 to 610,000 customers, counteracted by a decrease of 31,000 prepaid cards and a loss of 78,000 wholesale customers. The latter can be attributed mainly to the loss of debitel as a wholesale customer.

The current landline-to-mobile migration was reflected in strong voice traffic growth in 2007 with retail MoU per subscriber up by 12.9% to 96 minutes. Also in mobile data, volumes of traditional SMS texting rose, and 3G mobile services such as mobile broadband access became more widespread. Overall, retail ARPU was DKK 166, which was more or less unchanged compared with 2006.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold decreased by 2.1% or DKK 53m to DKK 2,480m in 2007. This can be attributed mainly to reduced sales of data CPE by TDC Shop

Selected financial and operational data — **Excluding special items**

Mobile Nordic		2006	2007	Growth in % 2007 vs. 2006
	DKKm			
Revenue		**5,980**	**5,906**	**(1.2)**
Transmission costs and cost of goods sold		(2,533)	(2,480)	2.1
Other external expenses		(1,733)	(1,742)	(0.5)
Wages, salaries and pension costs		(490)	(518)	(5.7)
		(4,756)	**(4,740)**	**0.3**
Operating expenses allocated to other business lines		181	196	8.3
Total operating expenses before depreciation etc.		**(4,575)**	**(4,544)**	**0.7**
Other income and expenses		4	5	25.0
Income before depreciation, amortization and special items (EBITDA)		**1,409**	**1,367**	**(3.0)**
Key financial ratios				
EBITDA margin [1]	%	23.6	23.1	-
Subscriber base (end-of-year)	(1,000)			
Subscriber base, total		**1,801**	**1,774**	**(1.5)**
Number of employees [2]		**1,226**	**1,262**	**2.9**

[1] Income before depreciation, amortization and special items divided by revenue.
[2] The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees.

partly offset by increased transmission costs from higher voice and SMS traffic and increased sales of handsets.

Other external expenses

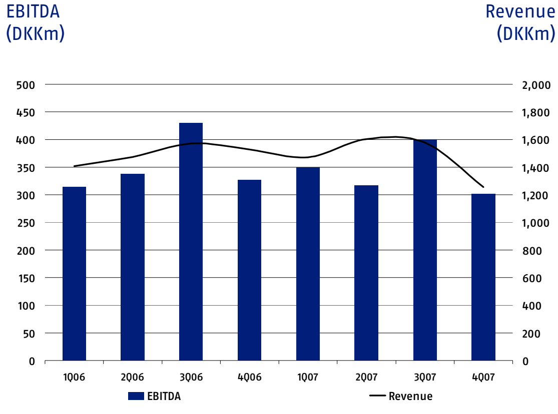
Other external expenses amounted to DKK 1,742m in 2007, an increase of DKK 9m or 0.5%, stemming primarily from higher customer acquisition costs.

Wages, salaries and pension costs

In 2007, wages, salaries and pension costs amounted to DKK 518m, up DKK 28m or 5.7% caused by more full-time employee equivalents, due to organizational changes, and higher wages and salaries.

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

In 2007, Mobile Nordic's EBITDA fell by DKK 42m or 3.0% to DKK 1,367m reflecting chiefly lower gross profit from roaming-in traffic, higher customer acquisition costs and higher wages and salaries.



YouSee

In 2007, YouSee's revenue and EBITDA totaled DKK 2,852m and DKK 772m, respectively, compared with DKK 2,458m and 617m in 2006. The EBITDA margin was 27.1% in 2007 compared with 25.1% in 2006.

At year-end 2007, YouSee's cable-TV customers totaled 1.092m, up 3.1% compared with 2006. The number of customers with internet access rose by 6.9% to 309,000 and the number of telephony customers increased by 29.6% to 35,000.

At year-end 2007, YouSee had 1,110 full-time employee equivalents compared with 1,118 in 2006.

Revenue

YouSee's revenue rose by DKK 394m or 16.0% to DKK 2,852m in 2007. YouSee's core business area is TV, offered in three standard packages (basic, medium and full-range) both to individual customers and antenna and housing associations. The increase was driven largely by higher cable-TV revenue of 15.6%, due to a larger customer base and higher ARPU from new TV channels.

YouSee's broadband businesses contributed revenue growth of 8.2% due mainly to a larger customer base, which amounted to 309,000 broadband customers in 2007, an increase of 6.9% compared with 2006. Furthermore, increased revenue growth from telephony due to 29.6% growth in the landline customer base in 2007 com-

Selected financial and operational data — **Excluding special items**

YouSee		2006	2007	Growth in % 2007 vs. 2006
	DKKm			
Revenue		**2,458**	**2,852**	**16.0**
Transmission costs and cost of goods sold		(1,045)	(1,177)	(12.6)
Other external expenses		(402)	(467)	(16.2)
Wages, salaries and pension costs		(395)	(437)	(10.6)
Total operating expenses before depreciation etc.		**(1,842)**	**(2,081)**	**(13.0)**
Other income and expenses		1	1	0.0
Income before depreciation, amortization and special items (EBITDA)		**617**	**772**	**25.1**
Key financial ratios				
EBITDA margin [1]	%	25.1	27.1	-
Subscriber base (end-of-year)	(1,000)			
Cable TV customers		1,059	1,092	3.1
Internet customers		289	309	6.9
Telephony customers		27	35	29.6
Subscriber base, total		**1,375**	**1,436**	**4.4**
Number of employees [2]		**1,118**	**1,110**	**(0.7)**

[1] Income before depreciation, amortization and special items divided by revenue.
[2] The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees.

pared with 2006. The customer base amounted to 35,000 customers at year-end 2007, of whom 26,000 are VoIP customers.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold totaled DKK 1,177m in 2007, up DKK 132m or 12.6% compared with 2006, stemming mainly from increased program expenses primarily as a result of the wider range of programs included in the packages.

Other external expenses

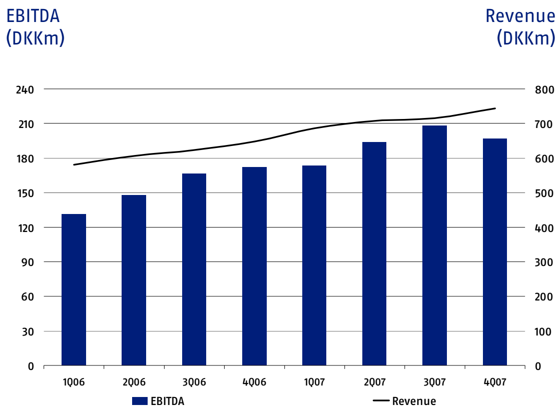
Other external expenses amounted to DKK 467m in 2007, up DKK 65m or 16.2%, related primarily to increased activity and branding of YouSee.

Wages, salaries and pension costs

Wages, salaries and pension costs rose by DKK 42m or 10.6% to DKK 437m, due largely to a general increase in wages and salaries as well as a changed workforce mix.

Income before depreciation, amortization and special items (EBITDA)

YouSee's EBITDA totaled DKK 772m in 2007, up DKK 155m or 25.1%. The increase in EBITDA related to an increased gross profit from TV and internet, due mainly to an increased customer base and higher ARPU.



Sunrise

At year-end 2007, Sunrise had 2.3m customers comprising 1.5m mobile customers, 0.5m landline customers and 0.3m internet customers.

Revenue and EBITDA in Sunrise in 2007 were DKK 8,842m and DKK 2,350m, respectively, compared with DKK 9,252m and DKK 2,559m in 2006. The EBITDA margin was 26.6%, which was 1.1 percentage points lower than in 2006.

At year-end 2007, Sunrise had 2,036 full-time employee equivalents, compared with 2,246 in 2006.

Revenue

In 2007, Sunrise's revenue totaled DKK 8,842m, down by DKK 410m or 4.4%. In local currency, revenue decreased by 0.1%.

Mobile telephony

Revenue from mobile telephony amounted to DKK 5,373m in 2007, down DKK 323m or 5.7%. The decline reflected primarily a lower exchange rate. In local currency, revenue from mobile telephony decreased 1.3% mainly as a consequence of less revenue from the postpaid segment due to retail price reductions, reduced mobile termination fees and lower handset sales. This was partly counterbalanced by increased revenue from a larger prepaid customer base.

Selected financial and operational data — **Excluding special items**

Sunrise		2006	2007	Growth in % 2007 vs. 2006
	DKKm			
Revenue		**9,252**	**8,842**	**(4.4)**
Transmission costs and cost of goods sold		(3,311)	(3,280)	0.9
Other external expenses		(2,095)	(2,049)	2.2
Wages, salaries and pension costs		(1,291)	(1,163)	9.9
Total operating expenses before depreciation etc.		**(6,697)**	**(6,492)**	**3.1**
Other income and expenses		4	0	(100.0)
Income before depreciation, amortization and special items (EBITDA)		**2,559**	**2,350**	**(8.2)**
Key financial ratios				
EBITDA margin [1]	%	27.7	26.6	-
Subscriber base (end-of-year)	(1,000)			
Landline customers		502	457	(9.0)
Mobile customers		1,361	1,524	12.0
ADSL customers		225	232	3.1
Dial-up customers		118	60	(49.2)
Subscriber base, total		**2,206**	**2,273**	**3.0**
Number of employees [2]		**2,246**	**2,036**	**(9.3)**

[1] Income before depreciation, amortization and special items divided by revenue.
[2] The number denotes end-of-year full-time employee equivalents including permanent employees, trainees and temporary employees.

Landline telephony

Revenue from landline telephony decreased by DKK 50m or 1.8% to DKK 2,745m in 2007. In local currency, revenue increased by 2.4% stemming largely from wholesale activities due to higher international transit traffic and increased income from network integration solutions. However, this was partly offset by decreasing retail landline revenue caused by lower prices and a reduction in the customer base of 45,000 to 457,000 customers, due chiefly to a generally declining market.

Internet services

In 2007, revenue from internet services decreased by DKK 37m or 4.9% to DKK 724m. In local currency, revenue decreased by 0.6%. In local currency broadband revenue increased due to a rise in the customer base of 7,000 to 232,000 customers. This was counteracted by a decrease in internet dial-up revenue due to a reduction in the number of customers from 118,000 in 2006 to 60,000 in 2007, which can be attributed to migration toward higher connection speeds.

Transmission costs and cost of goods sold

Transmission costs and cost of goods sold amounted to DKK 3,280m in 2007, down DKK 31m or 0.9% compared with 2006. In local currency, transmission costs and cost of goods sold rose by 3.6%. This can be attributed mainly to higher transmission costs and raw materials from higher activity levels within wholesale transit traffic and network integration solutions, respectively. This was partly countered by lower handset costs derived from lower sales of handsets.

Other external expenses

Other external expenses amounted to DKK 2,049m in 2007, down DKK 46m or 2.2% compared with 2006. In local currency, other external expenses increased by 2.5% due to higher marketing costs associated with the company's repositioning, costs related to internal IT projects and higher customer retention costs within mobile.

Wages, salaries and pension costs

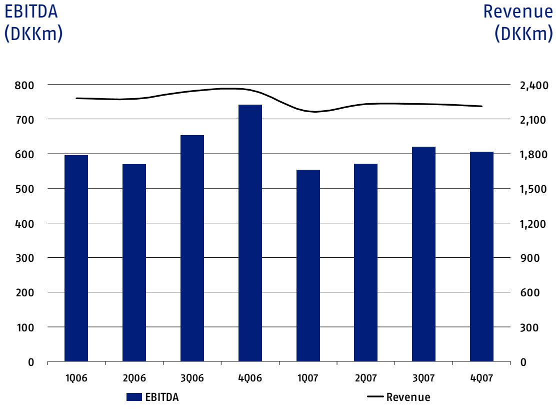
Wages, salaries and pension costs amounted to DKK 1,163m, down DKK 128m or 9.9% in 2007, due mainly to a reduction of 210 full-time employee equivalents. In local currency, wages, salaries and pension costs decreased by 5.9%.

Revenue **DKKm**

Sunrise	**2006**	**2007**	**Growth in % 2007 vs. 2006**
Revenue	9,252	8,842	(4.4)
Mobile telephony	5,696	5,373	(5.7)
Landline telephony	2,795	2,745	(1.8)
Internet services	761	724	(4.9)

Income before depreciation, amortization and special items (EBITDA)

EBITDA decreased by DKK 209m or 8.2% to DKK 2,350m in 2007. In local currency, EBITDA decreased by 4.1% reflecting primarily a reduced gross profit from mobile termination, larger share of prepaid customers with a lower margin and a shift within landline telephony from high-margin retail revenue to low-margin wholesale revenue.



Other activities

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

Bité was divested at the beginning of February 2007, and was included in the financial figures until then. Bité was primarily a mobile operator with businesses in Lithuania and Latvia and was 100% owned by TDC. The divestment of Bité had a negative impact on revenue and EBITDA in 2007.

HTCC is a 64.6% owned landline and data communications provider. HTCC acquired Invitel on April 27, 2007 and Invitel is included in the financial figures as from May 2007. The acquisition of Invitel had a positive impact on revenue and EBITDA in 2007.

Headquarters' EBITDA decreased from 2006 to 2007, principally as a result of property divestments, which resulted in increased lease payments. EBITDA was also negatively affected by increased wages due to severance payments and the transfer of trainees from business lines to Headquarters.

In the last couple of years, IT Nordic has been outsourcing all operations and some system development and maintenance. This has resulted in a decrease in EBITDA from 2006 to 2007, which stemmed mainly from increased costs due to outsourcing of TDC's IT infrastructure to CSC as of April 2007.

Risk management

Operational risk management

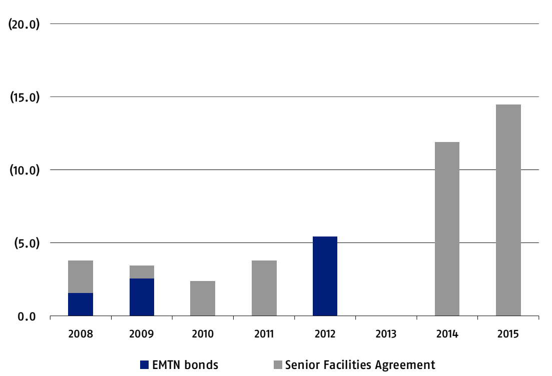
TDC has a central Risk Management function and a Corporate Security function, which handle the operational risk management of TDC. Additionally, each subsidiary has appointed employees responsible for security and insurance issues who work closely together with the central risk management functions. The risk management activities are governed largely by a corporate insurance policy, which is anchored in the corporate security policy.

The aim of the central Security and Risk Management functions is systematically to identify and reduce risks relating to TDC's 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 performed 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.

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

Maturity profile of gross debt, nominal value DKKbn



Note: Graph shows the maturity profile of TDC's gross debt accord-ing to the loan agreements. Debt in HTCC of DKKbn 4.1 is not in-cluded.

Financial management and market risk disclosures

TDC 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 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 on a daily basis and reported to the Group CFO on a weekly basis.

Group Treasury is responsible for the financial systems and methodologies used to calculate and estimate risk positions. Further, TDC's internal auditors review Group Treasury's procedures and methodologies on a regular basis and thus ensure compliance with regulations and internal guidelines and procedures. 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 TDC's financial risk management are set out in the financial strategy, which is reviewed and if necessary revised on an annual basis. The financial strategy is approved by TDC's Board of Directors.

Following the acquisition of TDC in February 2006 by NTC and the subsequent change in capital structure, the interest and exchange rate risks to which TDC is exposed have increased. The relevant financing includes several financial covenants and undertakings to which TDC 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, in order for NTCH to meet its debt service requirements on its high-yield bond debt. TDC's financial strategy was revised in late 2006 and altered to accommodate these new requirements through 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. Therefore, TDC does not have significant debt positions to be refinanced in the coming years. A revolving credit facility of DKK 5.2bn is sufficient to handle the refinancing risk.

All cash resources are highly liquid. Thus, TDC's exposure to liquidity risk is limited.

Interest rate risks

TDC is chiefly exposed 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 risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

Throughout 2007, TDC has monitored and managed the interest rate risk using several variables in accordance with TDC's financial strategy. These variables primarily protect TDC's retained earnings, financial covenants and undertakings, which TDC must adhere to according to the SFA. The following variables are monitored:

- 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 1,400m
- 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
- In relation to the fixed interest rate proportion of the debt, a maximum of 25% of the gross debt (including related derivatives) shall be reset within a year

The table below shows the interest rate risk variables monitored by TDC. As TDC implemented the new financial strategy in late December 2006, there is no data for the period prior to the end of the fourth quarter 2006.

Exchange rate risks

TDC is primarily exposed to exchange rate risks from EUR, CHF and SEK. The exchange rate exposure from TDC'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

[13] A two-percentage-point breach occurred in the period May 3 – July 9, 2007. The breach was thoroughly assessed but was deemed to be insignificant, and of a temporary nature and therefore accepted.

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

	Maxima/ minima	4Q 06	1Q 07	2Q 07	3Q 07	4Q 07	Average 2007	Interval 2007
Interest rate VaR on gross debt	Max. 2,500	1,607	1,492	1,364	1,267	1,270	1,388	1,207 – 1,604
Interest rate VaR on the derivatives portfolio and marketable securities	Max. 1,400	624	553	481	431	510	510	400 – 624
Share of floating interest rate debt	Max. 60%	40%	40%	34%	32%	31%	35%	30% – 40%
Duration of gross debt (years)	Min. 1.5	2.35	2.15	2.29	2.24	2.38	2.31	2.12 – 2.56
Duration of cash accounts, marketable securities and deposits (years)	Max. 0.5	0.00	0.01	0.00	0.01	0.01	0.01	0.00 – 0.07
The maximum share of fixed interest rate gross debt to be reset within one year	Max. 25%	21%	15%	27%[13]	25%	18%	22%	15% – 27%

exchange rate exposure arising from accounts payable and receivable has been hedged on the date on which they are recognized.

Due to TDC's capital structure, the exposure from financial activities in EUR is significant, as 87% 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), TDC does not consider positions in EUR to constitute a significant risk.

With the exception of Sunrise, TDC has not hedged investments in foreign entities. Because of the significant exposure arising from the investment in Sunrise, this investment has been hedged.

Throughout 2007, TDC monitored and managed exchange rate risk using several variables in accordance with TDC's financial strategy. These variables primarily protect retained earnings, financial covenants and undertakings to which TDC must adhere according to the SFA. The following variables are monitored:

- Exchange rate VaR on equity investments and intragroup loans (both including related hedging instruments) shall not exceed DKK 700m
- 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 in EUR shall not exceed DKK 250m and the same positions in other currencies (than EUR) shall not exceed DKK 50m

The table below shows the exchange rate variables monitored by TDC. As TDC implemented the new financial strategy in late December 2006, there is no data for the period prior to the end of the fourth quarter 2006.

In addition to the above variables, the revised financial strategy includes a range of updated 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. Further, exchange rate VaR on EBITDA or Consolidated Cash Flow shall not exceed 2% of EBITDA or Consolidated Cash Flow.

Credit risks

TDC is exposed to credit risks principally as a supplier of telecommunications services in Denmark and abroad and as counterparty in financial contracts. The credit risk arising from supplying telecommunication services is handled by the individual business lines, whereas the credit risk in relation to financial contracts is handled centrally by Group Treasury. Credit risk arising in relation to financial contracts is governed by a set of policies and procedures which defines a maximum exposure regarding each counterparty. The maxima, which are approved by the Board of Directors, are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P), Moody's Investor Services (Moody's) or Fitch Ratings (Fitch). Credit risk is monitored on a daily basis.

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

	Maxima	4Q06	1Q07	2Q07	3Q07	4Q07	Average 2007	Interval 2007
Exchange rate VaR on equity investments and intragroup loans	700	562	532	571	523	554	542	503 - 577
Exchange rate VaR in EUR[1]	250	155	137	125	113	125	126	110 - 156
Exchange rate VaR in other currencies than EUR[1]	50	11	4	10	6	14	11	3 - 32

[1] Gross debt, other hedging instruments, loans to associates, cash accounts, marketable securities and accounts payable and receivable.

Credit rating

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

TDC's Company Ratings as of December 31, 2007

Rating	Short-term	Long-term	Outlook
S&P	B	BB-	Stable
Moody's	-	Ba3	Positive
Fitch	B	BB-	Stable

In April 2007, Fitch put TDC on negative outlook but returned TDC to a stable outlook in June 2007. The negative outlook was specifically linked to the Danish corporate tax amendment and the – in Fitch's view – uncertain consequences for TDC. Fitch removed the negative watch rating when it had assessed the consequences for TDC.

In October 2007, Moody's changed TDC's outlook to positive from stable.

In November 2007, S&P confirmed TDC's ratings and outlook.

Shares

TDC had issued 198,375,177 shares of which 283,821 were held as treasury shares at year-end 2007.
TDC has no significant shareholdings other than shares held in its subsidiaries and associates.

TDC's related pension funds

The pension funds related to TDC invest in a wide variety of marketable securities (predominantly bonds 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 premium reserve 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 2007, cash, marketable securities and interest-bearing receivables amounted to DKK 8,320m compared with DKK 3,533m at year-end 2006, while short-term interest-bearing debt amounted to DKK 4,149m at year-end 2007, leaving net liquid assets at DKK 4,171m. The corresponding short-term interest-bearing debt and net liquid assets for year-end 2006 were DKK 1,980m and DKK 1,553m respectively.
Long-term interest-bearing debt totaled DKK 45,571m at year-end 2007, compared with DKK 56,774m at year-end 2006. Net interest-bearing debt constituted DKK 41,400m at year-end 2007 compared with DKK 55,221m at year-end 2006.

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

		TDC Group
	2007	**2006**
Cash, marketable securities and interest-bearing receivables	8,320	3,533
Short-term debt and interest-bearing payables	(4,149)	(1,980)
Net liquid assets	4,171	1,553
Long-term debt	(45,571)	(56,774)
Net interest-bearing debt	(41,400)	(55,221)
Cash, marketable securities and interest-bearing receivables	8,320	3,533
Undrawn committed short- and long-term credit lines	4,789	4,922
Total cash, marketable securities, net interest-bearing receivables and undrawn credit lines	13,109	8,455

TDC's total cash, marketable securities, interest-bearing receivables and undrawn credit lines totaled DKK 13,109m at year-end 2007, an increase of DKK 4,654m compared with year-end 2006.

In TDC's opinion, the available cash, marketable securities, interest-bearing receivables and undrawn credit lines are sufficient to maintain current operations, complete projects underway, finance stated objectives and plans, and meet short- and long-term cash requirements. In addition, although TDC is not legally obliged to do so, TDC considers that the available cash, marketable securities, interest-bearing receivables and undrawn credit lines are sufficient to pay out dividends in order for NTCH to meet debt-service requirements on its high-yield bond debt.

Risk factors related to TDC's operations

In addition to the risks described below, 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 position, results of operations or cash flows.

Risks related to TDC's business

The highly competitive pressures of the industries in which TDC operates could have a materially adverse effect on its main business lines

TDC faces significant competition from established and new competitors. TDC must match its competitors' product offerings, services, acquisition costs, and prices, or it may lose market share. If TDC is forced to lower its prices to match its competitors and if cost savings initiatives are not implemented with the required speed, TDC may experience decreasing profit margins and EBITDA. Some of the companies against which TDC's international operations compete have better access to financing, more comprehensive product offerings, greater personnel resources, greater brand-name recognition and experience or long-established relationships with regulatory authorities and customers.

In summary, competition in TDC's business could cause:

- continued price erosion for TDC's products and services
- loss of existing or prospective customers and greater difficulty in retaining existing customers
- obsolescence of existing technologies and the need for more rapid deployment of new technologies
- increased pressure on TDC's profit margins and EBITDA, preventing TDC from maintaining or improving its current level of operational profitability and cash flows

Landline

Traditional landline telephony is decreasing fast due to strong landline-to-mobile migration and migration to VoIP. The growing penetration of broadband and VoIP will increase the competitive pressure on traditional landline telephony, whereby TDC may lose its customers even faster than expected. This could adversely affect TDC's revenue and profit margins.

VoIP providers are offering telephony at reduced prices compared with traditional PSTN telephony. A risk also exists that TDC's own sale of VoIP could negatively affect the future earnings potential of its landline operation, as the price level for TDC's VoIP may not be maintained at levels similar to those for PSTN.

Continuing competition is also expected in landline telephony from IP-based internal networks (such as IP-VPN for business customers), antenna and housing association networks and the utility companies using their infrastructure to provide telephony and broadband. A number of operators have launched VoIP, and utility companies are well under way with the roll-out of FTTH. In total, the utility companies expect to roll out FTTH to 40% of, or approximately one million, Danish households.

In the market for leased lines, continuing competition is likely from substitution products, including IP-based transmission products such as MPLS, Ethernet solutions, wireless networks, WLAN, WiMAX and CDMA/450 MHz. Such products are often priced lower than leased lines, and product quality is sufficiently strong to constitute a viable alternative to traditional landline solutions.

Although TDC offers its customers substitution products and services for its traditional telephony products and transmission services, there is no assurance that TDC's current telephony customers will switch to its substitution products and services and not those of a competitor. Even if TDC manages to capture 100% of customer migration from traditional telephony to substitution products, its landline business may still experience decreasing profit margins, as margins for substitution products and services are generally lower than those for traditional telephony products and services.

Future growth in the landline market requires TDC to lead or adapt to technological developments, including the market's demand for even higher DSL speeds. TDC expects the future landline market to be dominated by providers offering bundles such as broadband, telephony, and TV in one package. Such types of bundled products complicate matters for the providers because of the technological, logistical and pricing complexities of combining these three services as a single product offering. If TDC fails to adapt to or lead technological developments, or to offer attractive packages of bundled products, TDC's market share and profit margins in the landline business may be adversely affected.

Mobile price decreases may accelerate the trend of migration from landline to mobile telephony. As TDC has a smaller share of the mobile market than the landline market in Denmark, such a migration could negatively affect TDC's earnings.

Mobile

TDC may be unable to develop and market attractive mobile services at competitive prices, which may prevent maintained or increased revenue and earnings from mobile business.

Market prices for many mobile services are continuing to fall, due to competition between mobile providers. At the same time, regulations are limiting prices for both terminating calls in TDC's mobile networks and roaming charges. Further growth in earnings will therefore require increasing sales volumes and continued cost reductions, which TDC may fail to achieve.

Although TDC's size gives economies of scale, mobile operations are challenged by new business models and the introduction of new products by competitors. TDC's offering of online self-service mobile telephony through its Danish subsidiary Telmore may not remain profitable, e.g. competitors may introduce new and successful business models more quickly, or TDC may be unable to adopt such new models. TDC's success will furthermore depend on its ability to keep pace with new mobile technologies, e.g. the change from 2G to 3G mobile telephony, HSDPA, video telephony and data packaging.

Growth in mobile data services is expected to be driven by an increase in the quantitative and qualitative capabilities of mobile business applications. TDC's success with 3G technology depends largely on its ability to develop and introduce attractive 3G products and services at competitive prices, including TDC's ability to benefit from general developments in the content services market. Low-cost VoIP may also threaten mobile telephony in the long term. Failure to lead or adapt to such technical changes in the mobile market or to compete with or adopt new business models may have a materially adverse effect on TDC's mobile business.

YouSee

YouSee is expected to face increasing competition from sources including utility companies, large antenna co-operatives and housing associations and satellite television providers. 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. Although DIGI-TV currently offers only four channels, the DTT network is expected to be expanded, with up to 16-20 channels by 2009 and increase the range of channels in the generally accessible terrestrial network, which will 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 cable-TV market.

Increasing competition in the Danish, Swiss and certain other European telecommunications markets in which TDC has major operations may lead to decreasing profit margins and further market share loss

The competition in the Danish telecommunications sector is driven by the low interconnection prices, strong competitors in the Danish market such as Telia and Telenor, and a regulation which provides competitors with access to TDC's network. To remain successful in this market, TDC may be required to cut prices for its services. In the Danish mobile market, prices could decline due to fierce competition, particularly from online products. Broadband customers are being offered increasing bandwidth at unchanged or even falling prices. Although traditionally TDC's prices for landline and mobile telephony as well as leased lines in Denmark are among the lowest in the EU, as market pressures continue, TDC's Danish operations may experience further reductions in profit margins.

Regulated wholesale prices (such as resale of PSTN, raw copper, BSA, switched interconnection) have improved conditions for other providers in the Danish market. This has increased the competition, and TDC believes that ongoing regulatory initiatives in Denmark will maintain strong competition.

In the pan-Nordic market, TDC's business customers are increasingly demanding Nordic solutions covering cross-border landline telephony, data communications, IP telephony and mobile communications, where competition, especially from other pan-Nordic providers, is intensifying. TDC faces increasing competition from the Nordic operators Telenor and Telia, which both offer full product suites of mobile, broadband, voice and TV. If TDC is unable to provide competitive cross-border solutions for TDC's Nordic business customers, an important segment of its customer base may be lost.

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

Sunrise has experienced price decreases in the Swiss landline market due to competition from established competitors, e.g. 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, such as Cablecom, are offering landline telephony at very low or flat-rate prices through their existing networks.

Competition in the broadband market has also intensified. Swisscom is offering a naked DSL – Mobile subscription bundle. If Sunrise should offer a similar product, it would have to be based on a wholesale product from Swisscom. However, this wholesale product is priced so that Sunrise is unable to obtain a positive margin on the retail market. This may lead to slower growth in Sunrise's broadband customer base.

Sunrise's backbone consists of leased dark fibers situated in the guard wire of high-voltage power lines. In a case in the Swiss Federal Court, the use of the power line for telecommunications purposes was disputed by the owner of a property over which a power line is situated. Based on the outcome of this case, Sunrise was forced to find alternative facilities to secure the part of the backbone in question. A risk might therefore arise as in future similar cases Sunrise may be forced to find alternative operators for other parts of its backbone network at substantial costs.

In the Swiss mobile market, Sunrise faces the risk of increased pricing pressure from both new MVNOs 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 share 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 starting to approach its 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.

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

As the mobile telecoms market in Denmark is mature and approaching saturation, subscriber growth in the market has slowed in recent years and TDC's mobile business may not grow at historical rates

The Danish mobile telecoms market is approaching saturation, with a penetration rate of 110. The degree to which the Danish mobile telecommunications market will continue to expand, if at all, is uncertain. However, TDC believes that, in addition to general market conditions, future market growth will be driven largely by new technologies (e.g. HSDPA and, online solutions) and new content. TDC's ability to sustain growth in revenue and its customer base despite the increased competition resulting from this market saturation will depend largely on retaining existing subscribers, convincing subscribers to switch from competing service providers to TDC's services, and stimulating and increasing usage. TDC may not achieve these aims if it is unable to enhance its existing mobile products and services and to develop, introduce and market new mobile technologies, products and services. If TDC fails to increase revenue from or expand its mobile business subscriber base in spite of market saturation, TDC's business, financial position and results of operations could be materially adversely affected.

Customer churn may adversely affect TDC's business

Customer churn arises mainly from new housing developments, subscriber change of address and price decreases by TDC's competitors. TDC's customer churn rate may also increase due to competitive developments or if TDC is unable to deliver satisfactory services over its network. Any interruption of TDC's services or other customer service problems could increase customer churn. Any increase in churn may cause TDC to reduce costs rapidly to preserve its margins or alternatively, to increase TDC's marketing expenses to retain or recover customers. TDC cannot be sure that the various measures TDC has taken to increase customer loyalty will reduce the rate of churn.

Going forward, TDC may face significant capital expenditures driven mainly by investments in new technologies and infrastructure, including TDC's network and IT systems. TDC cannot be sure that it will have sufficient liquidity to fund capital programs or ongoing operations in the future

TDC's business is capital intensive and has always been cash intensive. TDC's capital expenditure program will continue to require significant capital outlays in the foreseeable future, including the continued development of TDC's GSM and UMTS networks, cable-TV business, TDC's backbone network, TDC's continuing fiber network rollout including FTTN, and investments in new IT systems, including customer care and billing systems. The utility companies are well under way with their FTTH roll-out and expect to cover 40% of, or approximately one million, Danish households, which the Danish Competition Authority has estimated will cost the utility companies DKK 9.5bn. Although TDC now has more than 27,000 kilometers of fiber cable, primarily in the backbone network, competition from utility companies may force TDC to invest more heavily in both FTTN and FTTH.

In 2007, TDC decided to plan to replace vital parts of the Nordic Enterprise Architecture to lower costs, reduce product delivery times and improve customer intimacy. During this upgrade process, TDC may discover issues not entailed in the plan and therefore risks may incur additional investments and involve further impact from delays related to the additional investments.

TDC has modern networks but may need to invest in new networks and technologies in the future, such as Next Generation Networks, which could require significant capital expenditures. Network usage may develop faster than TDC anticipates, requiring greater capital investments more quickly than anticipated. However, TDC may not have the resources available for such investments.

Costs associated with the operating licenses for TDC's existing networks and technologies, including UMTS and those that TDC develops 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.

New technologies such as VoIP, VDSL, FTTH and Ethernet are being rolled out. TDC expects technological innovation to continue rapidly across all product lines and must anticipate and react to these changes, and develop or apply new, enhanced products and services rapidly enough for the changing market. Market share and customers may otherwise be lost and substitution technologies introduced by competitors may result in lower profit margins. In addition, new technologies may become dominant, rendering TDC's current systems obsolete.

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

TDC's revenue, generated outside Denmark and the euro area, originated from Switzerland, Sweden, Norway, Poland and Hungary, 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 krone will reduce the value of TDC's investments in the relevant business activities and the income derived from them.

Risks from changes in the tax legislation

The 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 Group's payable tax and its future results.

Interest rate risks

TDC's borrowings under the Senior Facilities Agreement (SFA) require TDC to hedge a certain portion of its floating-rate debt into fixed-rate debt. As a part of the debt remains as floating-rate, an increase in interest rates will raise TDC's payment obligations and negatively impact its operating results and financial position. Hedging may also be expensive to maintain and may inadequately protect TDC against adverse movements in interest rates.

TDC's ability to generate the significant amount of cash needed to service its debt depends on many factors beyond its control

TDC's ability to pay and refinance its debt and 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 TDC's control, as well as the other factors discussed in this section. Stakeholders cannot be sure that TDC's business will generate sufficient cash flows from operations or that sufficient future debt and equity financing will be available for i) TDC to pay its debts when due or ii) to fund its liquidity needs. If TDC's future cash flows from operations and other capital resources (including borrowings under the SFA) are insufficient to pay its obligations as they mature or to fund its liquidity needs, it may be forced to:

- reduce or delay TDC's business activities and capital expenditures
- sell assets
- obtain additional debt or equity capital
- restructure or refinance all or a portion of TDC's debt on or before maturity

TDC's stakeholders cannot be certain that any of these alternatives will be accomplished on a timely basis or on satisfactory terms. In addition, the terms of TDC's debt, including the SFA, NTCH's high-yield bonds and any future debt, may limit TDC's ability to pursue any of these alternatives.

TDC is subject to significant restrictive debt covenants that limit its operating flexibility

The SFA contains covenants that significantly restrict TDC's ability to, e.g.:

- incur or guarantee additional indebtedness
- make investments or other restricted payments
- create liens
- consolidate, merge or sell all or substantially all of TDC's assets

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

The SFA also requires TDC to comply with financial ratios and satisfy specified financial tests. Events beyond TDC's control may affect its ability to do so and, as a result, TDC cannot assure its stakeholders that these ratios and tests will be met. If a default under the SFA, or certain other defaults under any other agreement, occurs, 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 NTCH's high-yield bond indenture would also result in a default under the SFA's in accordance with the cross-default provisions in 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. TDC may be unable to pay these debts in such circumstances.

TDC will be subject to restrictions on making payments to NTC/NTCH

The ability of TDC to pay dividends or otherwise distribute funds, including upstream loans, to assist in servicing NTCH's high-yield bonds and other debts will be subject to restrictions under applicable Danish law and certain other restrictions e.g. earnings retained for distribution. As NTCH is a holding company with no revenue-generating operations of its own, it depends on payments from its subsidiaries to make payments on its high-yield bonds. Any dividends or other distributions are paid on a pro rata basis to minority shareholders. The dividend and distribution capacity of TDC may be inadequate to fund distributions in amounts and in time to allow NTCH 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 NTCH).

If distributable reserves are insufficient to make distributions to NTCH, NTCH can borrow under the Revolving Credit Facility to make interest payments on its high-yield bonds.

A favorable market for UMTS-based 3G services may not develop, limiting TDC's ability to recoup its investments in UMTS services, licenses and networks, which could adversely affect operational results

TDC's UMTS-based 3G service in Denmark and Switzerland has required substantial investments in UMTS services, networks, and licenses. Polkomtel has a UMTS license in Poland. TDC's Danish UMTS license fee costs approximately DKK 950m in total. TDC paid 25% of the license fee upfront in 2001 and has subsequently paid six installments of 7.5% each. The remaining 30% is to be paid in four annual installments ending in 2011. As specified in the license, TDC achieved coverage of 30% of the population at the end of 2004, but must cover 80% by the end of 2008, which will require further investments. TDC's Danish UMTS license expires on October 31, 2021. TDC's Swiss UMTS license fee cost CHF 50m upfront and will expire at the end of 2016. As required by the license, Sunrise achieved coverage of 50% of the population by the end of 2004.

If TDC's revenue from its UMTS-related 3G services is lower than expected, TDC may be unable to adequately recoup its investment in UMTS licenses and networks. UMTS technology must be further developed to provide the expected advantages over existing GSM technology and to rival competing mobile broadband. Demand for UMTS-based 3G services may not develop to fulfill expectations. The market for UMTS services may not further develop, and TDC may be unable to achieve its desired sales volumes for these services. Competition from WLAN and CDMA/450 MHz may adversely affect UMTS penetration and associated data services. Substitution technologies including WiMAX and WiFi, which also offer radio, voice and data transmission solutions, may pose a threat to UMTS growth. Push-to-talk (walkie-talkie) and instant messaging may also threaten the UMTS market in the future. TDC's UMTS customers may use lower-margin packet-transmission services (packet-switch traffic) rather than higher-margin voice transmission services (circuit-switch traffic), thereby threatening the profitability of TDC's UMTS business.

TDC relies on application developers to develop services that will stimulate market demand for 3G services and its UMTS network. If third-party application service providers fail to develop such services, or such services are delayed, TDC's ability to generate revenue from its UMTS network may be adversely affected.

Market acceptance of TDC's online telephony services, including TDC's self-service products and e-commerce services, is still uncertain

TDC's online services, including TDC's self-service telephony products and e-commerce services such as TDC Online are relatively new offerings in the telecommunications market. Consequently, there is uncertainty concerning market demand for, or profitability of, such products and services. If customer service costs are higher than expected, future profit margins could be affected. Moreover, it is uncertain if and how fast the expected efficiency savings resulting from such movement to online services may be realized.

Equipment and network systems are vulnerable to terrorist attacks, natural disasters, security risks and other events that may disrupt TDC's services and result in increased costs or lost revenue. Terrorism laws and regulations might also result in a heavier regulatory burden on TDC's business and increased operating costs

The performance, reliability and availability of TDC's networks and mobile and landline telecommunications services are critical for attracting and retaining subscribers. TDC's networks and services may be damaged or disrupted by terrorist acts and numerous other events, including fire, flood or other natural disasters, power outages and equipment or system failures (major disruption events). TDC's network has been affected by floods and storms in the past. 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 for the provision of interconnection and roaming services to its subscribers. 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 TDC's reputation or impair TDC's ability to attract new customers, which could have a materially adverse effect on TDC's business, financial position and results of operations. TDC's business continuity plans, network security policies, the vulnerability analysis TDC conducts jointly with regulators or TDC's monitoring activities may not mitigate the impact of or prevent such disruption 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 in a relatively small number of locations and if damage were to occur to any of these locations, or if those systems develop other problems, TDC's business could be materially adversely affected.

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

Increasing dependency on digitalized information technology systems is expected to expose TDC to risks of hacking, piracy and systems failure, which could potentially disrupt TDC's business

As the telecommunications sector has become increasingly digitalized, automated and online, TDC is exposed to increasing risks of hacking, piracy and general IT system failure. Unanticipated IT problems, system failures, computer viruses or hacker attacks could affect the quality of TDC's services and cause service interruptions. Risks of network failure can never be completely eliminated and such failures may reduce revenue and harm TDC's reputation.

To improve profitability, TDC needs to significantly reduce its existing workforce, which may be costly and difficult to implement

TDC's profitability is under pressure from declining market prices (and consequently lower ARPU), a continuous decrease in the traditional landline telephony, saturation of the mobile market and losses in market share. Maintaining and improving TDC's profitability therefore requires that TDC continuously reduces costs and improves efficiency. As part of these initiatives, TDC will be streamlining its workforce in the years ahead. Many of TDC's employees in Denmark have civil servant pension rights and some are entitled to severance benefits. Thus any workforce reduction may entail significant redundancy costs, which may affect TDC's earnings.

Although Danish law imposes no significant restrictions on work force reductions, and TDC's labor unions have no right under Danish law to veto any workforce reductions, any workforce reduction may lead to strikes, work stoppages or other industrial action. TDC has entered into truces with the telecommunications departments 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) and the Danish Confederation of Professional Associations (AC-organisationerne - the truce unions). In these truces, TDC has agreed to follow certain procedural guidelines when reducing its workforce, including retraining redundant employees for reassignment within TDC. The truces will expire at the end of 2009, but may be terminated by TDC or the unions with three months' notice if the assumptions behind the truces lapse or change. TDC has also made agreements with the unions to encourage voluntary resignations by employees in redundant positions. These agreements may be terminated by either party with two months' notice.

Although TDC has made truces relating to procedures for workforce reductions and agreements on the terms and conditions of voluntary resignations, no assurance can be given that none of TDC's labor unions will resist further workforce reductions. In addition, TDC may be unable to negotiate similar agreements with the truce unions in question after 2009.

TDC has implemented a number of domestic redundancy programs in recent years. A program to reduce positions mainly in TDC's staff functions was initiated at the end of 2006. The program caused a closure of vacant positions, relocation of employees to front-office jobs and continuous employee layoffs in 2007. At the beginning of the second quarter of 2007, a new program was initiated to further reduce the workforce, chiefly regarding employees in back-office functions in 2007 and 2008.

Strikes or other industrial action could disrupt or increase the cost of TDC's operations

TDC is exposed to the risk of strikes and other industrial action. TDC estimates that more than 70% of its employees are union members. The truces with each of the truce unions include procedural guidelines for reducing TDC's workforce. In TDC's truce with the telecommunications departments of the Danish Metal Workers Union, the parties have agreed to enter into dialog within 24 hours in the event of an imminent conflict in order to prevent industrial action. Agreements with each of the truce unions to encourage the voluntary resignations mentioned above may be terminated by either party with two months' notice. These agreements with the truce unions or TDC's collective labor agreements may not prevent strikes, work stoppages or other industrial action in the future, which might disrupt TDC's operations, including its repair times, possibly for a significant period of time. This may result in increased wages and benefits that may adversely affect TDC's business, financial position and results of operations.

Number of cable damage corrections

In 2007, TDC was burdened by increased damage to its landline network and installations. Ambitious steps have been taken to alter the situation through preventive maintenance. If, however, this trend is not reversed, TDC's costs will increase and the image of a reliable telecommunications provider will potentially suffer.

Discontinuance of supplier relations may adversely affect TDC's business and profitability

TDC relies to an even higher degree on certain suppliers to maintain and upgrade certain hardware and software platforms, especially those that have become industry standard. For example, as TDC's cable-TV business has invested heavily in the equipment and software of particular suppliers, it is difficult for TDC in the short term to change supply and maintenance relationships, if the initial supplier raises prices or ceases to produce equipment or provide the support that TDC's telecommunications and cable-TV networks and systems require. In the past, key suppliers have stopped providing hardware, such as the AC4 SDH platform, and certain support services, such as development of features for ATM-based DSL platforms (which are essential for triple-play products on such a platform), DSL line-card delivery on certain older DSL platforms and upgrades for PSTN platforms.

Any discontinuance of certain products or services or failure by TDC's suppliers to upgrade such products and services, any financial instability of its suppliers or failure to deliver certain products to TDC according to supplier contracts in the future could lead to the risk of:

- delayed upgrades and new products and features from suppliers, impacting TDC's product development programs
- discontinued products, impacting supply of existing products
- deteriorating quality of support services, affecting operational and customer services
- higher volatility with regard to TDC's demands on suppliers, and in-stock levels affected by customer-returned equipment
- consequential impact on TDC's business

Failure by suppliers, which may delay or prevent TDC from providing products and services to its customers, may adversely impact TDC's revenue. If this occurs, TDC may be unable to recover payments made to such suppliers for their products and services or obtain contractual damages. Any price rises introduced by suppliers may also cause a margin squeeze. The above factors could adversely impact TDC's business, financial position and operating results.

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, or raise costs, which could harm TDC's financial position and operating results.

Change-of-control clauses in contracts with third parties may also adversely affect TDC's business and profitability

TDC has cooperation agreements and contracts with suppliers and service providers and holds insurance policies that are subject to change-of-control provisions which, if exercised by third parties, may adversely affect TDC's competitiveness and profitability.

If TDC's contractual relationships are terminated, new contracts negotiated may be on less favorable terms. 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.

TDC depends on a small number of distributors, retailers and sales agencies (mobile distributors) to distribute or sell its mobile products and services to end-users. TDC's mobile distributors may stop distributing TDC's mobile products to end-users and may enter into distribution agreements with TDC's competitors

TDC's mobile products and services are available through a small number of mobile distributors – in Denmark, 34% of TDC's sales, and in Switzerland, over 50%. Under TDC's current arrangements, mobile distributors may stop distributing or selling TDC's products at any time. New mobile distributors may be difficult to find that can provide the same level of sales. In addition, TDC's mobile distributors have distribution agreements with TDC's competitors that may negatively affect gross activations through distribution partners, threatening TDC's market share. TDC's mobile distributors may more actively promote competitors' products and services. If TDC fails to maintain key distribution relationships, or its distribution partners fail to procure sufficient customers for TDC for any reason, this could have a materially adverse effect on TDC's financial position and results of operations.

TDC depends on third-party telecommunications providers over which TDC has no direct control for the provision of interconnection and roaming services outside Denmark

TDC's high-quality mobile and landline telecoms services outside Denmark depend on interconnection with the telecoms networks and services of other mobile and landline operators, particularly larger competitors. Outside Denmark, TDC also relies on third party operators for international roaming services for mobile subscribers. For example, in Switzerland, TDC depends on Swisscom's local-loop network to reach a significant number of end-users. 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 TDC's revenue and adversely affect TDC's financial position and results of operations.

Outside Denmark, TDC depends on access to the incumbent's facilities to install its ULL facilities, which may be impaired or slower than TDC anticipated, affecting TDC's ability to roll out additional direct-access products and attract direct-access customers.

TDC's minority shareholdings (Polkomtel and Nawras) in the mobile telephony industry, and TDC's 64.6% share of HTCC, expose TDC's business to unsubstantiated or inadequate management decisions made on behalf of companies over which TDC has no full control and that may require strategic and financial support

The performance of international operators in which TDC has minority interests, and of HTCC, which has taken over Invitel, another Hungarian landline operator, may depend on the financial or strategic support of other shareholders. Although owner of a 64.6% majority equity interest in HTCC, TDC may be unable to exercise full control over its operations. Such international operators may rely on TDC and/or other shareholders for strategic and financial support. Such other shareholders may fail 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 both the ability of these operations to compete and the return on TDC's investment.

Important intellectual property rights, including TDC's key trademarks and domain names, could be lost

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 and YouSee. TDC relies upon a combination of trademark laws, copyright and data-base protection as well as contractual arrangements to establish and protect its intellectual property rights. Occasionally, claims are brought against third parties to protect TDC's property rights.

TDC also risks that a third party may claim that TDC is infringing intellectual property rights, e.g. 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 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 TDC's business.

TDC cannot be sure that any lawsuits etc. 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 TDC's business.

Loss of key personnel could have a materially adverse effect on TDC's business

TDC's success relies heavily on the skills, experience and efforts of TDC's senior management. In addition, as TDC's business develops and expands, TDC believes that its future success will depend on its continued ability to attract and retain highly skilled and qualified personnel without increased labor costs. TDC's ability to continuously attract and retain key qualified personnel in the future is under pressure, especially as Denmark's labor market is currently characterized by low unemployment and bottlenecks.

Failure to meet growing customer demand for content services and adapt to technological developments in content delivery may negatively impact the growth of TDC's content services business, and decrease the market share of TDC's bundled products with content components

TDC's cable-TV business has given TDC significant experience of and access to the content market and content delivery products. However, future success in content services will depend on TDC's ability to produce or acquire attractive programs such as popular TV shows, music and games and to adapt and lead technological developments in content delivery. It is uncertain whether TDC can continue to be successful in acquiring popular content in the future. One of TDC's major content suppliers for cable TV competes with TDC in certain TVoIP markets and has until recently refused TDC permission to provide content on TVoIP products at prices that are acceptable to TDC. This may hinder growth of TDC's TVoIP business.

The technological developments are increasingly enabling customers to receive content whenever they wish (e.g. digital video recorders or time-shift software for a PC with TV card), and wherever they wish (e.g. MPEG4/H.264 videopodcasts for iPods and other portable digital media players or 3G/DVB-H transmissions for handsets). TDC risks falling behind its competitors in terms of content delivery technology, and the platforms, applications or technology TDC invests in may not become market standards. Growth in content services is expected to be driven by increased quantitative and qualitative capabilities of content providers. However, the specific extent and characteristics of such quantitative and qualitative progress are difficult to predict at present. Also, TDC may be unable to match its competitors. Failure to provide content services may also negatively impact sales of TDC's products and services with a bundled content component, such as cable TV, broadband, triple play and 3G, or to which TDC's competitors have added a bundled content component.

Alleged health risks from the use of mobile telephones and other environmental requirements

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. 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 and 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 TDC's 2G and the growth of TDC'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 by reducing growth in TDC's customer base, ARPU and MoU, and increasing regulatory burdens on TDC 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. TDC believes, however, that it is in substantial compliance with such laws and regulations.

Tougher competition, further reductions of tariffs, and decreased profit margins due to the Danish telecoms regulatory framework. NITA has designated TDC as having significant market power (SMP) in Denmark in a number of submarkets

Denmark's regulatory regime governing its telecoms sector requires TDC to deliver a broad range of products to the retail and wholesale markets, and subjects TDC to price regulation.

EU regulatory framework

In March 2002, the EU passed several directives promoting competition in the telecoms market that were subsequently implemented into Danish law in 2003. In line with this legislation, NITA performs market analyses on 18 specifically defined submarkets within landline telephony, mobile telephony, leased lines, unbundled access, broadband and TV and radio transmission. NITA may designate a dominant telecoms operator as having 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. NITA has so far issued decisions on 16 out of the 18 submarkets. Final decisions for all the remaining submarkets are expected in 2008. Until market analyses of the relevant submarkets have been completed and NITA has decided whether to adopt new regulatory measures or revoke former measures, the current regulation will be maintained in each relevant submarket.

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 almost all of the submarkets in Denmark, except for market 10 (transit services in the fixed public telephone network) market 17 (the wholesale market for international roaming), market 18 (the market for broadcasting transmission services) and markets 5 and 6 (the retail markets for national and international traffic for business customers). As a result, TDC is subject to the regulatory burdens summarized below. NITA may impose additional regulatory burdens on TDC as a result of its current SMP status or give TDC SMP status in additional 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.

Wholesale markets

The majority of TDC's prices are also regulated in the wholesale markets where TDC has SMP status. Until 2002, interconnection prices were regulated mainly on the basis of historical-cost analyses and best-practice benchmarking against corresponding international prices. Since January 1, 2003, NITA has used a LRAIC model to set TDC's prices for switched interconnection traffic, interconnection capacity, shared access and ULL (also known as raw copper) as well as related co-location. NITA calculates these prices once a year in accordance with the LRAIC model. In 2006, the LRAIC model was adjusted and the prices for ULL, switched interconnection traffic and interconnection capacity were reduced considerably. From January 1, 2007, the prices for bitstream access and sub-loops of ULL are also calculated in accordance with the LRAIC model. The LRAIC model for 2008 has resulted in further price decreases for bitstream access. The next comprehensive adjustment of the LRAIC model for the landline network is expected to begin in 2008 with effect from January 1, 2010.

NITA's decision in 2006 on the submarket for broadband access requires TDC to offer wholesale broadband solutions (bitstream access) without compulsory landline subscriptions, which will improve TDC's competitors' conditions for offering broadband solutions combined with IP telephony.

In the market for termination of mobile calls (market 16), NITA decided in 2006 that TDC, Telia, Sonofon, Tele2 and Hi3G have SMP. However, price regulation has been introduced only for TDC, Sonofon and Telia, whose average prices (including call setup fee) must be reduced stepwise over a period until May 1, 2008. As a result of this decision, the mobile termination prices will be set by a LRAIC mobile model from January 1, 2009. NITA is preparing this model at the moment. The regulation will adversely impact TDC's earnings.

Decisions have also been made on four retail submarkets for telephony traffic, the retail market for leased lines, the wholesale markets for landline connections, unbundled access and shared use including co-location, as well as for landline termination. None of the decisions include significant changes to existing regulation with the exception of regulations on extended access related to co-location, and extended requirements to guarantee the line quality against interference.

Anti-terror measures

As part of the anti-terrorism action plan, the Danish parliament has passed an act requiring telecommunications providers to provide communication interception services without cost compensation for investments.

In September 2006, the Danish government issued an executive order requiring the retention and storage of traffic data for one year by telcos for the purpose of investigation and prosecution of criminal offences. The executive order came into force on September 15, 2007.

In February 2007, the Danish parliament passed an amended telecommunications act requiring telcos to establish the necessary logging functions and databases and cover any equipment costs related to the abovementioned data retention. As a result, TDC will have to make ongoing additional investments in technical equipment and cover operational costs.

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 customers for using PSTN services (USO customers), 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. In addition, TDC faces uncertainty concerning the renewal of its USP designation from January 1, 2009, which may affect its revenue and earnings.

EU roaming charge regulation

The EU has adopted a new regulation that reduces the international roaming charges both for the wholesale and retail markets. The regulation has a negative impact on TDC's s revenue and earnings.

Regulatory contingencies in Switzerland may affect TDC's Swiss business

Prompted by a preliminary decision by the Swiss competition authority regarding abuse of market power by Swisscom, the Swiss incumbent, in 2005, Swisscom reduced its prices for terminating mobile calls, putting heavy pressure on other Swiss mobile operators, including Sunrise, to reduce their tariffs as well. 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 further cut the prices for terminating mobile calls agreed between the operators with a glide path for the next three years. Such price reductions may have a materially adverse effect on the earnings and profit margins of TDC's Swiss operations and it is uncertain whether the Swiss competition authority will impose a material fine upon Sunrise, if Sunrise is found to have a dominant position in the mobile call termination market and has abused such a position.

TDC's Swiss business benefits from regulations requiring Swisscom to grant other telecommunications operators network access to its network, including Sunrise's interconnection services under cost-based terms and conditions. Swisscom has challenged the interconnection tariffs set by the Swiss regulator ComCom in court. After the Federal Supreme Court in Switzerland issued a final ruling, the rates for the years 2000-2003 are final since August 2006. By year-end 2007, most of the rates for the subsequent years 2004-2006 had been decided by ComCom but are not yet final, as they may be challenged once again by Swisscom. The rates for 2007 are still pending at ComCom. Sunrise's business plan and earnings forecasts, particularly in relation to expected broadband and triple-play sales, anticipate that Swisscom will give the necessary access to ULL infrastructure according to the revised law. The start phase of the network roll-out has shown that Swisscom caused obstacles that must be overcome mainly through co-location. If Swisscom delays the ULL processes or does not adhere to the terms and conditions agreed in the negotiation phase, Sunrise will have to adjust its business plan and earnings forecast. Moreover, utility companies will start using their infrastructure to provide telephony and broadband services and will probably subsidize the telecommunications business, which could lead to additional margin pressure.

Licenses for key technologies underlying TDC's service offerings

Finite terms and the failure to renew one of these licenses upon termination, or TDC's inability to obtain new licenses for new technologies, could adversely affect business.

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 May 31, 2008. 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 reapply 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, TDC could be forced to stop using that technology and TDC's financial position and results of operations could be materially adversely affected.

The Swiss regulator has decided to renew the GSM license in 2008 for 5½ years with a slight amendment to the framework agreement. Possible loss of quality will have to be compensated for by investing more in additional base stations. Tele 2 has once again disputed the decision by ComCom. The process for the renewal of the license remains unclear.

Litigation

The change-of-control provisions in Polkomtel's Bylaws and shareholder agreement require TDC to offer to sell its 19.6% ownership share to the other shareholders of Polkomtel. In February 2006, TDC offered its shares for a price of EUR 214.04 per share. On March 10, 2006, the Polish shareholders in Polkomtel entered into an agreement with TDC to exercise their right to purchase their pro rata share representing approximately 76% of TDC's shares in Polkomtel and 14.8% of the common shares of Polkomtel for an aggregate price of EUR 650.5m, subject to certain conditions including the outcome of the Vodafone litigation described below. TDC's remaining 4.8% shareholding in Polkomtel has been offered to Vodafone, the only shareholder of Polkomtel who has not entered into the purchase agreement with TDC. Vodafone has claimed that the offer procedure is invalid and that the offer price determined by TDC does not reflect the market value of the Polkomtel shares. Legal proceedings are pending in the Polish courts and the International Arbitral Center in Vienna. Vodafone has been awarded an injunction in the Polish courts prohibiting TDC from transferring any of its shares in Polkomtel. If the outcome is not in favor of TDC, TDC may be required to sell its shares in Polkomtel for less than the EUR 214.04 per share.

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.

Financial Statements

Table of contents

Consolidated Statements of Income DKKm

	Note	2007	2006
Revenue	4,5	**39,321**	**39,941**
Transmission costs and cost of goods sold		(12,326)	(12,625)
Other external expenses		(7,640)	(7,473)
Wages, salaries and pension costs	6	(7,141)	(7,209)
Total operating expenses before depreciation, etc.		**(27,107)**	**(27,307)**
Other income and expenses	7	284	357
Income before depreciation, amortization and special items		**12,498**	**12,991**
Depreciation, amortization and impairment losses		(6,227)	(6,491)
Special items	8	1,809	(312)
Operating income		**8,080**	**6,188**
Income from joint ventures and associates	15	1,401	449
Fair value adjustments		(122)	177
Currency translation adjustments		146	(177)
Financial income		2,131	1,906
Financial expenses		(5,551)	(4,629)
Net financials	**9**	**(3,396)**	**(2,723)**
Income before income taxes		**6,085**	**3,914**
Income taxes	10	(1,431)	(858)
Net income from continuing operations		**4,654**	**3,056**
Net income from discontinued operations	11	3,513	387
Net income		**8,167**	**3,443**
Attributable to:			
Shareholders of the Parent Company		8,409	3,446
Minority interests		(242)	(3)
Total		**8,167**	**3,443**
EPS (DKK)	12		
Earnings per share, basic		42.4	17.4
Earnings per share, diluted		42.4	17.4
Earnings per share from continuing operations, basic		24.7	15.4
Earnings per share from continuing operations, diluted		24.7	15.4
Earnings per share from discontinued operations, basic		17.7	2.0
Earnings per share from discontinued operations, diluted		17.7	2.0

Assets			DKKm
	Note	2007	2006
Non-current assets			
Intangible assets	13	28,317	32,193
Property, plant and equipment	14	24,704	24,956
Investments in joint ventures and associates	15	1,640	1,651
Minority passive investments		7	7
Deferred tax assets	10	267	534
Pension assets	27	6,402	6,004
Receivables	16	95	368
Derivative financial instruments	26	39	171
Prepaid expenses	18	147	259
Total non-current assets		**61,618**	**66,143**
Current assets			
Inventories	19	641	657
Receivables	16	7,566	8,994
Income tax receivable	10	14	12
Derivative financial instruments	26	781	790
Prepaid expenses	18	665	713
Cash	39	8,251	3,455
Assets held for sale	11	0	5
Total current assets		**17,918**	**14,626**
Total assets		**79,536**	**80,769**

Equity and liabilities

DKKm

	Note	2007	2006
Equity			
Common shares	20	992	992
Reserves		(582)	69
Retained earnings		9,185	1,534
Proposed dividends		714	694
Equity attributable to Company shareholders		**10,309**	**3,289**
Minority interests		118	282
Total equity		**10,427**	**3,571**
Non-current liabilities			
Deferred tax liabilities	10	3,027	3,401
Provisions	23	1,275	1,174
Pension liabilities, etc.	27	201	239
Loans	21	45,571	56,774
Derivative financial instruments	26	141	0
Deferred income	22	992	1,088
Total non-current liabilities		**51,207**	**62,676**
Current liabilities			
Loans	21	4,146	1,975
Trade and other payables	24	8,046	8,384
Income tax payable	10	1,877	617
Derivative financial instruments	26	312	232
Deferred income	22	2,934	2,729
Provisions	23	587	585
Total current liabilities		**17,902**	**14,522**
Total liabilities		**69,109**	**77,198**
Total equity and liabilities		**79,536**	**80,769**

Consolidated Statements of Cash Flow			DKKm
	Note	2007	2006
Income before depreciation, amortization and special items		12,498	12,991
Reversal of items without cash flow effect	34	(245)	(353)
Pension contributions		(156)	(190)
Payments related to provisions		(91)	(58)
Cash flow related to special items		(132)	(528)
Change in working capital	35	612	115
Cash flow from operating activities before net financials and tax		**12,486**	**11,977**
Interest received		2,068	2,342
Interest paid		(5,305)	(4,706)
Realized currency translation adjustments		1,040	871
Cash flow from operating activities before tax		**10,289**	**10,484**
Corporate income tax paid		(770)	(821)
Cash flow from operating activities in continuing operations		**9,519**	**9,663**
Cash flow from operating activities in discontinued operations		419	478
Total cash flow from operating activities		**9,938**	**10,141**
Investment in enterprises	36	(631)	(336)
Investment in property, plant and equipment		(3,840)	(4,206)
Investment in intangible assets		(955)	(1,190)
Investment in other non-current assets		(18)	(11)
Divestment of enterprises	37	3,189	51
Sale of property, plant and equipment		4,307	123
Sale of intangible assets		24	0
Divestment of joint ventures and associates		986	11
Sale of marketable securities		0	3,673
Sale of other non-current assets		7	10
Repayment of loans from joint ventures and associates		274	90
Dividends received from joint ventures and associates		528	863
Cash flow from investing activities in continuing operations		**3,871**	**(922)**
Cash flow from investing activities in discontinued operations	38	4,015	(67)
Total cash flow from investing activities		**7,886**	**(989)**
Proceeds from long-term loans		1,718	47,011
Repayments of long-term loans		(14,035)	(19,239)
Change in short-term bank loans		(15)	(53)
Change in interest-bearing debt		(1,115)	427
Change in minority interests		(1)	0
Dividends paid		(694)	(44,343)
Acquisition and disposal of treasury shares, net		0	799
Cash flow from financing activities in continuing operations		**(14,142)**	**(15,398)**
Cash flow from financing activities in discontinued operations		1,114	(362)
Total cash flow from financing activities		**(13,028)**	**(15,760)**
Total cash flow		**4,796**	**(6,608)**
Cash and cash equivalents at January 1	39	3,455	10,063
Cash and cash equivalents at December 31		**8,251**	**3,455**

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, 2006	992	78	42,450	0	43,520	275	43,795
Currency translation adjustment, foreign enterprises	–	(668)	0	–	(668)	3	(665)
Currency hedging of net investments in foreign enterprises	–	911	0	–	911	–	911
Reversal of currency translation adjustments, foreign enterprises	–	(3)	0	–	(3)	0	(3)
Tax related to changes in equity	–	(249)	0	–	(249)	0	(249)
Net gain/(loss) recognized directly in equity	–	(9)	0	–	(9)	3	(6)
Net income	–	–	2,752	694	3,446	(3)	3,443
Total comprehensive income	**–**	**(9)**	**2,752**	**694**	**3,437**	**0**	**3,437**
Distributed dividends	–	–	(44,406)	0	(44,406)	–	(44,406)
Dividends, treasury shares	–	–	63	0	63	–	63
Acquisition of treasury shares	–	–	(10)	–	(10)	–	(10)
Disposal of treasury shares	–	–	809	–	809	–	809
Tax on disposal of treasury shares	–	–	(74)	–	(74)	–	(74)
Share-based payment	–	–	(48)	–	(48)	–	(48)
Dilution loss regarding subsidiaries	–	–	(2)	–	(2)	2	0
Additions during the year, minority interests	–	–	–	–	–	5	5
Equity at December 31, 2006	**992**	**69**	**1,534**	**694**	**3,289**	**282**	**3,571**
Currency translation adjustments, foreign enterprises	–	(1,216)	0	–	(1,216)	(53)	(1,269)
Currency hedging of net investments in foreign enterprises	–	769	0	–	769	–	769
Reversal of currency translation adjustment, foreign enterprises	–	1	0	–	1	0	1
Tax related to changes in equity	–	(205)	0	–	(205)	0	(205)
Net gain/(loss) recognized directly in equity	–	(651)	0	–	(651)	(53)	(704)
Net income	–	–	7,695	714	8,409	(242)	8,167
Total comprehensive income	**–**	**(651)**	**7,695**	**714**	**7,758**	**(295)**	**7,463**
Distributed dividends	–	–	0	(694)	(694)	–	(694)
Dividends, treasury shares	–	–	0	0	0	–	0
Dilution gain regarding subsidiaries	–	–	22	–	22	61	83
Premium, minority interests	–	–	(66)	–	(66)	66	0
Additions during the year, minority interests	–	–	–	–	–	4	4
Equity at December 31, 2007	**992**	**(582)**	**9,185**	**714**	**10,309**	**118**	**10,427**

Retained earnings include capital in excess of par value of DKK 8,652m which, due to amendments to the Danish Companies Act, is no longer to be transferred to a special undistributable reserve.

The dividends paid in 2007 and 2006 were DKK 3.50 per share and DKK 223.85 per share respectively. A dividend of DKK 3.60 per share is to be proposed at the Annual General Meeting on March 13, 2008.

.

Notes to Consolidated Financial Statements

Overview

Note 1 Significant Accounting Policies

The Consolidated Financial Statements for 2007 of TDC have been 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, cf. the disclosure requirements issued by OMX Nordic Exchange Copenhagen and the IFRS Executive Order issued by the Danish Commerce and Companies Agency in pursuance of the Danish Financial Statements Act. For TDC 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 as 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.

The accounting policies are unchanged from last year.

Consolidation policies

The Consolidated Financial Statements include the Financial Statements of the Parent Company and subsidiaries in which TDC A/S 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 TDC A/S 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 statement of income of the tax benefit concurrently with a write-down of the carrying amount 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 equity 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. 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 equity 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, gains or losses from equity are, however, 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 equity 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:

- Revenue from telephony is recognized at the time the call is made
- Sales related to prepaid products are deferred, and revenue is recognized at the time of use
- Revenue from leased lines is recognized over the rental period
- Revenue from subscription fees is recognized over the subscription period
- Revenue from non-refundable up-front connection fees is deferred and amortized over the expected term of the related customer relationship
- Revenue from the sale of equipment is recognized upon delivery. Revenue from the maintenance of equipment is 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 revenue includes sale of customer-placed equipment, e.g. switchboards and handsets.

Revenue is recognized gross when TDC acts as a principal in a transaction. For content-based services and the resale of services from content providers where TDC acts as agent, revenue is 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 that employees are expected to be entitled to 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 have been based on the Black-Scholes option-pricing model, taking into account the terms and conditions attached to the granted share options.

Employee shares

When employees are given the opportunity of purchasing shares at a price below market price, the discount is recognized as a cost under wages, salaries and pension costs at the time of acquisition. The set-off item is recognized directly in equity. The discount is measured at the time of acquisition as the difference between fair value and purchase price.

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, which do not qualify for recognition in the Statements of Income as discontinued operations in accordance with IFRS 5.

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 is recognized at cost less accumulated write-downs. As of January 1, 2002, goodwill is no longer amortized. The carrying value of goodwill is 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.

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.

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.

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:

UMTS licenses	11-16 years
Other licenses	2-12 years
Cabling rights of way	4-50 years
Other rights, etc.	2-25 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-down 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 direct and indirect payroll costs, materials, parts purchased and services rendered by sub-suppliers or contractors, indirect production costs 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.

Indirect production 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	5-20 years
Other installations	3-8 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. The cost of capital leases are measured at the lower of the assets' fair value and the present value of future minimum lease payments. Lease payments on operating leases are accrued and expensed on a straight-line basis over the term of the lease.

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 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.

Minority passive investments

Interest-bearing securities are classified as loans and receivables, which are recognized at amortized cost. Annual amortization is recognized as interest income.

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., the share of indirect production costs 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.

Treasury shares
The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Payments received in connection with the disposal of treasury shares and dividends are similarly recognized directly in equity.

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.

On the preparation of the Opening Balance Sheets at January 1, 2004, currency translation adjustments occurring before January 1, 2004 have not been recognized in the currency translation reserve in accordance with IFRS 1.

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 and adjustment for unrecognized actuarial gains and losses 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. In connection with the adoption of IFRS, accumulated actuarial gains and losses are fully recognized in the opening balance sheets at January 1, 2004. If the value of subsequent accumulated actuarial gains and losses at the beginning of a fiscal year exceeds 10% of the higher of the pension obligations' value and the fair value of the pension plans' assets, the excess amount is recognized in the Statements of Income in accordance with the corridor method over the projected average remaining service lives of the employees concerned. This calculation is performed separately for each pension plan. Actuarial gains and losses not exceeding the above-mentioned limits are not recognized in the Statements of Income or the Balance Sheets, but are disclosed in the notes.

Pension assets are recognized to the extent they represent future repayments from the pension plan or to the extent they offset unrecognized actuarial losses.

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 pension plan for former civil servants, the one-time payment in 1994 to the Danish government is recognized in the Statements of Income over the expected remaining service lives of the employees concerned.

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.

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

Current tax liabilities and current tax receivables are recognized in the Balance Sheets as tax payable or 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 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 TDC 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 carryforwards 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 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 equity.

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.

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.

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 nominal 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 sale transaction within twelve months under a formal plan rather than through continuing use.

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 they 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.

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 Executive Committee. The operating segments have been determined based on the financial and operational reports reviewed by the Executive Committee.

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 Executive Committee 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 Executive Committee, 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 TDC'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 13 and 14, 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 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. The assumptions for significant goodwill amounts are set out in note 13.

- 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 27, the assumed discount rate was increased in 2007 to reflect changes in market conditions, and the assumed rate of return on plan assets has been increased to reflect changes in market conditions and in the mix of assets held by our pension funds. Our assumptions for 2008 reflect a further increase in the discount rate from 4.85% to 5.35%, a decrease in the assumed return on plan assets from 6.00% to 5.80%, 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, TDC's total pension costs excluding redundancy programs are expected to increase by approximately DKK 47m in 2008 compared with 2007, assuming all other factors remain unchanged.

- Estimates of deferred income 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, giving consideration 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 results 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 29, 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.

- Revenues, as shown in note 4, is recognized when realized or realizable and earned. Revenues from non-refundable up-front connection fees is 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, 2007 IASB and the EU have approved the following new accounting standards (IFRSs) and interpretations (IFRICs) that become effective for 2008 or later, and are judged relevant for TDC:

- IFRS 8 *Operating Segments* will be effective from January 1, 2009. IFRS 8 replaces IAS 14 *Segment reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. TDC has retrospectively adopted IFRS 8 with effect for the Annual Report for 2007. As a result, the identification of the Group's reportable segments has changed. Comparative figures for 2006 have been restated accordingly.

- IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* will be effective for fiscal years starting on or after March 1, 2007. TDC's recognition of share-based payment schemes is in accordance with IFRIC 11, which will therefore have no impact on the financial reporting.

IASB has published the following new accounting standards (IFRSs) and interpretations (IFRICs) that become effective for 2008 or later, and are judged relevant for TDC, but have not yet been approved by the EU:

- IAS 1 (Revised 2007) *Presentation of Financial Statements* will be effective for fiscal years starting on or after January 1, 2009. The revised standard requires an entity to include two years of comparative figures when accounting policies are changed retrospectively. Further, a statement of total income shall be disclosed either separately or together with the statement of income.

- IAS 23 (Revised 2007) *Borrowing Costs* is effective from January 1, 2009. The revised standard requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to prepare for use or sale) as part of the cost of the asset. The option of immediately expensing these borrowing costs will be removed. TDC's present recognition of borrowing costs is in accordance with IAS 23 (Revised 2007), which will therefore have no effect on the financial reporting.

- IFRIC 12 *Service Concession Arrangements* will be effective for fiscal years starting on or after January 1, 2008. IFRIC 12 addresses how concession operators should present infrastructure and improvements thereof covered by a service concession arrangement in their financial statements. As TDC does not have and does not expect to enter into such concession arrangements, IFRIC 12 is expected to have no impact on the financial reporting.

- IFRIC 13 *Customer Loyalty Programmes* will be effective for fiscal years starting on or after July 1, 2008. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. TDC is currently investigating the implications of this interpretation.

- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction* is effective from January 1, 2008. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 will have no effect on the financial reporting.

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 TDC Group”.

Business Nordic bases its services mainly on infrastructure that is administered by Fixnet Nordic and Mobile Nordic, respectively. Operating expenses used in Fixnet Nordic and Mobile Nordic to produce Business Nordic’s services are allocated to Business Nordic based on measurable expense drivers, e.g. number of minutes of use. Interconnect services between networks and use of transmission capacity in other segments’ networks are accounted for as intra-segment revenue, billed at regulated prices.

Services from the segment Other activities to other segments, i.e. IT Nordics delivery of IT solutions as well as Headquarters’ staff functions, i.e. HR, legal, finance, etc., are allocated, based on measurable expense drivers, to the relevant segments. However, Headquarters’ supply of supporting facilities, i.e. buildings, cars and billing services, are accounted for as intra-segment revenue billed at market prices.

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 in which members are employed pay contributions to Headquarters, and these contributions are included in the EBITDAs of the respective segments.

Activities **DKKm**

	Business Nordic		Fixnet Nordic		Mobile Nordic		YouSee	
	2007	2006	2007	2006	2007	2006	2007	2006
External revenue	12,218	12,151	8,395	8,785	4,768	4,752	2,820	2,447
Intra-segment revenue	201	119	962	938	1,138	1,228	32	11
Revenue	12,419	12,270	9,357	9,723	5,906	5,980	2,852	2,458
EBITDA	3,684	3,492	3,547	3,990	1,367	1,409	772	617
Segment assets[2]	3,237	3,271	1,251	1,607	888	1,017	758	648

	Sunrise		Other activities[1]		Total	
	2007	2006	2007	2006	2007	2006
External revenue	8,828	9,234	2,292	2,572	39,321	39,941
Intra-segment revenue	14	18	1,311	1,413	3,658	3,727
Revenue	8,842	9,252	3,603	3,985	42,979	43,668
EBITDA	2,350	2,559	802	949	12,522	13,016
Segment assets[2]	1,930	2,112	617	1,388[2]	8,681	10,043[2]

[1] Including International Holdings, IT Nordic and Headquarters.
[2] See the definition under Significant Accounting Policies. Includes Talkline in 2006.

Reconciliation of revenue

DKKm

	2007	2006
Reportable segments	42,979	43,668
Elimination of intra-segment items	(3,658)	(3,727)
Consolidated amounts	**39,321**	**39,941**

Reconciliation of Income before depreciation, amortization and special items (EBITDA)

DKKm

	2007	2006
EBITDA from reportable segments	12,522	13,016
Elimination of intra-segment EBITDA	(24)	(25)
Unallocated:		
Depreciation, amortization and impairment losses	(6,227)	(6,491)
Special items	1,809	(312)
Income from joint ventures and associates	1,401	449
Net financials	(3,396)	(2,723)
Consolidated Income before income taxes	**6,085**	**3,914**

Reconciliation of segment assets

DKKm

	2007	2006
Segment assets	8,681	10,043
Unallocated:		
Other current assets[1]	9,384	4,771
Non-current assets	61,471	65,955
Consolidated total assets	**79,536**	**80,769**

[1] Other current assets include intra-group items, cash and derivative financial instruments.

Geographical markets

DKKm

	Domestic operations		Switzerland		Other international operations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
External revenue	24,753	24,806	8,828	9,234	5,740	5,901	39,321	39,941
Non-current assets allocated[1]	17,434	19,279	26,078	29,993	9,509	7,877[2]	53,021	57,149

[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.

[2] Including Talkline.

External revenue from products and services DKKm

	2007	2006
Landline telephony	10,428	10,760
Mobile telephony	11,608	12,641
Data communications and internet services	7,340	6,977
Terminal equipment etc.	4,527	4,702
Leased lines	1,641	1,370
Cable TV	2,177	1,861
Other	1,600	1,630
External revenue	**39,321**	**39,941**

No customer comprises more than 10% of revenue.

Note 5 Revenue DKKm

	2007	2006
Sales of goods	4,016	4,530
Sales of services	35,305	35,411
Total	**39,321**	**39,941**

Note 6 Wages, salaries and pension costs

DKKm

	2007	2006
Wages and salaries	(7,097)	(7,144)
Pensions	(455)	(417)
Share-based payment	0	(5)
Social security	(387)	(410)
Total	**(7,939)**	**(7,976)**
Of which capitalized as non-current assets	798	767
Total	**(7,141)**	**(7,209)**
Average number of full-time employee equivalents [1, 2]	17,787	18,733

[1] Denotes the average number of full-time employee equivalents including permanent employees, trainees and temporary employees. 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 18,629 in 2007 and 19,580 in 2006.

The average number of full-time employee equivalents includes 133 persons employed by TDC who are entitled to pensions on conditions similar to those provided for Danish Civil Servants and who have been seconded to external parties in connection with outsourcing of tasks or divestment of operations.

Remuneration for the Board of Directors and Executive Committee

DKKm

	Board of Directors		Executive Committee	
	2007	2006	2007	2006
Wages and salaries	3	2	43	82
Pensions	0	0	2	2
Share-based payment	0	0	0	3
Total	**3**	**2**	**45**	**87**

Remuneration for the Executive Committee for 2007 includes non-recurring remuneration of DKK 18m. Remuneration for the Executive Committee for 2006 included non-recurring remuneration of DKK 46m. In 2006, the Executive Committee comprised two members. With effect from January 1, March 15, July 1 and August 1, 2007, the remuneration to the Executive Committee comprises two members, four members, six members and seven members, respectively.

The Executive Committee members' service contracts include notices of 6-15 months in the event of termination by the Company. However, one member cannot be given notice earlier than November 1, 2008 and one member cannot be given notice earlier than January 1, 2009. None of the Executive Committee members' service contracts contains change-of-control clauses.

Bonus program

Around 280 top managers participate in a short-term bonus program called the Top Managers' Compensation Program, and around 2,200 managers and specialists participate in a short-term bonus program called the Managers' Compensation Program. Around 160 Danish and Nordic 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%. The on-target bonus percentage is somewhat lower for the Managers' Compensation Program. In 2007, the bonus could 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 the TDC Group. 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% unless performance in the third year is above 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 Executive Committee is based on the same principles as those for other managers. Executive Committee members do not participate in the Long-Term Incentive Program.

Share-option program for certain employees in Danish enterprises

TDC has had a revolving share-option program for employees in TDC's Danish enterprises. The programs ceased when Nordic Telephone Company ApS acquired control of the Company, i.e. no options were granted for 2006. Instead, the employees received cash compensation replacing the share option program for 2006. From 2007, the Long-Term Incentive Program replaced the share option program.

In connection with Nordic Telephone Company ApS' equity tender offer for acquiring the Company, TDC A/S gave share-option holders in Danish enterprises an opportunity to exercise their options and offered to buy certain existing share options.

TDC's revolving share-option program comprised about 200 managers employed in Denmark and stationed in TDC's foreign enterprises. After the Earnings Release for a given year was published, share options were granted to participants in accordance with contracts of employment. Each share option gave the holder the right to purchase one share. The number of options allocated was based on an agreed percentage of the employee's base salary and a calculated price per option (number of options = base salary times option percentage divided by price per option). The option percentage varied for the different employees within a range of 20-35%. In addition, share options were granted on an individual basis in special cases. The option price was calculated at the time of granting using the Black-Scholes formula. The share option exercise price was determined as TDC's share price on the OMX Nordic Exchange Copenhagen on the grant date.

One third of the options granted for a given year could be exercised one year after the granting, another third one year later, and the last third one year after that. Share options could, however, be exercised in the event of change of control of the Company. Share options that have not been exercised within ten years of granting will be canceled.

Share options were also granted to the members of the Executive Committee according to the above-mentioned principles.

In the period 2000- 2003, the Chairman of the Board received 2,500 share options a year, and other Danish members of the Board received 500 share options annually.

Share options for certain employees in domestic enterprises

	Board of Directors (number)	Executive Committee (number)	Other management employees (number)	Total (number)	Average exercise price per option in DKK	Average fair value per option in DKK[1]	Total fair value in DKKm[1]
Outstanding at January 1, 2006	10,500	340,742	3,670,371	4,021,613	269	125	503.9
Share options issued in 2006	0	0	0	0	–	–	–
Exercised in 2006	(8,500)	(192,238)	(3,124,287)	(3,325,025)	234	131	(435.1)
Cash settlement in 2006	(2,000)	(148,504)	(355,503)	(506,007)	466	43	(21.7)
Value adjustment	–	–	–	–	–	–	(27.4)
Outstanding at December 31, 2006	**0**	**0**	**190,581**	**190,581**	**345**	**103**	**19.7**
Share options issued in 2007	0	0	0	0	–	–	–
Exercised in 2007	0	0	0	0	–	–	–
Canceled in 2007	0	0	(128,031)	(128,031)	366	17	(2.2)
Value adjustment	–	–	–	–	–	–	(14.7)
Outstanding at December 31, 2007	**0**	**0**	**62,550**	**62,550**	**302**	**44**	**2.8**
Options that may be exercised at December 31, 2007	**0**	**0**	**62,550**	**62,550**	**302**	**–**	**–**
Average remaining option lives at December 31, 2007 (years)	**–**	**–**	**3.4**	**3.4**	**–**	**–**	**–**
Average remaining option lives at December 31, 2006 (years)	–	–	3.6	3.6	–	–	–

[1] Calculations of fair values at issuance and at year-end were based on the Black-Scholes option-pricing model. The following assumptions were used for the calculation at year-end 2007: a dividend yield of 2.72%, a volatility of 15.24%, a risk-free interest rate of 4.2%-4.5% and expected remaining option lives of 0-5 years. The expected volatility is based on the historic volatility adjusted for the expected change hereof based on publicly available information.

Expenses in relation to the share-option program for employees in foreign subsidiaries amounted to DKK 0m in 2007 compared with DKK 27m in 2006. Expenses in relation to the Danish share-option program amounted to DKK 0m in 2007 compared with DKK 22m in 2006.

The exercise prices of outstanding share options are specified as follows

	2007	2006
Share options (numbers)		
Exercise price in the interval DKK 150-200	12,606	12,606
Exercise price in the interval DKK 200-250	0	0
Exercise price in the interval DKK 250-300	32,301	84,487
Exercise price in the interval DKK 300-400	9,120	52,651
Exercise price in the interval DKK 400-500	2,204	15,107
Exercise price in the interval DKK 500-600	1,000	1,000
Exercise price in the interval DKK 600-700	5,319	24,730
Total	**62,550**	**190,581**

Number of shares in TDC A/S

	2007	2006
Present Board of Directors[1]		
Henning Dyremose	101	-
Jan Bardino	161	161
Leif Hartmann	101	101
Steen M. Jacobsen	101	101
Bo Magnussen	101	101
Total	**565**	**464**
Present Executive Committee		
Jens Alder	0	0
Eva Berneke	0	-
Carsten Dilling	0	-
Jesper Theill Eriksen	11	-
Mads Middelboe	100	-
Jesper Ovesen	0	-
Klaus Pedersen	101	-
Total	**212**	**0**

[1] The other members of the Board of Directors hold no shares in TDC A/S.

Note 7 Other income, expenses and government grants — DKKm

	2007	2006
Other income	333	367
Other expenses	(49)	(10)
Total	**284**	**357**
Government grants		
Government grants recognized during the year	1	3

Other income comprises mainly income from leases as well as profit relating to disposal of intangible assets and property, plant and equipment.

Note 8 Special items

DKKm

	2007	2006
Profit on divestments of enterprises and property	4,611	147
Impairment losses and adjustment of goodwill	(2,507)	(123)
Income from rulings	166	995
Restructuring costs, etc.	(461)	(1,331)
Special items before income taxes	**1,809**	**(312)**
Income taxes related to special items	(566)	267
Special items after income taxes	**1,243**	**(45)**

Note 9 Net financials

DKKm

					2007
	Interest	Currency translation adjustments	Fair value adjustments	Effect of early redemption	Total
Income					
Financial assets and liabilities at fair value through profit or loss	1,864	109	279	0	2,252
Loans and receivables	257	233	0	0	490
Financial liabilities measured at amortized cost	0	22	0	0	22
Non-financial assets or liabilities	10	0	0	0	10
Total	**2,131**	**364**	**279**	**0**	**2,774**
Expenses					
Financial assets and liabilities at fair value through profit or loss	(1,369)	(104)	(401)	0	(1,874)
Loans and receivables	0	(101)	0	0	(101)
Financial liabilities measured at amortized cost	(4,122)	(13)	0	32	(4,103)
Non-financial assets or liabilities	(92)	0	0	0	(92)
Total	**(5,583)**	**(218)**	**(401)**	**32**	**(6,170)**
Net financials	**(3,452)**	**146**	**(122)**	**32**	**(3,396)**

					2006
	Interest	Currency translation adjustments	Fair value adjustments	Effect of early redemption	Total
Income					
Financial assets and liabilities at fair value through profit or loss	1,679	60	192	0	1,931
Loans and receivables	199	7	0	0	206
Available-for-sale financial assets	2	0	0	0	2
Financial liabilities measured at amortized cost	0	37	0	0	37
Non-financial assets or liabilities	26	0	0	0	26
Total	**1,906**	**104**	**192**	**0**	**2,202**
Expenses					
Financial assets and liabilities at fair value through profit or loss	(1,330)	(178)	(15)	0	(1,523)
Loans and receivables	(69)	(103)	0	0	(172)
Financial liabilities measured at amortized cost	(3,197)	0	0	0	(3,197)
Non-financial assets or liabilities	(33)	0	0	0	(33)
Total	**(4,629)**	**(281)**	**(15)**	**0**	**(4,925)**
Net financials	**(2,723)**	**(177)**	**177**	**0**	**(2,723)**

Interest income includes interest from joint ventures and associates amounting to DKK 3m compared with DKK 11m in 2006.

Note 10 Income taxes

DKKm

	2007		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At January 1	–	605	2,867
Transferred to discontinued operations	–	181	(44)
Currency translation adjustments, net	–	(4)	13
Additions relating to acquisition of enterprises	–	(3)	155
Disposals relating to divestment of enterprises	–	(9)	(4)
Income taxes	(1,716)	1,642	74
Change of corporate income tax rate	359	–	(359)
Adjustment of tax for previous years	(74)	16	58
Tax related to changes in equity	–	205	0
Tax paid/refunded relating to prior years	–	(738)	–
Tax paid on account relating to present year	–	(32)	–
Total	**(1,431)**	**1,863**	**2,760**
which can be specified as follows:			
Tax payable/deferred tax liabilities	–	1,877	3,027
Tax receivable/deferred tax assets	–	(14)	(267)
Total	**–**	**1,863**	**2,760**
Income taxes are specified as follows:			
Income excluding special items and fair value adjustments	(806)	–	–
Special items	(566)	–	–
Fair value adjustments	(59)	–	–
Total	**(1,431)**	**–**	**–**

DKKm

			2006
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At January 1	–	286	2,710
Currency translation adjustments, net	–	3	11
Income taxes	(1,106)	994	112
Adjustment of tax for previous years	12	(46)	34
Tax related to changes in equity	–	323	0
Tax paid/refunded relating to prior years	–	(448)	–
Tax paid on account relating to present year	–	(507)	–
Transferred to discontinued operations	236	–	–
Total	**(858)**	**605**	**2,867**
which can be specified as follows:			
Tax payable/deferred tax liabilities	–	617	3,401
Tax receivable/deferred tax assets	–	(12)	(534)
Total	**–**	**605**	**2,867**
Income taxes are specified as follows:			
Income excluding special items and fair value adjustments	(1,077)	–	–
Special items	267	–	–
Fair value adjustments	(48)	–	–
Total	**(858)**	**–**	**–**

Reconciliation of effective tax rate

	2007	2006
Danish corporate income tax rate	25.0	28.0
Joint ventures and associates	(3.9)	(2.8)
Other non-taxable income and non-tax deductible expenses	1.1	0.1
Tax value of non-capitalized tax losses and utilized tax losses, net	0.8	1.0
Different tax rates in foreign subsidiaries	(1.0)	(2.4)
Adjustment of tax for previous years	0.7	(0.3)
Change of tax legislation, including change of corporate income tax rate	(10.1)	0.0
Taxation of dividend	0.0	3.1
Re-taxation of formerly deducted losses in foreign enterprises	0.8	0.0
Limitation on the tax deductibility of interest expenses	9.5	0.0
Other	(0.1)	0.0
Effective tax rate excluding special items and fair value adjustments	**22.8**	**26.7**
Special items and fair value adjustments	0.7	(4.8)
Effective tax rate including special items and fair value adjustments	**23.5**	**21.9**

Specification of deferred tax DKKm

	2007			2006
	Deferred tax assets	Deferred tax liabilities	Total	
Allowances for uncollectibles	(1)	0	(1)	(1)
Provisions for redundancy payments	(92)	0	(92)	(91)
Current	**(93)**	**0**	**(93)**	**(92)**
Intangible assets	(20)	552	532	475
Property, plant and equipment	(286)	1,523	1,237	1,821
Pension assets and pension liabilities, etc.	0	1,614	1,614	1,719
Tax value of tax loss carry-forwards	(108)	0	(108)	(624)
Other	(685)	263	(422)	(432)
Non-current	**(1,099)**	**3,952**	**2,853**	**2,959**
Deferred tax liabilities at December 31	**(1,192)**	**3,952**	**2,760**	**2,867**

The Group's capitalized tax loss carry-forwards are expected to be utilized before the end of 2009.

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, 2007, these tax losses amount to a tax value of DKK 543m, compared with DKK 583m at December 31, 2006.

No deferred taxes have been recognized on the basis of temporary differences related to investments in subsidiaries, joint ventures and associates due to the fact that the Group intends to keep the investments until they can be divested tax-free and that dividends are not expected to cause tax payments. At December 31, 2007, these non-recognized deferred taxes amounted to DKK 0m, compared with DKK 74m at December 31, 2006.

All of the Danish Group companies participate in joint taxation. Joint taxation with foreign Group companies ceased from January 1, 2005, due to the changed Danish tax legislation. For Group companies, which previously participated in the joint taxation, re-taxation of formerly deducted losses will be effected concurrently with profits in the respective companies and in connection with potential divestment of the companies. Provisions have been made for re-taxation liabilities related to formerly deducted losses.

With effect from February 1, 2006, the Danish Group companies participate in joint taxation with Nordic Telephone Company Investment ApS, which is the management company in the joint taxation. Subsequently, the jointly taxed companies in the Nordic Telephone Company Investment 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 will assume liability for this payment.

Note 11 Discontinued operations and assets held for sale

Discontinued operations

DKKm

	2007	2006
Revenue	4,164	7,488
Total operating costs	(3,848)	(6,841)
Income taxes	(106)	(236)
Results from discontinued operations excluding gain from divestment	255	387
Gain relating to divestment of discontinued operations	3,258	0
Net income from discontinued operations	**3,513**	**387**

Discontinued operations comprise the 100% owned subsidiary Talkline, a German service provider operating under its own brand through T-Mobile's network. Talkline was part of the business activity International Holdings.

Assets held for sale

DKKm

	2007	2006
Intangible assets and property, plant and equipment	0	5
Total assets held for sale	**0**	**5**

Note 12 Earnings per share

	2007	2006
Net income (DKKm)	8,167	3,443
Minority interests' share of consolidated income (DKKm)	242	3
Shareholders' share of net income (DKKm)	**8,409**	**3,446**
Average number of shares	198,375,177	198,375,177
Average number of treasury shares	(283,821)	(367,572)
Average number of outstanding shares	**198,091,356**	**198,007,605**
Average dilutive effect of outstanding share options (number)	4,704	149,142
Average number of diluted outstanding shares	**198,096,060**	**198,156,747**
EPS (DKK)		
Earnings per share, basic	42.4	17.4
Earnings per share, diluted	42.4	17.4
Earnings per share from continuing operations, basic	24.7	15.4
Earnings per share from continuing operations, diluted	24.7	15.4
Earnings per share from discontinued operations, basic	17.7	2.0
Earnings per share from discontinued operations, diluted	17.7	2.0

Calculations of earnings per share from continuing operations were based on net income from continuing operations attributable to Company shareholders and amounted to DKK 4,896m in 2007 compared with DKK 3,057m in 2006.

Note 13 Intangible assets DKKm

	2007			
	Goodwill	Rights, software, etc.	Internally developed software	Total
Accumulated cost at January 1, 2007	29,842	7,857	3,146	40,845
Transferred to discontinued operations	(824)	(336)	0	(1,160)
Currency translation adjustments	(925)	(124)	0	(1,049)
Additions during the year	0	387	579	966
Additions relating to the acquisition of subsidiaries	532	841	0	1,373
Disposals relating to the divestment of subsidiaries	(1,040)	(423)	0	(1,463)
Assets disposed of or fully amortized during the year	(123)	(129)	(13)	(265)
Accumulated cost at December 31, 2007	**27,462**	**8,073**	**3,712**	**39,247**
Accumulated amortization and write-downs for impairment at January 1, 2007	(2,098)	(4,448)	(2,106)	(8,652)
Transferred to discontinued operations	321	290	0	611
Currency translation adjustments	37	71	0	108
Amortization for the year	0	(733)	(322)	(1,055)
Write-downs for impairment during the year	(2,530)	(45)	(27)	(2,602)
Reversed write-downs	0	17	0	17
Disposals relating to the divestment of subsidiaries	159	218	0	377
Assets disposed of or fully amortized during the year	123	129	14	266
Accumulated amortization and write-downs for impairment at December 31, 2007	**(3,988)**	**(4,501)**	**(2,441)**	**(10,930)**
Carrying value at December 31, 2007	**23,474**	**3,572**	**1,271**	**28,317**
Carrying value of capitalized interest at December 31, 2007	**-**	**152**	**16**	**168**

DKKm

	2006			
	Goodwill	Rights, software, etc.	Internally developed software	Total
Accumulated cost at January 1, 2006	30,547	7,415	2,484	40,446
Currency translation adjustments	(738)	(57)	0	(795)
Additions during the year	0	465	679	1,144
Additions relating to the acquisition of subsidiaries	33	170	0	203
Assets disposed of or fully amortized during the year	0	(136)	(17)	(153)
Accumulated cost at December 31, 2006	**29,842**	**7,857**	**3,146**	**40,845**
Accumulated amortization and write-downs for impairment at January 1, 2006	(2,014)	(3,652)	(1,662)	(7,328)
Currency translation adjustments	41	48	3	92
Amortization for the year	0	(957)	(427)	(1,384)
Write-downs for impairment during the year	(125)	(20)	(37)	(182)
Assets disposed of or fully amortized during the year	0	133	17	150
Accumulated amortization and write-downs for impairment at December 31, 2006	**(2,098)**	**(4,448)**	**(2,106)**	**(8,652)**
Carrying value at December 31, 2006	**27,744**	**3,409**	**1,040**	**32,193**
Carrying value of capitalized interest at December 31, 2006	**-**	**159**	**12**	**171**

In 2007 the amortization method for customer-related assets was changed from straight-line amortization to the diminishing-balance method. The effect of this change is a reduction in amortization of DKK 148m in 2007 and approximately DKK 100m in 2008.

In 2007, write-downs for impairment of intangible assets totaled DKK 2,602m. Of this, DKK 29m related to assets operated jointly by Business Nordic, Fixnet Nordic and Mobile Nordic, . DKK 7m related to YouSee, DKK 2,507m related to Sunrise, and DKK 59m related to Other activities.

In 2007, reversed write-downs amounted to DKK 17m and related to assets operated jointly by Business Nordic, Fixnet Nordic and Mobile Nordic.

In 2006, write-downs for impairment of intangible assets totaled DKK 182m. Of this, DKK 59m related to assets operated jointly by Business Nordic, Fixnet Nordic and Mobile Nordic, and DKK 123m related to Sunrise.

The carrying value of software amounted to DKK 1,946m, compared with DKK 1,812m in 2006.

Interest capitalized during 2007 amounted to DKK 7m, compared with DKK 4m in 2006.

The carrying value of mortgaged intangible assets amounted to DKK 966m at December 31, 2007, compared with DKK 315m in 2006.

TDC acquired a UMTS license in 2001 in Denmark. The carrying value of the license amounted to DKK 811m in 2007, compared with DKK 870m in 2006. Amortization was initiated in 2005. The remaining amortization period totals 14 years.

Goodwill impairment tests

The carrying value of goodwill is tested for impairment annually at July 1, and if events or changes in circumstances indicate impairment.

The impairment test is an integrated part of the Group's budget and planning process, which, as the acquisition of enterprises, is based on ten-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 ten-year business plans approved by Management.

Goodwill relates primarily to Sunrise and TDC Nordic. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Sunrise
At year-end 2007, a write-down for impairment relating to Sunrise goodwill of DKK 2,507m was recognized. The write-down resulted from developments, which indicated that previous assumptions used in the valuation of Sunrise were no longer valid. Following a thorough review of operations and expectations for Sunrise, the estimated enterprise value was adjusted downward to reflect reduced cash-flow expectations.

The carrying value of goodwill relating to Sunrise amounted to DKK 19,932m at December 31, 2007. The recoverable amount is sensitive primarily to changes in the expected revenue growth. The projected revenue growth will stem mainly from broadband and data services. The growth rate applied to extrapolate projected future cash flows for the period following 2016 equals an expected market-based rate of 2.0%. A discount rate of 7.2% (2006: 7.0%) has been applied.

An adverse development in key assumptions would cause the carrying value to exceed the recoverable amount.

TDC Nordic
The carrying value of goodwill relating to TDC Nordic amounted to DKK 1,894m at December 31, 2007. The recoverable amount is sensitive primarily to changes in the projected revenue growth. The projected revenue growth will stem primarily from corporate communications solutions as well as mobile offerings. The growth rate applied to extrapolate projected future cash flows for the period following 2016 is 2.0%. The growth rate is not deemed to exceed the long-term average growth rate in TDC Nordic's markets. A discount rate of 10.3% (2006: 9.8%) has been applied.

Note 14 Property, plant and equipment

DKKm

						2007
	Land and buildings	Telecommunications installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1, 2007	3,181	68,231	6,166	392	847	78,817
Transferred to discontinued operations	0	0	(362)	0	0	(362)
Currency translation adjustments	7	(398)	(48)	(1)	(19)	(459)
Transfers (to)/from other items	19	1,144	37	(267)	(933)	0
Additions relating to the acquisition of subsidiaries	30	2,502	44	0	47	2,623
Work performed for own purposes and capitalized	0	1,304	4	1	3	1,312
Acquisitions from third parties	96	1,102	327	296	1,099	2,920
Disposals relating to the divestment of subsidiaries	(48)	(1,401)	(153)	0	(44)	(1,646)
Assets disposed of during the year	(2,263)	(288)	(296)	0	(25)	(2,872)
Transfers (to)/from assets held for sale	18	0	0	0	0	18
Accumulated cost at December 31, 2007	**1,040**	**72,196**	**5,719**	**421**	**975**	**80,351**
Accumulated depreciation and write-downs for impairment at January 1, 2007	(2,197)	(46,872)	(4,602)	(190)	0	(53,861)
Transferred to discontinued operations	0	0	258	0	0	258
Currency translation adjustments	(1)	142	25	0	0	166
Transfers to/(from) other items	(3)	4	(1)	0	0	0
Depreciation for the year	(29)	(4,346)	(557)	0	0	(4,932)
Write-downs for impairment during the year	0	(227)	(13)	(29)	0	(269)
Disposals relating to the divestment of subsidiaries	8	675	108	0	0	791
Assets disposed of during the year	1,674	252	289	0	0	2,215
Transfers to/(from) assets held for sale	(15)	0	0	0	0	(15)
Accumulated depreciation and write-downs for impairment at December 31, 2007	**(563)**	**(50,372)**	**(4,493)**	**(219)**	**0**	**(55,647)**
Carrying value at December 31, 2007	**477**	**21,824**	**1,226**	**202**	**975**	**24,704**
Carrying value of capital leases at December 31, 2007	**115**	**310**	**214**	**-**	**-**	**639**
Carrying value of capitalized interest at December 31, 2007	**0**	**74**	**7**	**-**	**0**	**81**

DKKm

2006

	Land and buildings	Telecommunications installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1, 2006	3,273	64,842	5,933	358	1,002	75,408
Currency translation adjustments	2	(290)	(30)	0	(13)	(331)
Transfers (to)/from other items	10	1,714	114	(229)	(1,609)	0
Additions relating to the acquisition of subsidiaries	0	95	0	0	0	95
Work performed for own purposes and capitalized	0	1,326	0	0	10	1,336
Acquisitions from third parties	37	657	398	265	1,460	2,817
Assets disposed of during the year	(121)	(198)	(249)	(2)	(3)	(573)
Transferred (to)/from assets held for sale	(20)	85	0	0	0	65
Accumulated cost at December 31, 2006	**3,181**	**68,231**	**6,166**	**392**	**847**	**78,817**
Accumulated depreciation and write-downs for impairment at January 1, 2006	(2,237)	(42,765)	(4,179)	(173)	0	(49,354)
Currency translation adjustments	0	128	17	0	0	145
Transfers to/(from) other items	0	(10)	10	0	0	0
Depreciation for the year	(36)	(4,284)	(675)	0	0	(4,995)
Write-downs for impairment during the year	0	(115)	0	(17)	0	(132)
Assets disposed of during the year	61	180	225	0	0	466
Transferred to/(from) assets held for sale	15	(6)	0	0	0	9
Accumulated depreciation and write-downs for impairment at December 31, 2006	**(2,197)**	**(46,872)**	**(4,602)**	**(190)**	**0**	**(53,861)**
Carrying value at December 31, 2006	**984**	**21,359**	**1,564**	**202**	**847**	**24,956**
Carrying value of capital leases at December 31, 2006	**20**	**421**	**47**	**-**	**-**	**488**
Carrying value of capitalized interest at December 31, 2006	**0**	**101**	**7**	**-**	**0**	**108**

In 2007, write-downs for impairment totaled DKK 269m. Of this, DKK 203m related to assets operated jointly by Business Nordic, Fixnet Nordic and Mobile Nordic, and DKK 66m related to Sunrise.

In 2006, write-downs for impairment totaled DKK 132m. Of this, DKK 35m related to assets operated jointly by Business Nordic, Fixnet Nordic and Mobile Nordic, and DKK 97m related to Sunrise.

Interest capitalized during 2007 amounted to DKK 12m compared with DKK 8m in 2006.

The TDC Group has recourse guarantee obligations of payment and performance in connection with lease contracts. Reference is made to note 29 Contingencies.

The carrying value of mortgaged property, plant and equipment amounted to DKK 3,505m at December 31, 2007, compared with DKK 1,564m at December 31, 2006.

In 2007, damages received relating to property, plant and equipment of DKK 61m have been recognized as income compared with DKK 62m in 2006.

Note 15 Investments in joint ventures and associates DKKm

	2007	2006
Accumulated cost at January 1	6,485	6,514
Currency translation adjustments	54	4
Additions during the year	12	4
Disposals relating to the divestment of enterprises	(8)	0
Disposals during the year	(945)	(37)
Accumulated cost at December 31	**5,598**	**6,485**
Accumulated write-ups and write-downs for impairment at January 1	(4,834)	(4,388)
Currency translation adjustments	34	(28)
Disposals relating to the divestment of enterprises	2	0
Write-ups and write-downs for the year:		
• Share of income/loss	542	419
• Special items	0	10
• Dividends	(528)	(863)
Disposals during the year	826	16
Accumulated write-ups and write-downs for impairment at December 31	**(3,958)**	**(4,834)**
Carrying value at December 31	**1,640**	**1,651**
which can be specified as follows:		
Associates	141	138
Joint ventures	1,499	1,513
Total	**1,640**	**1,651**

The carrying value of joint ventures and associates included goodwill of DKK 76m at December 31, 2007, compared with DKK 60m at December 31, 2006.

Income from joint ventures and associates can be specified as follows:

	2007	2006
Share of income/loss	542	419
Special items	0	10
Gain/loss relating to divestments	859	20
Income from joint ventures and associates	**1,401**	**449**

Associates
TDC has no significant associates.

Joint ventures
The TDC Group's significant investments in joint ventures comprise a 19.6% ownership share in Polkomtel S.A., a Polish mobile network operator with a market share of approximately a third of the mobile market in Poland.

The 15% ownership share in One GmbH was divested as of October 2, 2007.

Financial summary for joint ventures (TDC's share) DKKm

	2007	2006
Revenue	3,471	3,484
Total operating expenses before depreciation, etc.	(2,247)	(2,280)
Total non-current assets	2,661	3,213
Total current assets	530	632
Total non-current liabilities	(122)	(922)
Total current liabilities	(1,570)	(1,411)

Contingent liabilities in the joint ventures amounted to DKK 0m at December 31, 2007, compared with DKK 17m at December 31, 2006.

Note 16 Receivables DKKm

	2007	2006
Trade receivables	7,171	8,883
Allowances for uncollectibles	(548)	(890)
Trade receivables, net	6,623	7,993
Receivables from group enterprises	4	0
Receivables from joint ventures and associates	0	277
Contract work in process (see note 17 for details)	268	248
Other receivables	766	844
Total	**7,661**	**9,362**
Recognized as follows:		
Non-current assets	95	368
Current assets	7,566	8,994
Total	**7,661**	**9,362**
Allowances for uncollectibles at January 1	(890)	(1,062)
Transferred to discontinued operations	298	0
Additions	(226)	(235)
Deductions	270	407
Allowances for uncollectibles at December 31	**(548)**	**(890)**
Receivables past due but not impaired	**1,401**	**908**
Receivables past due and impaired	**704**	**1,168**

Of the receivables classified as current assets at December 31, 2007, DKK 327m falls due after more than one year, compared with DKK 77m at December 31, 2006.

Note 17 Contract work in process

	2007	2006
		DKKm
Value of contract work in process	439	397
Billing on account	(175)	(151)
Total	**264**	**246**
Recognized as follows:		
Contract work in process (assets)	268	248
Contract work in process (liabilities)	(4)	(2)
Total	**264**	**246**
Recognized as revenue from contract work in process	**994**	**827**
Prepayments from customers	**36**	**31**

Write-downs of contract work in process amounted to DKK 28m in 2007, compared with DKK 0m in 2006.

Note 18 Prepaid expenses

	2007	2006
		DKKm
Prepayment regarding former civil servants	51	131
Prepaid lease payments	143	134
Other prepaid expenses	618	707
Total	**812**	**972**
Recognized as follows:		
Non-current assets	147	259
Current assets	665	713
Total	**812**	**972**

Note 19 Inventories

	2007	2006
		DKKm
Raw materials and supplies	93	58
Work in process	0	7
Finished goods and merchandise	548	592
Total	**641**	**657**

Inventories expensed amounted to DKK 3,845m in 2007, compared with DKK 4,486m in 2006.

Inventories expected to be sold after more than one year amounted to DKK 17m at December 31, 2007, compared with DKK 12m at December 31, 2006.

Write-downs of inventories amounted to DKK 33m in 2007, compared with DKK 28m in 2006. Reversal of write-downs of inventories amounted to DKK 18m in 2007, compared with DKK 38m in 2006.

Note 20 Equity

Common shares	Shares (number)	Nominal value (DKK)
Holding at January 1, 2006	198,375,177	991,875,885
Additions	0	0
Reductions	0	0
Holding at January 1, 2007	198,375,177	991,875,885
Additions	0	0
Reductions	0	0
Holding at December 31, 2007	**198,375,177**	**991,875,885**

Treasury shares	Shares (number)	Nominal value (DKK)	% of common shares
Holding at January 1, 2006	3,661,655	18,308,275	1.85
Additions	27,584	137,920	0.01
Disposals	(3,405,418)	(17,027,090)	(1.72)
Holding at January 1, 2007	283,821	1,419,105	0.14
Additions	0	0	–
Disposals	0	0	–
Holding at December 31, 2007	**283,821**	**1,419,105**	**0.14**

Purchase of the Group's treasury shares was used primarily to hedge the Group's remaining commitments under the previous share-option program for the Board of Directors, the Executive Committee and other management employees.

Note 21 Loans

DKKm

	2007	2006
Bank loans	35,727	47,593
Bonds and mortgages	13,048	10,422
Debt relating to capital leases	694	434
Other long-term debt	248	300
Total	**49,717**	**58,749**
Of which loans expected to be paid within 12 months	(4,146)	(1,975)
Long-term loans	**45,571**	**56,774**
Long-term loans fall due as follows:		
1 -3 years	6,342	8,407
3 -5 years	10,646	5,996
5 -7 years	14,200	6,319
7 -9 years	14,238	35,895
After 9 years	145	157
Total	**45,571**	**56,774**
Fair value	50,450	59,573
Nominal value	50,555	59,925

Allocation of liabilities relating to capital leases according to maturity date

DKKm

	Minimum payments		Present value	
	2007	2006	2007	2006
Mature within 1 year	161	74	137	49
Mature between 1 and 5 years	385	209	281	124
Mature after 5 years	423	306	276	261
Total	**969**	**589**	**694**	**434**

Liabilities relating to capital leases are related primarily to sale and leaseback agreements regarding sale of property, agreements regarding the renting of fiber networks and IT equipment.

Note 22 Deferred income

DKKm

	2007	2006
Accrued profit relating to sale and leaseback	53	77
Accrued revenue from non-refundable up-front connection fees	1,444	1,452
Deferred subscription revenue	1,456	1,382
Other deferred income	973	906
Total	**3,926**	**3,817**
Recognized as follows:		
Non-current liabilities	992	1,088
Current liabilities	2,934	2,729
Total	**3,926**	**3,817**

Note 23 Provisions

DKKm

	2007				2006
	Asset retirement obligations	Restructuring obligations	Other provisions	Total	
Provisions at January 1	451	512	796	1,759	1,710
Transferred to discontinued operations	(4)	(21)	(3)	(28)	0
Currency translation adjustments	(10)	(3)	(10)	(23)	(7)
Additions relating to the acquisition of subsidiaries	0	0	7	7	0
Disposal related to the divestment of subsidiaries	(7)	0	(5)	(12)	0
Provisions made during the year	83	325	568	976	923
Change in present value	15	0	16	31	(30)
Provisions used during the year	(1)	(329)	(431)	(761)	(780)
Unused provisions reversed during the year	(1)	(27)	(59)	(87)	(57)
Provisions at December 31	**526**	**457**	**879**	**1,862**	**1,759**
Recognized as follows:					
Non-current liabilities	521	280	474	1,275	1,174
Current liabilities	5	177	405	587	585
Total	**526**	**457**	**879**	**1,862**	**1,759**

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 2012.

Provisions for restructuring obligations relate primarily to redundancy programs. The majority of these obligations are expected to result in cash outflow in the period 2008-2012. The uncertainties relate primarily to the estimated amounts.

Other provisions are related mainly to pending lawsuits, onerous contracts, bonuses for Management and employees, as well as jubilee benefits provided for employees.

Note 24 Trade and other payables

DKKm

	2007	2006
Trade payables	5,022	4,945
Payables to joint ventures and associates	0	3
Payables to group enterprises	0	60
Prepayments from customers	330	403
Other payables	2,694	2,973
Total	**8,046**	**8,384**

Of the current liabilities at December 31, 2007, DKK 17m falls due after more than one year at December 31, 2007, compared with DKK 24m at December 31, 2006.

Note 25 Research and development costs

Research and development costs for the year recognized in the Statements of Income amounted to DKK 29m in 2007, compared with DKK 11m in 2006.

Note 26 Financial instruments, etc.

TDC 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 of 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:

		Financial assets and liabilities			2007	2006
Currency	Maturities	Assets	Liabilities	Derivatives[1]	Net position	Net position
EUR	< 1 year	2,356	(4,665)	1,805	(504)	504
	1-3 years	0	(6,025)	3,443	(2,582)	(7,077)
	3-5 years	0	(10,425)	1,477	(8,948)	(5,602)
	5-7 years	0	(14,131)	0	(14,131)	(4,637)
	7-9 years	0	(14,161)	0	(14,161)	(35,840)
	> 9 years	0	0	0	0	274
Total EUR		**2,356**	**(49,407)**	**6,725**	**(40,326)**	**(52,378)**
Others	< 1 year	3,069	(1,444)	(4,252)	(2,627)	(1,052)
	1-3 years	238	(43)	(2,697)	(2,502)	(56)
	3-5 years	6	(147)	(626)	(767)	(43)
	5-7 years	0	(51)	0	(51)	(49)
	7-9 years	0	(57)	0	(57)	(56)
	> 9 years	0	(80)	0	(80)	(115)
Total others		**3,313**	**(1,822)**	**(7,575)**	**(6,084)**	**(1,371)**
Foreign currencies total		**5,669**	**(51,229)**	**(850)**	**(46,410)**	**(53,749)**
DKK	< 1 year	8,647	(2,074)	2,380	8,953	5,137
	1-3 years	5	(287)	(884)	(1,166)	(1,429)
	3-5 years	7	(73)	(750)	(816)	(247)
	5-7 years	7	(20)	0	(13)	(1,629)
	7-9 years	4	(21)	0	(17)	0
	> 9 years	75	(69)	0	6	50
Total DKK		**8,745**	**(2,544)**	**746**	**6,947**	**1,882**
Total		**14,414**	**(53,773)**	**(104)**	**(39,463)**	**(51,867)**

[1] The financial instruments used are currency swaps and forward-exchange contracts. The statement excludes derivatives applied to hedge net investments disclosed in the table on the next page.

Hedging of net investments in foreign enterprises — DKKm

Foreign-currency hedging of net investments in foreign subsidiaries, joint ventures and associates:

	2007				2006			
	Net investments, carrying value	Hedged	Not hedged	Currency translation adjustments for the year	Net investments, carrying value	Hedged	Not hedged	Currency translation adjustments for the year
CHF	24,195	(24,284)	89	(100)	27,710	(27,375)	(335)	(12)
SEK	10,557	0	(10,557)	(329)	10,822	0	(10,822)	304
PLN	1,499	0	(1,499)	88	1,445	0	(1,445)	(25)
HUF	297	0	(297)	(104)	585	0	(585)	(17)
EUR	7	0	(7)	(5)	4,048	0	(4,048)	(4)
Others	(38)	0	38	3	(53)	0	53	(3)
Total at December 31	**36,517**	**(24,284)**	**(12,233)**	**(447)**	**44,557**	**(27,375)**	**(17,182)**	**243**

Net investments in foreign subsidiaries, joint ventures and associates are hedged for foreign currency risks only for Sunrise. Net investments in foreign enterprises include goodwill.

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 were determined using the zero-coupon rates.

All carrying values were derived from the balance sheet and other notes.

	Maturity profiles (DKKm)[1]								2007
	< 1 year	1-3 years	3-5 years	5-7 years	7-9 years	> 9 years	Total	Fair value	Carrying value
Financial assets and liabilities at fair value through profit or loss									
Derivatives, assets									
Interest rate swaps	179	129	42	0	0	0	350	313	312
Currency swaps	0	0	3	0	0	0	3	3	3
Net investment hedges	757	66	0	0	0	0	823	471	471
Other derivatives	34	0	0	0	0	0	34	34	34
Derivatives, liabilities									
Interest rate swaps	(145)	(366)	(35)	0	0	0	(546)	(357)	(357)
Currency swaps	(94)	(5)	0	0	0	0	(99)	(92)	(92)
Net investment hedges	0	0	0	0	0	0	0	0	0
Other derivatives	(4)	0	0	0	0	0	(4)	(4)	(4)
Loans and receivables									
Cash	8,251	0	0	0	0	0	8,251	8,251	8,251
Trade receivables and other receivables	5,856	265	27	22	20	298	6,488	6,167	6,163
Available-for-sale financial assets	0	0	0	0	0	0	0	0	0
Financial liabilities measured at amortized cost									
Bank loans	(4,555)	(7,609)	(7,870)	(14,750)	(14,662)	0	(49,446)	(36,372)	(35,727)
Bonds	(2,476)	(4,035)	(7,762)	(2,588)	0	0	(16,861)	(13,084)	(13,048)
Debt relating to capital leases	(161)	(276)	(109)	(104)	(104)	(215)	(969)	(694)	(694)
Trade and other payables	(4,129)	(179)	(76)	0	0	(4)	(4,388)	(4,357)	(4,304)
Total	**3,513**	**(12,010)**	**(15,780)**	**(17,420)**	**(14,746)**	**79**	**(56,364)**	**(39,721)**	**(38,992)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories:

	Financial assets and liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liablities, and equity	Total balance
Assets	820	14,414	0	0	64,302	79,536
Equity and liabilities	(453)	0	0	(53,773)	(25,310)	(79,536)

Maturity profiles (DKKm)[1]									2006
	< 1 year	1-3 years	3-5 years	5-7 years	7-9 years	> 9 years	Total	Fair value	Carrying value
Financial assets and liabilities at fair value through profit or loss									
Derivatives, assets									
Interest rate swaps	38	162	38	0	0	0	238	153	153
Currency swaps	52	(2)	(2)	3	0	0	51	40	40
Net investment hedges	1,056	313	0	0	0	0	1,369	694	694
Other derivatives	74	0	0	0	0	0	74	74	74
Derivatives, liabilities									
Interest rate swaps	(35)	(117)	0	0	0	0	(152)	(147)	(147)
Currency swaps	(18)	(84)	0	0	0	0	(102)	(85)	(85)
Net investment hedges	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0
Loans and receivables									
Cash	3,455	0	0	0	0	0	3,455	3,455	3,455
Trade receivables and other receivables	7,135	14	6	8	6	613	7,782	7,403	7,506
Available-for-sale financial assets	5	0	0	0	0	0	5	5	5
Financial liabilities measured at amortized cost									
Bank loans	(4,054)	(9,890)	(13,119)	(5,126)	(38,715)	0	(70,904)	(48,461)	(47,594)
Bonds	(606)	(5,292)	(775)	(6,683)	0	0	(13,356)	(10,375)	(10,421)
Debt relating to capital leases	(74)	(112)	(97)	(100)	(98)	(108)	(589)	(434)	(434)
Trade and other payables	(4,214)	(175)	(156)	0	0	0	(4,545)	(4,422)	(4,419)
Total	**2,814**	**(15,183)**	**(14,105)**	**(11,898)**	**(38,807)**	**505**	**(76,674)**	**(52,100)**	**(51,173)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories:

	Financial assets and liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	961	10,961	5	0	68,842	80,769
Equity and liabilities	(232)	0	0	(62,868)	(17,669)	(80,769)

C: Undrawn credit lines

The undrawn credit lines at December 31, 2007 are specified as follows:

			DKKm
Maturities	**Committed credit lines**	**Committed syndicated credit lines**	**Total**
< 1 year	0	0	0
> 1 year	2,180	2,609	4,789
Total	**2,180**	**2,609**	**4,789**

D: Credit risks

Financial instruments are concluded only with counterparties holding the credit rating of A-/A3/A- or higher from Standard & Poor's, Moody's Investor Service or Fitch Ratings. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of the Group's total credit lines over several counterparties. The counterparty risk is therefore considered to be minimal.

Note 27 Pension assets and pension obligations

A: Domestic defined benefit plans

At December 31, 2007, 3,004 of the TDC Group's employees 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. In addition, 7,708 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 and, in accordance with existing legislation, bylaws and the pension regulations, TDC is required to make contributions to meet the premium reserve requirements. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement.

		DKKm
Specification of (pension costs)/income	**2007**	**2006**
Service cost[1]	(200)	(254)
Interest cost[2]	(862)	(808)
Expected return on plan assets	1,327	1,297
Recognized net actuarial gain/(loss)	(30)	0
Net periodic (pension cost)/income recognized in pension cost	**235**	**235**
Domestic redundancy programs recognized in special items	(57)	(210)
(Pension cost)/income recognized in the Statements of Income	**178**	**25**

[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.

DKKm

Assets and obligations	2007	2006
Specification of pension assets		
Fair value of plan assets	22,178	22,445
Projected benefit obligations	(16,908)	(18,214)
Funded status	**5,270**	**4,231**
Unrecognized net actuarial loss	1,132	1,773
Pension assets recognized in the Balance Sheets	**6,402**	**6,004**
Change in present value of benefit obligations		
Projected benefit obligations at January 1	(18,214)	(19,222)
Service cost	(200)	(254)
Interest cost	(862)	(808)
Curtailment in connection with redundancies	0	0
Special termination benefit	(57)	(210)
Actuarial gain	1,502	1,382
Benefit paid	923	898
Projected benefit obligations at December 31	**(16,908)**	**(18,214)**
Change in fair value of plan assets		
Fair value of plan assets at January 1	22,445	22,694
Actual return on plan assets	435	315
TDC's contribution	221	334
Benefit paid	(923)	(898)
Fair value of plan assets at December 31	**22,178**	**22,445**

Plan assets include property used by TDC companies with a fair value of DKK 1,662m at December 31, 2007, compared with DKK 2,040m at December 31, 2006.

Weighted-average asset allocation by asset categories at December 31 %

	2007	2006
Equity securities	14	14
Debt securities	64	69
Real estate	17	14
Other	5	3
Total	**100**	**100**

Weighted-average assumptions used to determine benefit obligations %

	2007	2006
Discount rate	5.35	4.85
General wage inflation	2.25	2.25
General price inflation	2.25	2.25

Weighted-average assumptions used to determine net periodic pension cost **%**

	2007	2006
Discount rate	4.85	4.30
Expected return on plan assets	6.00	5.80
General wage inflation	2.25	2.25
General price inflation	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 30% as equity securities, 45% as debt securities, 15% as real estate and 10% 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 2007, the assumed discount rate was increased to reflect changes in market conditions. The assumptions for 2008 reflect a further increase of the discount rate to 5.35% and a decrease in expected return on plan assets to 5.80% as well as unchanged assumptions with respect to general inflation. The changed assumptions have resulted in decreased pension benefit obligations at year-end 2007 compared with 2006. With these changed assumptions, TDC's total pension costs excluding redundancy programs are expected to increase approximately DKK 47m in 2008 compared with 2007, assuming all other factors remain unchanged.

The average remaining service periods of active plan participants expected to receive benefits were estimated to be 12.0 years at December 31, 2007, compared with 10.8 years at December 31, 2006.

Cash flows

TDC's current contributions were DKK 134m in 2007, against DKK 136m in 2006. Furthermore, extraordinary contributions were DKK 87m following a reduced work force in 2007, compared with DKK 198m in 2006. For 2008, the projected current contributions amount to DKK 154m. As in 2007, extraordinary contributions are expected to be paid in connection with retirements.

Other information

590 members of the defined benefit plans will ultimately have part of their pension payment reimbursed by the Danish government. The related benefit obligations, DKK 440m, have been deducted, arriving at 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.

TDC's foreign defined benefit plans concern primarily Sunrise.

C: Pensions for former Danish civil servants

In addition to the defined benefit plans, the Group has paid annual pension contributions to the Danish government. The pension contributions were paid for employees who have retained their rights as civil servants to defined pension benefits from the Danish government due to previous employment agreements.

In 1994, the Group 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 the Group's pension obligation to employees who participated in the Danish civil servants' pension plan. Under the agreement, the Group's pension contributions to the Danish Government ceased at July 1, 1994. The agreed non-recurring payment is treated as a prepaid expense, which will be amortized and expensed over the average expected remaining service lives of the active employees concerned.

In connection with the reduction in the number of employees in 2007 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 on the part of the Company.

Note 28 Other financial commitments and lease receivables

DKKm

	2007	2006
Lease commitments for all operating leases		
Rental expense relating to properties and mobile sites in the period of interminability	8,239	3,716
Accumulated lease commitments for machinery, equipment, computers, etc.	1,332	861
Total	**9,571**	**4,577**
which can be specified as follows:		
Due not later than 1 year	1,135	947
Due later than 1 year and not later than 5 years	3,041	2,172
Due later than 5 years	5,395	1,458
Total	**9,571**	**4,577**
Total rental expense for the year for all operating leases		
Minimum lease payments	1,466	1,125
Contingent lease payments	0	1
Sublease payments	(20)	(18)
Total	**1,446**	**1,108**
Capital and purchase commitments		
Investments in property, plant and equipment	24	29
Investments in intangible assets	20	44
Commitments related to outsourcing agreements	844	910
Other purchase commitments	386	356

Operating leases, for which TDC 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 41m at December 31, 2007, compared with DKK 80m at December 31, 2006.

DKKm

Lease receivables	2007	2006
Total lease receivables in the period of interminability	1	17
which can be specified as follows:		
Not later than 1 year	1	16
Later than 1 year and not later than 5 years	0	1
Later than 5 years	0	0
Total	**1**	**17**

Operating leases, for which the TDC Group is the lessor, are related primarily to agreements on telecommunications installations.

Note 29 Contingencies

Contingent assets
The TDC Group is awaiting the outcome of certain cases brought against other telecommunications companies. A potential favorable outcome for TDC of one or more of these cases could result in substantial income.

Contingent liabilities
The TDC Group 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 the TDC Group'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, 2007, the guarantees amounted to DKK 2,214m, compared with DKK 2,713m at December 31, 2006. The guarantees provided by the TDC Group are economically defeased by means of payment instruments issued by creditworthy obligors unrelated to the TDC Group 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 accordance with 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.

Guarantees
The TDC Group has provided the usual guarantees in favor of suppliers and partners. These guarantees amounted to DKK 428m at December 31, 2007, compared with DKK 361m at December 31, 2006.

Change of control
The EU Take-Over Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for the disclosure by listed companies of information on change-of-control provisions.

Information on TDC's ownership is provided in "Shareholder information". For information on change-of-control clauses in relation to the service contracts of management employees, see Note 6 Wages, salaries and pensions.

In addition, the TDC Group has other agreements to which the Group is a party, and that take effect, alter or terminate upon a change of control of the Group following implementation of a take-over bid. A change of control may lead to termination of the agreements by the relevant counterparties.

Under certain circumstances, a change of control could lead to termination of the Senior Facilities Agreement. On December 31, 2007, the aggregate nominal debt of the Senior Facilities Agreement amounted to DKK 35,592m.

For information on change-of-control clauses in relation to licenses for key technologies underlying TDC's service offerings, see "Risk factors related to TDC's operations" cf. "Licenses for key technologies underlying TDC's service offerings". Under certain circumstances, a change of control would lead to termination of these licenses. Termination of certain of these licenses would have a material adverse effect on TDC's revenue and earnings.

For information on change-of-control clauses in relation to other contracts with third parties, see "Risk factors related to TDC's operations" cf. "Change-of-control clauses in contracts with third parties may also adversely affect TDC's business and profitability". A change of control could lead to termination of such contracts. Termination of such contracts would not individually or combined have a material adverse effect on TDC's revenue and earnings.

Note 30 Related parties

Name of related party	Nature of relationship	Domicile
Angel Lux Common S.a.r.l.	Indirect ownership	Luxembourg
Nordic Telephone Management Holding ApS	Group enterprise	Århus, Denmark
Nordic Telephone Company Investment ApS	Indirect ownership	Århus, Denmark
Nordic Telephone Company Administration ApS	Indirect ownership	Århus, Denmark
Nordic Telephone Company Finance ApS	Indirect ownership	Århus, Denmark
Nordic Telephone Company Holding ApS	Indirect ownership	Århus, Denmark
Nordic Telephone Company ApS	Ownership	Århus, Denmark
KTAS Pensionskasse	Pension fund	Copenhagen, Denmark
Jydsk Telefons Pensionskasse	Pension fund	Århus, 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 578m at December 31, 2007, compared with DKK 793m at December 31, 2006. The rental expense was DKK 122m for 2007, compared with DKK 128m in 2006. In addition, annual contributions are paid to the pension funds, see note 27 Pension obligations.

Remuneration for the Board of Directors and the Executive Committee is described in note 6.

The Group has the following additional transactions and balances with related parties:

2007 **DKKm**

	Joint ventures	Associates	Other related parties	Total
Income	9	0	4	13
Costs	0	0	(4)	(4)
Receivables	0	0	73	73
Debt	0	0	0	0

2006 **DKKm**

	Joint ventures	Associates	Other related parties	Total
Income	12	4	14	30
Costs	0	(6)	(70)	(76)
Receivables	275	2	69	346
Debt	(3)	0	0	(3)

Note 31 Overview of Group companies at December 31, 2007

Company name	Domicile	Currency	TDC Group ownership share (%)	Number of subsidiaries, joint ventures and associates not listed here[1]
Business Nordic				**2**
TDC Hosting A/S	Århus, Denmark	DKK	100.0	
• Uni2 A/S	Valby, Denmark		100.0	
TDC Dotcom AB	Stockholm, Sweden	SEK	100.0	
Service Hosting A/S	Ballerup, Denmark	DKK	100.0	
TDC AS	Oslo, Norway	NOK	100.0	2
TDC Con SQOV AB	Stockholm, Sweden	SEK	100.0	
• TDC Nordic AB	Stockholm, Sweden		100.0	3
- TDC Sverige AB	Stockholm, Sweden		100.0	3
- TDC Oy Finland	Helsinki, Finland		100.0	5
- TDC Song Danmark A/S	Ballerup, Denmark		100.0	1
NetDesign A/S	Farum, Denmark	DKK	100.0	
TDC Business Solution GmbH	Elmshorn, Germany	EUR	100.0	
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0	
Fixnet Nordic				**6**
Operators Clearing House A/S[2]	Glostrup, Denmark	DKK	33.3	
TDC Call Center Europe A/S	Sønderborg, Denmark	DKK	100.0	
TDC Carrier Services USA, Inc.	New Jersey, USA	USD	100.0	
TDC Produktion A/S	Glostrup, Denmark	DKK	100.0	
Mobile Nordic				
Telmore A/S	Taastrup, Denmark	DKK	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	
Connect Partner A/S	Herlev, Denmark	DKK	100.0	

Company name	Domicile	Currency	TDC Group ownership share (%)	Number of subsidiaries, joint ventures and associates not listed here[1]
Sunrise				
Sunrise Communications AG	Zürich, Switzerland	CHF	100.0	6
• sunrise business communications AG	Zürich, Switzerland		100.0	
Other				8
ADSB Telecommunications B.V.[2]	Amsterdam, the Netherlands	EUR	34.7	
Hungarian Telephone and Cable Corp.	Seattle, USA	USD	64,6	15
• Invitel Távközlési Szolgáltató Zrt.	Budapest, Hungary		100.0	
• Hungarotel Távközlési Zrt.	Budapest, Hungary		100.0	
• Pantel Távközlési Kft.	Budapest, Hungary		100.0	
Polkomtel S.A.[2]	Warsaw, Poland	PLN	19.6	
Telmore International Holding A/S	Taastrup, Denmark	DKK	100.0	
• Shimmerbright Ltd.	London, UK		100.0	
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.

Note 32 Auditors' remuneration

DKKm

	2007	2006
The remuneration of auditors elected by the Annual General Meeting:		
PricewaterhouseCoopers	42	54
Other auditors	0	7
Total	**42**	**61**
Hereof fees in respect of non-audit services:		
PricewaterhouseCoopers	18	27
Other auditors	0	0
Total	**18**	**27**

Note 33 Net interest-bearing debt

DKKm	2007	2006
Interest-bearing receivables	69	78
Cash	8,251	3,455
Long-term loans	(45,571)	(56,774)
Short-term loans	(4,146)	(1,975)
Other interest-bearing debt	(3)	(5)
Total	**(41,400)**	**(55,221)**

Note 34 Reversal of items without cash flow effect

DKKm	2007	2006
Pension income	(231)	(258)
(Gain)/loss on disposal of property, plant and equipment	(68)	(126)
Other adjustments	54	31
Total	**(245)**	**(353)**

Note 35 Change in working capital

DKKm	2007	2006
Change in inventories	(96)	(59)
Change in receivables	625	(243)
Change in trade payables	16	142
Change in other items, net	67	275
Total	**612**	**115**

Note 36 Investment in enterprises

2007

In 2007, TDC made the following acquisitions:

At April 27, 2007, Hungarian Telephone & Cable Corp. (HTCC) acquired Invitel Távközlési Szolgáltató Zrt, a landline service provider.

At September 1, 2007, TDC Hosting A/S acquired Uni2 A/S, a hosting service provider.

At November 1, 2007, YouSee A/S acquired Fredericia Bynet, a TV service provider.

Assets and liabilities at the time of acquisition[1] **DKKm**

	2007 Fair value at the time of acquisition	2007 Carrying value before acquisition
Intangible assets	841	368
Property, plant and equipment	2,623	1,884
Receivables	180	180
Inventories	4	4
Cash and cash equivalents	89	89
Deferred tax assets/(liabilities), net	(155)	57
Provisions	(7)	(7)
Long-term debt	(2,902)	(2,902)
Corporate income tax receivable/(payable), net	3	3
Loans	(1)	(1)
Deferred income	(43)	(43)
Short-term debt	(356)	(356)
Net assets	**276**	**(724)**
Minority interests	(5)	
Acquired net assets	**271**	
Goodwill	532	
Acquisition cost	**803**	
Cash in acquired subsidiaries	(89)	
Part of purchase price settled with shares	(82)	
Unpaid share of acquisition cost	(1)	
Net cash flow on acquisition	**631**	

[1] Including immaterial adjustments regarding previous years' acquisitions.

Since the acquisition in 2007, the acquired enterprises have contributed DKK 942m to revenue and DKK (338)m to net income.

Calculated as if the enterprises had been acquired at January 1, 2007, the acquired enterprises would have contributed DKK 1,454m to revenue and DKK (508)m to net income.

Goodwill related to acquisitions was calculated at DKK 532m 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 TDC Group.

2006

In 2006, TDC made the following acquisitions:

At November 15, 2006, YouSee A/S acquired Esbjerg Municipality's Cable-TV and Internet assets and activities, a TV and internet service provider.

Assets and liabilities at the time of acquisition[1] **DKKm**

		2006
	Fair value at the time of acquisition	**Carrying value before acquisition**
Intangible assets	170	0
Property, plant and equipment	95	95
Receivables	1	1
Pension liabilities	25	0
Short-term debt	(1)	(1)
Net assets	**290**	**95**
Minority interests	(3)	
Acquired net assets	**287**	
Goodwill	9	
Acquisition cost	**296**	
Unpaid share of acquisition cost	40	
Net cash flow on acquisition	**336**	

[1] Including immaterial adjustments regarding previous years' acquisitions.

Since the acquisition in 2006, the acquired enterprises have contributed DKK 10m to revenue and DKK 0m to net income.

Calculated as if the enterprises had been acquired at January 1, 2006, the acquired enterprises would have contributed DKK 88m to revenue and DKK 2m to net income for 2006.

Goodwill related to acquisitions was calculated at DKK 9m 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 TDC Group.

Note 37 Divestment of enterprises DKKm

TDC divested Bité Lietuva in 2007 and Contactel s.r.o in 2006.

	2007	2006
The carrying value of assets and liabilities consists of the following at the time of divestment:		
Intangible assets	1,086	0
Property, plant and equipment	855	0
Other non-current assets	5	0
Inventories	28	0
Prepaid expenses	28	0
Receivables	180	0
Cash and cash equivalents	78	0
Assets held for sale	0	115
Deferred tax assets/(liabilities), net	(4)	0
Provisions	(12)	0
Corporate income tax receivable/(payable), net	(9)	0
Deferred income	(17)	0
Short-term debt	(137)	(45)
Liabilities concerning assets held for sale	0	(79)
Net assets	**2,081**	**(9)**
Gain/(loss) on divestment of subsidiaries	1,186	77
Currency adjustments on divestment of subsidiaries	(2)	0
Received prepayments relating to divestment of subsidiaries	2	(17)
Cash in divested subsidiaries	(78)	0
Net cash flow on divestment	**3,189**	**51**

Note 38 Cash flow from investing activities in discontinued operations DKKm

	2007	2006
The carrying value of assets and liabilities in discontinued operations consists of the following at the time of divestment:		
Intangible assets	546	-
Property, plant and equipment	100	-
Inventories	70	-
Receivables	549	-
Cash and cash equivalents	1,584	-
Deferred tax assets/(liabilities), net	127	-
Provisions	(28)	-
Long-term debt	(25)	-
Corporate income tax receivable/(payable), net	(12)	-
Short-term debt	(617)	-
Net assets	**2,294**	**-**
Gain relating to divestment of discontinued operations	3,258	0
Hereof reversal of currency adjustments recognized in equity	4	0
Sales proceeds not received and sales costs not paid, net	60	3
Cash in discontinued operations	(1,584)	0
Net cash flow on divestment	**4,032**	**3**
Cash flow from investing activities in discontinued operations excluding divestments	(17)	(70)
Net cash flow from investing activities in discontinued operations	**4,015**	**(67)**

Note 39 Cash and cash equivalents DKKm

	2007	2006
Cash and cash equivalents at January 1	3,455	10,063
Unrealized currency translation adjustments	0	0
Adjusted cash and cash equivalents at January 1	**3,455**	**10,063**

The carrying value of pledged cash and cash equivalents amounted to DKK 8,058m at December 31, 2007, compared with DKK 2,963m at December 31, 2006.

Note 40 Events after the balance sheet date

New Chairman of the Board of Directors

The Chairman of the Board of Directors of TDC A/S, Henning Dyremose, has informed TDC that he wishes to resign as Chairman and Member of the Board in connection with the Annual General Meeting on March 13, 2008. The Board proposes that the present Vice Chairman, Vagn Sørensen, be appointed as future Chairman of the Board at the constituting board meeting immediately after the Annual General Meeting.

Vagn Sørensen, aged 48, MSc Economics and Business Administration, has been a Member and Vice Chairman of the Board of Directors of TDC since April 2006, and has previously been CEO of the Austrian Airlines Group and Deputy CEO of SAS. Vagn Sørensen is Chairman of the Boards of BTX Group A/S, Select Service Partner Ltd. and Scandic Hotels AB, Vice Chairman of the Board of DFDS A/S and member of the Boards of ST Global AG, Air Canada, Braganza AS and SIMI.

Parent Company Statements of Income

DKKm

	Note	2007	2006
Revenue	2	**21,559**	**21,888**
Transmission costs and cost of goods sold		(5,091)	(5,097)
Other external expenses		(4,581)	(4,092)
Wages, salaries and pension costs	3	(4,008)	(4,251)
Total operating expenses before depreciation, etc.		**(13,680)**	**(13,440)**
Other income and expenses	4	361	473
Income before depreciation, amortization and special items		**8,240**	**8,921**
Depreciation, amortization and impairment losses		(3,519)	(3,764)
Special items	5	788	(1,221)
Operating income		**5,509**	**3,936**
Fair value adjustments	6	328	145
Currency adjustments		207	(186)
Financial income	7	4,137	2,863
Financial expenses	8	(5,475)	(5,093)
Net financials		**(803)**	**(2,271)**
Income before income taxes		**4,706**	**1,665**
Income taxes	9	(1,072)	(510)
Net income		**3,634**	**1,155**

Assets			DKKm
	Note	2007	2006
Non-current assets			
Intangible assets	11	2,344	2,217
Property, plant and equipment	12	12,913	13,871
Investments in subsidiaries	13	37,508	48,093
Investments in joint ventures and associates	14	911	1,846
Minority passive investments		6	6
Pension assets	15	6,402	6,004
Receivables	16	132	422
Derivative financial instruments	26	28	154
Prepaid expenses	18	122	178
Total non-current assets		**60,366**	**72,791**
Current assets			
Inventories	19	277	244
Receivables	16	5,614	6,986
Derivative financial instruments	26	776	790
Prepaid expenses	18	317	305
Cash	34	7,841	2,782
Assets held for sale	10	0	5
Total current assets		**14,825**	**11,112**
Total assets		**75,191**	**83,903**

Equity and liabilities

DKKm

	Note	2007	2006
Equity			
Common shares	20	992	992
Reserves		1,136	572
Retained earnings		6,982	4,062
Proposed dividends		714	694
Total equity		**9,824**	**6,320**
Non-current liabilities			
Deferred tax liabilities	9	2,897	3,671
Provisions	23	650	547
Loans	21	41,164	55,788
Payables to group enterprises		4,332	4,527
Deferred income	22	807	797
Total non-current liabilities		**49,850**	**65,330**
Current liabilities			
Loans	21	3,907	1,772
Trade and other payables	24	4,389	4,219
Income tax payable	9	1,871	463
Payables to group enterprises		3,470	3,914
Derivative financial instruments	26	187	231
Deferred income	22	1,323	1,307
Provisions	23	370	347
Total current liabilities		**15,517**	**12,253**
Total liabilities		**65,367**	**77,583**
Total equity and liabilities		**75,191**	**83,903**

Parent Company Statements of Cash Flow	Note	2007	2006
			DKKm
Income before depreciation, amortization and special items		8,240	8,921
Reversal of items without cash flow effect	32	(168)	(305)
Pension contributions		(145)	(176)
Payments related to provisions		16	(32)
Cash flow related to special items		(140)	(893)
Change in working capital	33	992	677
Cash flow from operating activities before net financials and tax		**8,795**	**8,192**
Interest received		2,024	2,398
Interest paid		(5,233)	(4,761)
Realized currency translation adjustments		1,012	683
Cash flow from operating activities before tax		**6,598**	**6,512**
Corporate income tax paid		(643)	(784)
Cash flow from operating activities		**5,955**	**5,728**
Investment in subsidiaries		(11)	(267)
Investment in property, plant and equipment		(2,448)	(2,434)
Investment in intangible assets		(703)	(889)
Investment in other non-current assets		(16)	(10)
Divestment of subsidiaries		8,482	0
Sale of property, plant and equipment		4,254	77
Sale of intangible assets		1	0
Divestment of joint ventures and associates		986	51
Sale of marketable securities		0	3,673
Sale of other non-current assets		7	9
Dividends received from subsidiaries, joint ventures and associates		2,052	911
Change in loans to subsidiaries, joint ventures and associates		127	1,040
Cash flow from investing activities		**12,731**	**2,161**
Proceeds from long-term loans		183	47,010
Repayments of long-term loans		(13,045)	(19,044)
Change in short-term bank loans		(9)	(55)
Change in interest-bearing receivables and payables		(62)	1,363
Dividends paid		(694)	(44,343)
Acquisition and disposal of treasury shares, net		0	818
Cash flow from financing activities		**(13,627)**	**(14,251)**
Total cash flow		**5,059**	**(6,362)**
Cash and cash equivalents at January 1		2,782	9,144
Cash and cash equivalents at December 31		**7,841**	**2,782**

Parent Company Statements of Changes in Equity DKKm

	Common shares	Reserve for currency translation adjustments	Retained earnings	Proposed dividends	Total
Equity at January 1, 2006	992	(84)	47,200	0	48,108
Currency translation adjustment, financial instruments	–	911	0	–	911
Tax related to changes in equity	–	(255)	0	–	(255)
Net gain/(loss) recognized directly in equity	–	656	0	–	656
Net income	–	–	461	694	1,155
Total comprehensive income	**-**	**656**	**461**	**694**	**1,811**
Distributed dividends	–	–	(44,406)	0	(44,406)
Dividends, treasury shares	–	–	63	–	63
Acquisition of treasury shares	–	–	(10)	–	(10)
Disposal of treasury shares	–	–	828	–	828
Tax on disposal of treasury shares	–	–	(74)	–	(74)
Share-based payment	–	–	0	–	0
Equity at December 31, 2006	**992**	**572**	**4,062**	**694**	**6,320**
Currency translation adjustment, financial instruments	–	769	0	–	769
Tax related to changes in equity	–	(205)	0	–	(205)
Net gain/(loss) recognized directly in equity	–	564	0	–	564
Net income	–	–	2,920	714	3,634
Total comprehensive income	**-**	**564**	**2,920**	**714**	**4,198**
Distributed dividends	–	–	0	(694)	(694)
Dividends, treasury shares	–	–	0	0	0
Equity at December 31, 2007	**992**	**1,136**	**6,982**	**714**	**9,824**

Retained earnings include capital in excess of par value of DKK 8,652m, which is no longer to be transferred to a special un-distributable reserve due to amendments to the Danish Companies Act.

The dividends paid in 2007 and 2006 were DKK 3.50 per share and DKK 223.85 per share respectively. A dividend of DKK 3.60 per share is to be proposed at the Annual General Meeting on March 13, 2008.

Notes to Parent Company Financial Statements

Note 1 Significant Accounting Policies

The Financial Statements 2007 of the Parent Company have been 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. The additional Danish disclosure requirements are 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.

The accounting policies are unchanged from last year.

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.

As at January 1, 2007, TDC A/S merged with TDC Solutions A/S, TDC Mobile International A/S, TDC Mobil A/S and TDC Services A/S and certain minor subsidiaries. The merger has been applied retrospectively in the Financial Statements and comparative figures have been restated accordingly.

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 Parent Company's Statements of Income in the fiscal year when the dividends are distributed. To the extent that dividends distributed exceed accumulated earnings after the time of acquisition, such dividends are not recognized as income in the Statements of Income, but as a reduction of the investment.

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 amount is written down to the recoverable amount. Cost is reduced to the extent that dividends distributed exceed accumulated earnings after the time of acquisition.

Note 2 Revenue **DKKm**

	2007	2006
Sales of goods	1,738	2,279
Sales of services	19,821	19,609
Total	**21,559**	**21,888**

Note 3 Wages, salaries and pension costs

DKKm

	2007	2006
Wages and salaries	(4,431)	(4,614)
Pensions	(169)	(170)
Share-based payment	0	(2)
Social security	(92)	(96)
Total	**(4,692)**	**(4,882)**
Of which capitalized as non-current assets	684	631
Total	**(4,008)**	**(4,251)**
Average number of full-time employee equivalents[1]	10,801	11,577

[1] Denotes the average number of full-time employee equivalents including permanent employees, trainees and temporary employees.

The average number of full-time employee equivalents includes 133 persons employed by TDC who are entitled to pensions on conditions similar to those provided for Danish Civil Servants and who have been seconded to external parties in connection with outsourcing of tasks or divestment of operations.

Remuneration for the Board of Directors and Executive Committee is described in note 6 to the Consolidated Financial Statements.

Note 4 Other income and expenses

DKKm

	2007	2006
Other income	368	484
Other expenses	(7)	(11)
Total	**361**	**473**

Other income comprises mainly income from leases as well as profit relating to disposal of intangible assets and property, plant and equipment.

Note 5 Special items

DKKm

	2007	2006
Profit on divestment of enterprises and property	6,420	0
Impairment losses and adjustment of goodwill	(5,386)	0
Income from rulings	158	0
Restructuring costs, etc.	(404)	(1,221)
Special items before income taxes	**788**	**(1,221)**
Income taxes related to special items	(571)	323
Special items after income taxes	**217**	**(898)**

Note 6 Fair value adjustments DKKm

	2007	2006
Fair value adjustments of marketable securities	0	(15)
Other fair value adjustments	328	160
Fair value adjustments before tax	**328**	**145**
Income taxes related to fair value adjustments	(61)	(50)
Fair value adjustments after tax	**267**	**95**

Note 7 Financial income DKKm

	2007	2006
Interest income	1,998	1,841
Interest from group enterprises	83	104
Interest from joint ventures and associates	3	11
Dividends from subsidiaries	1,449	54
Dividends from joint ventures and associates	519	853
Reversal of write-downs of investments in subsidiaries	44	0
Gains on divestment of subsidiaries	10	0
Gains on divestment of joint ventures and associates	31	0
Total	**4,137**	**2,863**

Note 8 Financial expenses DKKm

	2007	2006
Write-downs of investments in subsidiaries	(72)	(344)
Interest expenses	(5,041)	(4,433)
Interest to group enterprises	(362)	(316)
Total	**(5,475)**	**(5,093)**

Note 9 Income taxes

DKKm

	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
2007			
At January 1	–	463	3,671
Income taxes	(1,419)	1,839	(420)
Adjustment of tax for previous years	(12)	7	5
Change of corporate income tax rate	359	–	(359)
Tax related to changes in equity	–	205	0
Tax paid relating to prior years	–	(650)	–
Share of tax paid on account relating to joint taxation in present year	–	7	–
Total	**(1,072)**	**1,871**	**2,897**
Income taxes are specified as follows:			
Income excluding special items and fair value adjustments	(440)	–	–
Special items	(571)	–	–
Fair value adjustments	(61)	–	–
Total	**(1,072)**	**–**	**–**
2006			
At January 1	–	322	3,757
Income taxes	(506)	602	(96)
Adjustment of tax for previous years	(4)	(6)	10
Tax related to changes in equity	–	329	–
Tax paid relating to prior years	–	(449)	–
Share of tax paid on account relating to joint taxation in present year	–	(335)	–
Total	**(510)**	**463**	**3,671**
Income taxes are specified as follows:			
Income excluding special items and fair value adjustments	(783)	–	–
Special items	323	–	–
Fair value adjustments	(50)	–	–
Total	**(510)**	**–**	**–**

Reconciliation of effective tax rate

	2007	2006
Danish corporate income tax rate	25.0	28.0
Tax-free dividends from subsidiaries	(10.2)	(0.6)
Tax-free dividends from joint ventures and associates	(3.6)	(4.2)
Write-downs of investments in subsidiaries	0.2	3.5
Other non-taxable income and non-tax deductible expenses	2.1	3.3
Re-taxation of formerly deducted losses in the joint taxation	(0.7)	(1.5)
Adjustment of tax for previous years	0.3	0.1
Change of tax legislation, including change of corporate income tax rate	(10.1)	0.0
Limitation on the tax deductibility of interest expenses	9.4	0.0
Effective tax rate excluding special items and fair value adjustments	**12.4**	**28.6**
Special items and fair value adjustments	10.4	2.0
Effective tax rate including special items and fair value adjustments	**22.8**	**30.6**

Specification of deferred tax **DKKm**

	2007			2006
	Deferred tax assets	Deferred tax liabilities	Total	
Allowances for uncollectibles	0	0	0	(1)
Provisions for redundancy payments	(91)	0	(91)	(87)
Current	**(91)**	**0**	**(91)**	**(88)**
Intangible assets	(15)	464	449	447
Property, plant and equipment	(128)	1,315	1,187	1,644
Pension assets and pension liabilities, etc.	0	1,614	1,614	1,719
Other	(427)	165	(262)	(51)
Non-current	**(570)**	**3,558**	**2,988**	**3,759**
Deferred tax liabilities at December 31	**(661)**	**3,558**	**2,897**	**3,671**

All of the Danish Group companies participate in joint taxation. Joint taxation with foreign Group companies ceased from January 1, 2005 due to the changed Danish tax legislation. For Group companies, which previously participated in the joint taxation, re-taxation of formerly deducted losses will be effected concurrently with profits in the respective companies and in connection with potential divestment of the companies. Provisions have been made for re-taxation liabilities related to formerly deducted losses.

With effect from February 1, 2006, TDC participates in joint taxation with Nordic Telephone Company Investment ApS, which is the management company. Subsequently, the jointly taxed companies in the Nordic Telephone Company Investment 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 will assume liability for this payment.

Note 10 Discontinued operations and assets held for sale

DKKm

The company has no discontinued operations.

Assets held for sale

DKKm

	2007	2006
Intangible assets and property, plant and equipment	0	5
Total assets held for sale	**0**	**5**

Note 11 Intangible assets

DKKm

	Goodwill	Rights, software, etc.	Internally developed software	Total
				2007
Accumulated cost at January 1, 2007	173	2,266	3,091	5,530
Additions during the year	0	142	577	719
Assets disposed of or fully amortized during the year	(128)	(46)	(13)	(187)
Accumulated cost at December 31, 2007	**45**	**2,362**	**3,655**	**6,062**
Accumulated amortization and write-downs for impairment at January 1, 2007	(162)	(1,056)	(2,095)	(3,313)
Amortization for the year	0	(270)	(308)	(578)
Write-downs for impairment during the year	0	(12)	(18)	(30)
Reversed write-downs	0	17	0	17
Assets disposed of or fully amortized during the year	128	45	13	186
Accumulated amortization and write-downs for impairment at December 31, 2007	**(34)**	**(1,276)**	**(2,408)**	**(3,718)**
Carrying value at December 31, 2007	**11**	**1,086**	**1,247**	**2,344**
Carrying value of capitalized interest at December 31, 2007	**-**	**148**	**16**	**164**

				DKKm
				2006
	Goodwill	Rights, software, etc.	Internally developed software	Total
Accumulated cost at January 1, 2006	173	2,171	2,456	4,800
Additions during the year	0	131	652	783
Assets disposed of or fully amortized during the year	0	(36)	(17)	(53)
Accumulated cost at December 31, 2006	**173**	**2,266**	**3,091**	**5,530**
Accumulated amortization and write-downs for impairment at January 1, 2006	(162)	(822)	(1,652)	(2,636)
Amortization for the year	0	(252)	(423)	(675)
Write-downs for impairment during the year	0	(18)	(37)	(55)
Assets disposed of or fully amortized during the year	0	36	17	53
Accumulated amortization and write-downs for impairment at December 31, 2006	**(162)**	**(1,056)**	**(2,095)**	**(3,313)**
Carrying value at December 31, 2006	**11**	**1,210**	**996**	**2,217**
Carrying value of capitalized interest at December 31, 2006	**-**	**159**	**12**	**171**

In 2007, the amortization method for customer-related assets was changed from straight-line amortization to the diminishing-balance method. The effect of this change is a reduction in amortization of DKK 4m in 2007 and approximately DKK 4m in 2008.

The carrying value of software amounted to DKK 1,436m, compared with DKK 1,247m in 2006.

Interest capitalized during 2007 amounted to DKK 7m, compared with DKK 4m in 2006.

TDC acquired a UMTS license in Denmark in 2001. The carrying value of the license amounted to DKK 811m in 2007, compared with DKK 870m in 2006. Amortization was initiated in 2005. The remaining amortization period totals 14 years.

Note 12 Property, plant and equipment DKKm

	2007					
	Land and buildings	Telecommuni cations installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1, 2007	3,060	50,567	3,865	361	259	58,112
Transfers (to)/from other items	0	440	3	(159)	(284)	0
Work performed for own purposes and capitalized	0	1,297	1	0	0	1,298
Acquisitions from third parties	91	618	165	169	334	1,377
Assets disposed of during the year	(2,263)	(89)	(153)	0	(15)	(2,520)
Transfers (to)/from assets held for sale	18	0	0	0	0	18
Accumulated cost at December 31, 2007	**906**	**52,833**	**3,881**	**371**	**294**	**58,285**
Accumulated depreciation and write-downs for impairment at January 1, 2007	(2,189)	(38,702)	(3,166)	(184)	0	(44,241)
Transfers to/(from) other items	0	4	(4)	0	0	0
Depreciation for the year	(19)	(2,625)	(271)	0	0	(2,915)
Write-downs for impairment during the year	0	(84)	(13)	(22)	0	(119)
Assets disposed of during the year	1,674	82	162	0	0	1,918
Transfers to/(from) assets held for sale	(15)	0	0	0	0	(15)
Accumulated depreciation and write-downs for impairment at December 31, 2007	**(549)**	**(41,325)**	**(3,292)**	**(206)**	**0**	**(45,372)**
Carrying value at December 31, 2007	**357**	**11,508**	**589**	**165**	**294**	**12,913**
Carrying value of capital leases at December 31, 2007	**115**	**21**	**174**	**-**	**-**	**310**
Carrying value of capitalized interest at December 31, 2007	**0**	**0**	**0**	**-**	**0**	**0**

DKKm

2006

	Land and buildings	Telecommunications installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
Accumulated cost at January 1, 2006	3,116	48,530	3,817	331	299	56,093
Transfers (to)/from other items	0	412	(9)	(70)	(333)	0
Work performed for own purposes and capitalized	0	1,314	0	0	0	1,314
Acquisitions from third parties	27	411	200	141	293	1,072
Assets disposed of during the year	(63)	(100)	(143)	(41)	0	(347)
Transferred (to)/from assets held for sale	(20)	0	0	0	0	(20)
Accumulated cost at December 31, 2006	**3,060**	**50,567**	**3,865**	**361**	**259**	**58,112**
Accumulated depreciation and write-downs for impairment at January 1, 2006	(2,222)	(36,105)	(3,018)	(167)	0	(41,512)
Transfers to/(from) other items	0	(10)	10	0	0	0
Depreciation for the year	(30)	(2,665)	(325)	0	0	(3,020)
Write-downs for impairment during the year	0	(17)	0	(17)	0	(34)
Assets disposed of during the year	48	95	167	0	0	310
Transferred to/(from) assets held for sale	15	0	0	0	0	15
Accumulated depreciation and write-downs for impairment at December 31, 2006	**(2,189)**	**(38,702)**	**(3,166)**	**(184)**	**0**	**(44,241)**
Carrying value at December 31, 2006	**871**	**11,865**	**699**	**177**	**259**	**13,871**
Carrying value of capital leases at December 31, 2006	**20**	**96**	**0**	**-**	**-**	**116**
Carrying value of capitalized interest at December 31, 2006	**0**	**18**	**0**	**-**	**0**	**18**

TDC A/S has recourse guarantee obligations regarding payment and performance in connection with lease contracts, cf. note 29 to the Consolidated Financial Statements.

The carrying value of mortgaged property, plant and equipment amounted to DKK 0m at December 31, 2007, compared with DKK 295m at December 31, 2006.

In 2007, damages received relating to property, plant and equipment of DKK 60m were recognized as income compared with DKK 62m in 2006.

Note 13 Investments in subsidiaries

DKKm

	2007	2006
Accumulated cost at January 1	49,626	48,547
Additions during the year	331	1,675
Disposals during the year	(5,608)	(596)
Accumulated cost at December 31	**44,349**	**49,626**
Accumulated write-downs at January 1	(1,533)	(1,713)
Dividends distributed in excess of accumulated earnings	0	(4)
Write-downs for impairment during the year	(5,458)	(344)
Reversal of write-downs for impairment during the year	44	0
Disposals during the year	106	528
Accumulated write-downs at December 31	**(6,841)**	**(1,533)**
Carrying value at December 31	**37,508**	**48,093**

Overview of subsidiaries at December 31, 2007

Company name	Domicile	Currency	TDC A/S' ownership share (%)[1]
YouSee A/S	Copenhagen, Denmark	DKK	100.0
Sunrise Communications AG	Zürich, Switzerland	CHF	100.0
Hungarian Telephone and Cable Corp.	Seattle, USA	USD	64.6
TDC Hosting A/S	Århus, Denmark	DKK	100.0
TDC Dotcom AB	Stockholm, Sweden	SEK	100.0
Service Hosting A/S	Ballerup, Denmark	DKK	100.0
TDC AS	Oslo, Norway	NOK	100.0
TDC Con SQOV AB	Stockholm, Sweden	SEK	100.0
NetDesign A/S	Farum, Denmark	DKK	100.0
TDC Business Solution GmbH	Elmshorn, Germany	EUR	100.0
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0
TDC Call Center Europe A/S	Sønderborg, Denmark	DKK	100.0
TDC Carrier Services USA, Inc.	New Jersey, USA	USD	100.0
TDC Produktion A/S	Glostrup, Denmark	DKK	100.0
Telmore A/S	Taastrup, Denmark	DKK	100.0
Telmore International Holding A/S	Taastrup, Denmark	DKK	100.0
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 subsidiaries are not listed separately in the overview.

Impairment tests of subsidiaries recognized at cost

The carrying value of subsidiaries is tested for impairment annually, and if events or changes in circumstances indicate impairment.

Note 14 Investments in joint ventures and associates DKKm

	2007	2006
Accumulated cost at January 1	2,070	2,087
Additions during the year	12	1
Disposals during the year	(974)	(18)
Accumulated cost at December 31	**1,108**	**2,070**
Accumulated write-downs at January 1	(224)	(240)
Write-downs for impairment during the year	0	0
Disposals during the year	27	16
Accumulated write-downs at December 31	**(197)**	**(224)**
Carrying value at December 31	**911**	**1,846**

For further details, please refer to note 15 to the Consolidated Financial Statements.

Note 15 Pension assets

Reference is made to note 27 to the Consolidated Financial Statements under defined domestic benefit plans as regards information on pension assets.

Note 16 Receivables

DKKm

	2007	2006
Trade receivables	3,488	4,175
Allowances for uncollectibles	(246)	(271)
Trade receivables, net	3,242	3,904
Receivables from group enterprises	2,018	2,668
Receivables from joint ventures and associates	0	276
Contract work in process (see note 17 for details)	50	70
Other receivables	436	490
Total	**5,746**	**7,408**
Recognized as follows:		
Non-current assets	132	422
Current assets	5,614	6,986
Total	**5,746**	**7,408**
Allowances for uncollectibles at January 1	(271)	(352)
Transferred to discontinued operations		
Additions	(103)	(128)
Deductions	128	209
Transferred to assets held for sale	0	0
Allowances for uncollectibles at December 31	**(246)**	**(271)**
Receivables past due but not impaired	**498**	**271**
Receivables past due and impaired	**398**	**418**

Of the receivables classified as current assets at December 31, 2007, DKK 143m falls due after more than one year, compared with DKK 71m at December 31, 2006.

Note 17 Contract work in process

DKKm

	2007	2006
Value of contract work in process	107	125
Billing on account	(57)	(55)
Total	**50**	**70**
Recognized as follows:		
Contract work in process (assets)	50	70
Contract work in process (liabilities)	0	0
Total	**50**	**70**
Recognized as revenue from contract work in process	**207**	**310**
Prepayments from customers	**0**	**0**

Write-downs of contract work in process amounted to DKK 28m in 2007, compared with DKK 0m in 2006.

Note 18 Prepaid expenses

DKKm

	2007	2006
Prepayment regarding former civil servants	51	131
Other prepaid expenses	388	352
Total	**439**	**483**
Recognized as follows:		
Non-current assets	122	178
Current assets	317	305
Total	**439**	**483**

Note 19 Inventories

DKKm

	2007	2006
Work in process	0	7
Finished goods and merchandise	277	237
Total	**277**	**244**

Inventories expensed amounted to DKK 1,925m in 2007, compared with DKK 1,714m in 2006.

Inventories expected to be sold after more than one year amounted to DKK 6m at December 31, 2007, compared with DKK 12m at December 31, 2006.

Write-downs of inventories amounted to DKK 25m in 2007, compared with DKK 20m in 2006. Reversal of write-downs of inventories amounted to DKK 18m in 2007, compared with DKK 37m in 2006.

Note 20 Equity

Reference is made to note 20 to the Consolidated Financial Statements as regards information on common shares and treasury shares.

Note 21 Loans

DKKm

	2007	2006
Bank loans	34,923	46,764
Bonds and mortgages	9,537	10,421
Debt relating to capital lease	365	76
Other long-term debt	246	299
Total	**45,071**	**57,560**
Of which loans expected to be paid within 12 months	(3,907)	(1,772)
Long-term loans	**41,164**	**55,788**
Long-term loans fall due as follows:		
1-3 years	6,290	7,922
3-5 years	8,947	5,717
5-7 years	11,681	6,286
7-9 years	14,182	35,855
After 9 years	64	8
Total	**41,164**	**55,788**
Fair value	45,762	59,012
Nominal value	45,909	58,648

Allocation of liabilities relating to capital leases according to maturity date

DKKm

	Minimum payments		Present value	
	2007	2006	2007	2006
Mature within 1 year	103	9	99	7
Mature between 1 and 5 years	211	36	178	28
Mature after 5 years	172	45	88	41
Total	**486**	**90**	**365**	**76**

Liabilities relating to capital leases are related primarily to sale and leaseback agreements regarding sale of property and IT equipment.

Note 22 Deferred income DKKm

	2007	2006
Accrued profit relating to sale and leaseback	53	77
Accrued revenue from non-refundable up-front connection fees	1,226	1,190
Deferred subscription revenue	826	822
Other deferred income	25	15
Total	**2,130**	**2,104**
Recognized as follows:		
Non-current liabilities	807	797
Current liabilities	1,323	1,307
Total	**2,130**	**2,104**

Note 23 Provisions DKKm

				2007	2006
	Asset retirement obligations	Restructuring obligations	Other provisions	Total	
Provisions at January 1	142	274	478	894	887
Provisions made during the year	10	186	384	580	620
Change in present value	(4)	0	0	(4)	(8)
Provisions used during the year	0	(135)	(267)	(402)	(570)
Unused provisions reversed during the year	(2)	(7)	(39)	(48)	(35)
Provisions at December 31	**146**	**318**	**556**	**1,020**	**894**
Recognized as follows:					
Non-current liabilities	145	221	284	650	547
Current liabilities	1	97	272	370	347
Total	**146**	**318**	**556**	**1,020**	**894**

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 2012.

Provisions for restructuring obligations relate primarily to redundancy programs. The majority of these obligations are expected to result in cash outflow in the period 2008-2012. The uncertainties relate primarily to the estimated amounts.

Other provisions are related mainly to pending lawsuits, onerous contracts, bonuses for Management and employees, as well as jubilee benefits provided for employees.

Note 24 Trade and other payables

DKKm

	2007	2006
Trade payables	2,421	1,921
Payables to associates	0	2
Prepayments from customers	107	112
Other payables	1,861	2,184
Total	**4,389**	**4,219**

Of the current liabilities at December 31, 2007, DKK 7m falls due after more than one year at December 31, 2007, compared with DKK 10m at December 31, 2006.

Note 25 Research and development costs

Research and development costs for the year recognized in the Statements of Income amounted to DKK 29m in 2007, compared with DKK 11m in 2006.

Note 26 Financial instruments, etc.

The Parent Company 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 of 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:

					2007	2006
		Financial assets and liabilities				
Currency	**Maturities**	**Assets**	**Liabilities**	**Derivatives[1]**	**Net position**	**Net position**
EUR	< 1 year	2,054	(4,338)	1,812	(472)	(388)
	1-3 years	0	(6,014)	945	(5,069)	(6,624)
	3-5 years	0	(8,874)	895	(7,979)	(5,363)
	5-7 years	0	(11,662)	0	(11,662)	(4,633)
	7-9 years	0	(14,160)	0	(14,160)	(35,840)
	> 9 years	0	0	0	0	0
Total EUR		**2,054**	**(45,048)**	**3,652**	**(39,342)**	**(52,848)**
Others	< 1 year	2,543	(2,225)	(4,253)	(3,935)	54
	1-3 years	0	(4,332)	0	(4,332)	(5,638)
	3-5 years	0	0	0	0	0
	5-7 years	0	0	0	0	0
	7-9 years	0	0	0	0	0
	> 9 years	0	0	0	0	0
Total others		**2,543**	**(6,557)**	**(4,253)**	**(8,267)**	**(5,584)**
Foreign currencies total		**4,597**	**(51,605)**	**(601)**	**(47,609)**	**(58,432)**
DKK	< 1 year	8,161	(3,036)	2,380	7,505	2,815
	1-3 years	6	(280)	(883)	(1,157)	(1,468)
	3-5 years	7	(73)	(750)	(816)	(247)
	5-7 years	4	(19)	0	(15)	(1,495)
	7-9 years	4	(21)	0	(17)	0
	> 9 years	74	(69)	0	5	93
Total DKK		**8,256**	**(3,498)**	**747**	**5,505**	**(302)**
Total		**12,853**	**(55,103)**	**146**	**(42,104)**	**(58,734)**

[1] The financial instruments used are currency swaps and forward-exchange contracts. The statement excludes derivatives applied to hedge net investments disclosed in the table on the next page.

Hedging of net investments in foreign enterprises DKKm

Foreign-currency hedging of net investments in foreign subsidiaries, joint ventures and associates:

	2007				2006			
	Net investments, carrying value	Hedged	Not hedged	Currency translation adjustment for the year	Net investments, carrying value	Hedged	Not hedged	Currency translation adjustment for the year
CHF	24,195	(24,284)	89	769	29,095	(27,375)	(1,720)	911
SEK	10,216	0	(10,216)	0	10,443	0	(10,443)	0
HUF	903	0	(903)	0	611	0	(611)	0
PLN	883	0	(883)	0	883	0	(883)	0
EUR	5	0	(5)	0	5,591	0	(5,591)	0
Others	30	0	(30)	0	79	0	(79)	0
Total at December 31	**36,232**	**(24,284)**	**(11,948)**	**769**	**46,702**	**(27,375)**	**(19,327)**	**911**

Net investments in foreign subsidiaries, joint ventures and associates are hedged for foreign currency risks only for Sunrise.

B: Net financials

DKKm

					2007
	Interest	Currency translation adjustments	Fair value adjustments	Effect of early redemption	Total
Income					
Financial assets and liabilities at fair value through profit or loss	1,755	109	362	0	2,226
Loans and receivables	319	213	0	0	532
Financial liabilities measured at amortized cost	0	22	0	0	22
Non-financial assets or liabilities	10	0	0	0	10
Total	**2,084**	**344**	**362**	**0**	**2,790**
Expenses					
Financial assets and liabilities at fair value through profit or loss	(1,238)	(45)	(34)	0	(1,317)
Loans and receivables	0	(85)	0	0	(85)
Financial liabilities measured at amortized cost	(4,085)	(7)	0	32	(4,060)
Non-financial assets or liabilities	(112)	0	0	0	(112)
Total	**(5,435)**	**(137)**	**(34)**	**32**	**(5,574)**
Net financials	**(3,351)**	**207**	**328**	**32**	**(2,784)**

					2006
	Interest	Currency translation adjustments	Fair value adjustments	Effect of early redemption	Total
Income					
Financial assets and liabilities at fair value through profit or loss	1,687	59	161	0	1,907
Loans and receivables	244	3	0	0	247
Available-for-sale financial assets	2	0	0	0	2
Financial liabilities measured at amortized cost	0	38	0	0	38
Non-financial assets or liabilities	23	0	0	0	23
Total	**1,956**	**100**	**161**	**0**	**2,217**
Expenses					
Financial assets and liabilities at fair value through profit or loss	(1,305)	(163)	(16)	0	(1,484)
Loans and receivables	(14)	(123)	0	0	(137)
Financial liabilities measured at amortized cost	(3,336)	0	0	0	(3,336)
Non-financial assets or liabilities	(94)	0	0	0	(94)
Total	**(4,749)**	**(286)**	**(16)**	**0**	**(5,051)**
Net financials	**(2,793)**	**(186)**	**145**	**0**	**(2,834)**

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 were determined using the zero-coupon rates.

All carrying values were derived from the balance sheet and other notes.

	Maturity profiles (DKKm)[1]								2007
	< 1 year	1-3 years	3-5 years	5-7 years	7-9 years	> 9 years	Total	Fair value	Carrying value
Financial assets and liabilities at fair value through profit or loss									
Derivatives, assets									
Interest rate swaps	173	117	42	0	0	0	332	296	296
Currency swaps	0	0	3	0	0	0	3	3	3
Net investment hedges	757	66	0	0	0	0	823	471	471
Other derivatives	34	0	0	0	0	0	34	34	34
Derivatives, liabilities									
Interest rate swaps	(15)	(86)	0	0	0	0	(101)	(97)	(97)
Currency swaps	(92)	(5)	0	0	0	0	(97)	(89)	(90)
Net investment hedges	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0
Loans and receivables									
Cash	7,841	0	0	0	0	0	7,841	7,841	7,841
Trade receivables and other receivables	4,942	21	22	20	20	297	5,322	5,012	5,012
Available-for-sale financial assets	0	0	0	0	0	0	0	0	0
Financial liabilities measured at amortized cost									
Bank loans	(4,229)	(7,511)	(7,074)	(14,750)	(14,662)	0	(48,226)	(35,568)	(34,923)
Bonds	(2,150)	(3,414)	(6,097)	0	0	0	(11,661)	(9,529)	(9,537)
Debt relating to capital leases	(103)	(182)	(29)	(29)	(30)	(113)	(486)	(365)	(365)
Trade and other payables	(5,958)	(4,651)	(76)	0	0	(4)	(10,689)	(10,262)	(10,278)
Total	**1,200**	**(15,645)**	**(13,209)**	**(14,759)**	**(14,672)**	**180**	**(56,905)**	**(42,253)**	**(41,633)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories:

	Financial assets and liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	804	12,853	0	0	61,534	75,191
Equity and liabilities	(187)	0	0	(55,103)	(19,901)	(75,191)

	Maturity profiles (DKKm)[1]								2006
	< 1 year	1-3 years	3-5 years	5-7 years	7-9 years	> 9 years	Total	Fair value	Carrying value
Financial assets and liabilities at fair value through profit or loss									
Derivatives, assets									
Interest rate swaps	38	162	38	0	0	0	238	153	153
Currency swaps	52	0	0	3	0	0	55	23	23
Net investment hedges	1,056	313	0	0	0	0	1,369	694	694
Other derivatives	74	0	0	0	0	0	74	74	74
Derivatives, liabilities									
Interest rate swaps	(35)	(117)	0	0	0	0	(152)	(147)	(147)
Currency swaps	(18)	(86)	(2)	0	0	0	(106)	(84)	(84)
Net investment hedges	0	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0	0
Loans and receivables									
Cash	2,782	0	0	0	0	0	2,782	2,782	2,782
Trade receivables and other receivables	6,312	29	6	6	6	442	6,801	6,414	6,456
Available-for-sale financial assets	5	0	0	0	0	0	5	5	5
Financial liabilities measured at amortized cost									
Bank loans	(3,836)	(9,398)	(12,841)	(5,126)	(38,715)	0	(69,916)	(47,790)	(46,764)
Bonds	(605)	(5,293)	(775)	(6,683)	0	0	(13,356)	(10,842)	(10,421)
Debt relating to capital leases	(9)	(18)	(18)	(18)	(18)	(9)	(90)	(76)	(76)
Trade and other payables	(4,988)	(6,197)	(156)	0	0	0	(11,341)	(10,099)	(10,735)
Total	**828**	**(20,605)**	**(13,748)**	**(11,818)**	**(38,727)**	**433**	**(83,637)**	**(58,893)**	**(58,040)**

[1] All cash flows are undiscounted.

Reconciliation of assets, equity or liabilities on categories:

	Financial assets and liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortized cost	Non-financial assets and liabilities, and equity	Total balance
Assets	944	9,238	5	0	73,716	83,903
Equity and liabilities	(231)	0	0	(67,996)	(15,676)	(83,903)

D: Undrawn credit lines

The undrawn credit lines at December 31, 2007 are specified as follows:

Maturities	Committed credit lines	Committed syndicated credit lines	Total
			DKKm
< 1 year	0	0	0
> 1 year	2,180	2,609	4,789
Total	**2,180**	**2,609**	**4,789**

E: Credit risks

Financial instruments are concluded only with counterparties holding the credit rating of A-/A3/A- or higher from Standard & Poor's, Moody's Investor Service or Fitch Ratings. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of the Parent Company total credit lines over several counterparties. The counterparty risk is therefore considered to be minimal.

Note 27 Other financial commitments

DKKm	2007	2006
Lease commitments		
Lease expenses relating to properties in the period of interminability	6,627	1,543
Accumulated lease commitments for machinery, equipment, computers, etc.	663	463
Total	**7,290**	**2,006**
which can be specified as follows:		
Due not later than 1 year	578	378
Due later than 1 year and not later than 5 years	1,877	881
Due later than 5 years	4,835	747
Total	**7,290**	**2,006**
Total lease expense for the year for all operating leases		
Minimum lease payments	642	374
Contingent lease payments	0	0
Sublease payments	0	0
Total	**642**	**374**
Capital and purchase commitments		
Investments in property, plant and equipment	19	13
Investments in intangible assets	20	43
Commitments related to outsourcing agreements	841	902
Other purchase commitments	372	340

Operating leases, for which the Parent Company is the lessee, are related primarily to agreements for 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 0m at December 31, 2007, compared with DKK 24m at December 31, 2006.

Note 28 Contingencies

At December 31, 2007, the Parent Company had provided guarantees for the amount of DKK 25m concerning subsidiaries, compared with DKK 26m at December 31, 2006. Furthermore, TDC A/S has issued letters of support and undertaken loan commitments for some of its subsidiaries.

Reference is made to note 29 to the Consolidated Financial Statements as regards information on pending lawsuits and change-of-control clauses.

Senior Facilities Agreement

On March 3, 2006, TDC A/S entered into a Senior Facilities Agreement as borrower and guarantor, originally entered into between, amongst others, Nordic Telephone Company Holding ApS as the original borrower and the original guarantor and a number of banks as lenders.

The Senior Facilities Agreement is a secured multi-currency term facility composed of three term-loan facilities and a revolving credit facility. On December 31, 2007 the aggregate nominal debt of the Senior Facilities Agreement amounted to DKK 35,592m.

TDC A/S has pledged its shares in a number of its subsidiaries including Sunrise Communications AG and YouSee A/S as well as bank deposits and intra-group receivables as security for the Senior Facilities Agreement.

Note 29 Related parties

For information about the related parties of the Group, reference is made to note 30 to the Consolidated Financial Statements. The Parent Company has the following transactions and balances with its subsidiaries (cf. the overview of subsidiaries in note 13):

DKKm

	Subsidiaries 2007	Subsidiaries 2006
Income	1,515	1,396
Costs	(869)	(744)
Receivables	2,014	2,668
Debt	(7,802)	(8,381)

The Parent Company has the following additional transactions and balances with related parties:

2007 **DKKm**

	Joint ventures	Associates	Other related parties	Total
Income	9	0	4	13
Costs	0	0	(4)	(4)
Receivables	0	0	73	73
Debt	0	0	0	0

2006 **DKKm**

	Joint ventures	Associates	Other related parties	Total
Income	12	0	0	12
Costs	0	0	0	0
Receivables	274	2	69	345
Debt	(2)	0	0	(2)

All transactions are made on an arm's length basis. Remuneration for the Board of Directors and Executive Committee is described in note 6 to the Consolidated Financial Statements. In addition, payment of contributions to the pension funds is described in note 27 to the Consolidated Financial Statements.

Note 30 Auditors' remuneration

DKKm

	2007	2006
The remuneration of auditors elected by the Annual General Meeting:		
PricewaterhouseCoopers	24	37
Other auditors	0	0
Total	**24**	**37**
Hereof fees in respect of non-audit services:		
PricewaterhouseCoopers	15	23
Other auditors	0	0
Total	**15**	**23**

Note 31 Net interest-bearing debt

DKKm

	2007	2006
Interest-bearing receivables	114	409
Cash	7,841	2,782
Long-term loans	(41,164)	(55,788)
Payables to group enterprises	(4,332)	(4,527)
Short-term loans	(3,907)	(1,772)
Other interest-bearing debt	(3)	(4)
Total	**(41,451)**	**(58,900)**

Note 32 Reversal of items without cash flow effect

DKKm

	2007	2006
Pension income	(235)	(235)
(Gain)/loss on disposal of property, plant and equipment	(34)	(94)
Other adjustments	101	24
Total	**(168)**	**(305)**

Note 33 Change in working capital

DKKm

	2007	2006
Change in inventories	(33)	7
Change in receivables	510	238
Change in trade payables	575	484
Change in other items, net	(60)	(52)
Total	**992**	**677**

Note 34 Cash

The carrying value of pledged cash amounted to DKK 7,838m at December 31, 2007, compared with DKK 2,759m at December 31, 2006.

Note 35 Events after the balance sheet date

Reference is made to note 40 to the Consolidated Financial Statements.

Management Statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of TDC A/S for 2007.

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 of listed companies.

We consider the accounting policies applied to be appropriate. In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at December 31, 2007 as well as of their results of operations and cash flows for the financial year 2007.

The Annual Report is recommended for approval by the Annual General Meeting.

Copenhagen, February 21, 2008

Executive Committee

Jens Alder	Eva Berneke	Carsten Dilling
Jesper Theill Eriksen	Mads Middelboe	Jesper Ovesen
Klaus Pedersen		

Board of Directors

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

Independent Auditor's Report

To the shareholders of TDC A/S

We have audited the Annual Report of TDC A/S for the financial year January 1 to December 31, 2007, which comprises management's review, statements of income, balance sheets, statements of cash flow, statement of changes in equity, notes and management statement for the Group and the Parent Company. The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's Responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an Annual Report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 that the Annual Report is 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 Annual Report 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 Annual Report gives a true and fair view of the financial position at December 31, 2007 of the Group and the Parent Company and of the Group's and Parent Company's results of operations and cash flows for the financial year 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, February 21, 2008

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Fin T. Nielsen
State Authorized Public Accountant

Corporate governance

TDC's approach to corporate governance

Introduction

In 2005, the Nørby Committee recommendations on corporate governance from 2001 were revised by the then called Copenhagen Stock Exchange's Committee on Corporate Governance (CSE has subsequently changed its name to OMX Nordic Exchange Copenhagen). These revised recommendations were subsequently implemented in the Rules for Issuers on OMX Nordic Exchange Copenhagen, which state that listed companies must account for their approach to corporate governance in their annual reports based on a "comply or explain" principle.

TDC complies with the majority of the recommendations. The 41 numbered recommendations are divided into eight main categories. TDC fully complies with 30 of the recommendations, whereas four are partly complied with, and seven are not complied with. TDC's noncompliance is further described below. The full recommendations are available at OMX Nordic Exchange Copenhagen's website, www.omxgroup.com/nordicexchange.

The role of the shareholders and their interaction with the management

The Board of Directors regularly assesses whether TDC's capital and share structures are in the shareholders' and Company's interests. However, the Board deems it unnecessary to include the outcome of this assessment in the Annual Report – contrary to Recommendation I.2.

The Board of Directors does not wish to restrict itself in advance to one particular course of action in the event of a public takeover bid for TDC, and therefore the Board has chosen not to comply with Recommendation I.4 on the duties of the Board of Directors and the rights of the shareholders in the event of a takeover bid. If a takeover bid is made, the Board will protect the Company's and shareholders' interests by assessing each specific case individually.

TDC complies with all other recommendations on the role of the shareholders and their interaction with the management.

The role of the stakeholders and their importance to the Company

TDC complies with all recommendations on the role of the stakeholders and their importance to the Company.

Openness and transparency

In TDC, procedures have been established to ensure that the Company discloses information deemed essential to the shareholders, and complies with the rules on disclosure of information in current legislation and obligations in contracts to which TDC is a party, including current financial programs. Seen in this light, the Board finds it unnecessary to adopt a formal written information and communication policy – contrary to Recommendation III.1.

TDC complies with all other recommendations on openness and transparency.

Tasks and responsibilities of the Board of Directors

TDC complies with all recommendations on the tasks and responsibilities of the Board of Directors.

Composition of the Board of Directors

Recruitment and election of members of the Board of Directors

TDC has a majority shareholder that owns 87.9% of the shares, and a number of minority shareholders. The majority shareholder selects and nominates candidates for TDC's Board of Directors, who may be elected by the majority shareholder's votes alone. Due to its ownership structure, TDC does not fully comply with Recommendation V.1, which states that the Board ensure a formal, thorough and transparent process for selecting and nominating candidates with a view to ensuring a Board composition that provides the competence needed to enable the Board to perform its tasks in the best possible manner. However, the majority shareholder complies with the general recommendation that candidates be selected and nominated to ensure a Board composition described in the Recommendation.

Also due to the ownership structure's impact on the recruitment and election of Board members, TDC does not comply with Recommendation V.1, which states that every year, the Board publish a profile of its composition and information on individual members' special competencies that are important for performing their duties.

The independence of the Board of Directors
TDC's ownership structure, as described above, affects the composition of TDC's Board of Directors and accounts for noncompliance with Recommendation V.4 that at least half of the Board members elected by the Annual General Meeting be independent persons. As a result, TDC does not comply with Recommendation V.4 that at least once a year the Board list the names of Board members who are not regarded as independent persons and also disclose whether new candidates for the Board are considered independent persons and state the grounds for such consideration.

In accordance with the Danish Financial Statements Act and IFRS, the Annual Report only contains information about the individual shareholdings in the Company of the members of the Board of Directors, which is considered sufficient. Therefore, TDC does not comply with Recommendation V.4 on information in the Annual Report about the Board members' shareholdings in Group companies.

Use of Board committees
The Board of Directors has set up a Compensation Committee and deems it expedient that the Committee has power of decision on matters relating to specific issues within the Committee's areas of responsibility. Therefore, TDC does not comply with Recommendation V.10 that appointment of a committee take place for the sole purpose of preparing decisions to be made by the entire Board. The Compensation Committee reports regularly to the entire Board.

Assessment of the work of the Board and the Executive Committee
TDC does not comply with Recommendation V.11 on the assessment of the composition of the Board of Directors or the Board's and the individual members' work and results. Due to TDC's ownership structure and its significance for the composition of TDC's Board, as described above, the Board deems it unnecessary to establish formal assessment procedures. At an Annual Board Meeting, the Board of Directors has an informal discussion about its work and collaboration. Therefore, the Annual Report does not provide information on the Board's procedures of self-assessment – contrary to Recommendation V.11.

The Board also sees no relevance in establishing a formal assessment procedure for evaluating the Executive Committee's work and results and a procedure to assess the collaboration between the Board and the Executive Committee – as stated in Recommendation V.11. However, the Board regularly assesses the work of the Executive Committee by setting goals and evaluating the degree to which the goals are met. The collaboration between the Board and the Executive Committee is regularly assessed at meetings between the CEO and the Chairman of the Board.

Other recommendations
TDC complies with all other recommendations on the composition of the Board of Directors.

Remuneration of Board members and the Executive Committee

Remuneration policy
TDC does not comply with Recommendation VI.2 that the Board adopt a remuneration policy, and consequently does not comply with the underlying recommendations regarding the contents of the remuneration policy. The Board of Directors believes that a formal remuneration policy is unnecessary other than to ensure the more general condition that remuneration should be competitive and able to promote TDC's long-term value-creation goals.

In accordance with newly introduced rules in the Danish Companies Act, the Board has set general guidelines for incentive pay to the Executive Committee and those guidelines will be submitted for adoption at the Annual General Meeting 2008.

The principles of TDC's existing bonus schemes are described in note 6 to the Financial Statements.

The total annual remuneration of the Board is approved by the Annual General Meeting in connection with the adoption of the Annual Report. Therefore, TDC does not comply with Recommendation VI.2 that the remuneration of the Board for the current fiscal year be presented for adoption at the Annual General Meeting where the Annual Report for the previous year is submitted for adoption.

Openness about remuneration

TDC does not comply with Recommendation VI.3 that the Annual Report include information on remuneration received by individual members of the Board and the Executive Committee as well as other benefits provided or granted to such members by the Company and other companies within the same Group, including specific information on pension plans. TDC finds the information in the Annual Report on the remuneration of the entire Board and the entire Executive Committee, including pension plans, to be adequate (cf. note 6 to the Financial Statements).

Other recommendations

TDC complies with all other recommendations on the remuneration of the Executive Committee and the Board.

Risk management

TDC complies with all recommendations on risk management.

Audit

There are few recommendations with which TDC does not comply because current procedures already provide for the recommended considerations.

TDC does not comply with Recommendation VIII.3 that every year the Board lay down the overall, general scope of the auditor's provision of non-audit services. Annually, the Board receives information on the auditor's provision of non-audit services, which is considered adequate to ensure the auditor's independence, etc.

TDC does not comply with Recommendation VIII.4 that at least once a year the Board review and assess the Company's internal control systems as well as the Management's guidelines for and supervision of such systems and that the Board consider the extent to which an internal audit may assist the Board in this work. Instead, once a year the Executive Committee and the auditor report to the Board any identified problems regarding the internal control systems of which the Board should be aware.

TDC complies with all other audit recommendations.

The Board of Directors

TDC's Board of Directors has 11 members, seven elected by the Annual General Meeting and four elected by the employees.

In 2007, the Board of Directors held 14 meetings and a number of strategy sessions.

Currently, the Board of Directors has set up one committee – the Compensation Committee.

The Compensation Committee consists of Henning Dyremose, Vagn Sørensen, Kurt Björklund and Gustavo Schwed. The Compensation Committee approves the compensation and other terms of employment for the members of the Group's Executive Committee and the framework of the Group's incentive program. The Committee held four meetings in 2007.

Management

Executive Committee

Jens Alder
President and Chief Executive Officer

Age 50. Appointed to the Executive Committee in 2006.

Master of Electrical Engineering, Federal Institute of Technology, Zurich, Switzerland, 1982, and MBA, INSEAD, 1987.

Eva Berneke
Senior Executive Vice President and Chief Strategy Officer

Age 38. Appointed to the Executive Committee in 2007.

Master of Mechanical Engineering, Denmark's Technical University, 1992, and MBA, INSEAD, 1995.

Member of the Board of Copenhagen Business School.

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

Age 45. Appointed to the Executive Committee in 2007.

HA, Bachelor of Science, Business Economics, Copenhagen Business School, 1983, and HD, Bachelor of Commerce, International Trade, Copenhagen Business School, 1986.

Chairman of the Board of Traen Informationssystemer A/S.

Jesper Theill Eriksen
Senior Executive Vice President, Corporate HR and Chief of Staff

Age 39. Appointed to the Executive Committee in 2007.

Master of Law, University of Copenhagen, 1991 and INSEAD (executive management training program), 1999.

Mads Middelboe
Senior Executive Vice President and Chief Executive Officer, Mobile Nordic

Age 47. Appointed to the Executive Committee in 2007.

MSc Economics (Marketing Management), Copenhagen Business School, 1985.

Jesper Ovesen
Senior Executive Vice President and Chief Financial Officer

Age 50. Appointed to the Executive Committee at January 1, 2008.

MSc Economics (Finance), Copenhagen Business School, 1984. State Authorized Public Accountant, 1987 (with deposited license).

Member of the Boards of Skandinaviska Enskilda Banken AB and FLSmidth & Co A/S.

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

Age 40. Appointed to the Executive Committee in 2007.

MSc Economics (Financing and Accounting), Aarhus School of Business, University of Aarhus, 1992, and various Executive Management Programs, INSEAD.

Board of Directors

Henning Dyremose
Chairman

Age 62. Elected by the shareholders at the Annual General Meeting. First elected March 15, 2007. Term expires March 13, 2008.

Chairman of the Compensation Committee.

MSc (Chemical Engineering), 1969 and Graduate Diploma in Business Administration (Organization), 1972.

Chairman of the Confederation of Danish Industries, the Danish Trade Council, Brødrene A. O. Johansen A/S and A. O. Invest A/S.

Member of the Boards of Carlsberg A/S, Carlsberg Breweries A/S, Baltic Development Forum and the Copenhagen Industries Employers' Federation (IAK).

Vagn Sørensen
Vice Chairman

Age 48. Elected by the shareholders at the Annual General Meeting. First elected April 26, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

Member of the Compensation Committee.

MSc (Economics and Business Administration), Aarhus School of Business, University of Aarhus, Denmark.

Chairman of the Boards of BTX Group A/S, Select Service Partner Ltd., and Scandic Hotels AB. Vice Chairman of the Board of DFDS A/S. Member of the Boards of ST Global AG, Air Canada, Braganza AS and SIMI.

Kurt Björklund
Age 38. Elected by the shareholders at the Annual General Meeting. First elected February 28, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

Member of the Compensation Committee.

MSc (Economics). SSEBA, Helsinki, 1993, and MBA, INSEAD, 1996.

Co-Managing Partner in Permira.

Chairman of the Board of Directors of Nordic Telephone Company ApS.

Lawrence Guffey
Age 39. Elected by the shareholders at the Annual General Meeting. First elected February 28, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

BA, Rice University, 1990.

Senior Managing Director of the Blackstone Group.

Member of the Boards of Directors of Nordic Telephone Company ApS, Deutsche Telekom AG, Axtel SA de CV and Cineworld Group PLC.

Oliver Haarmann
Age 40. Elected by the shareholders at the Annual General Meeting. First elected February 28, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

BA, Brown University, 1990. MBA, Harvard Business School, 1996.

Managing Director of Kohlberg Kravis Roberts & Co. Ltd.

Member of the Boards of Directors of Nordic Telephone Company ApS and A.T.U. Auto-Teile-Unger Holding GmbH.

Gustavo Schwed
Age 46. Elected by the shareholders at the Annual General Meeting. First elected February 28, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

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 Nordic Telephone Company ApS and The 4U Group Ltd.

Richard Wilson
Age 42. Elected by the shareholders at the Annual General Meeting. First elected February 28, 2006. Re-elected March 15, 2007. Term expires March 13, 2008.

BA, University of Cambridge, 1988. MBA, INSEAD, 1994.

Partner of Apax Partners Worldwide LLP.

Member of the Board of Directors of Nordic Telephone Company ApS.

Leif Hartmann
Age 64. Elected by the employees. First elected 1996. Re-elected in 2000 and 2004. Term expires in 2008.

Systems Technician at TDC A/S.

Steen M. Jacobsen
Age 58. Elected by the employees. First elected 1996. Re-elected in 2000 and 2004. Term expires in 2008.

Specialist Technician at TDC A/S.

Jan Bardino
Age 55. Elected by the employees. First elected in 2004. Term expires in 2008.

MSc (Computer Science)

Systems Developer at TDC A/S.

Bo Magnussen
Age 60. Elected by the employees. First elected in 1996. Re-elected in 2000 and 2004. Term expires in 2008.

Senior Clerk at TDC A/S.

Chairman of Lederforeningen at TDC (Association of Managers and Employees in Special Positions of Trust).

Shareholder information

Shareholders

At year-end 2007, TDC had 29,885 registered shareholders, of whom 97% were based in Denmark. The Danish-based shareholders held approximately 95% of TDC's shares at year-end 2007.

Seventeen shareholders each held more than 10,000 TDC shares, together owning approximately 94% of the outstanding shares.

At year-end 2007, the following shareholders each held more than 5% of TDC A/S' common shares and the voting rights:

- Arbejdsmarkedets Tillægspension (ATP), Hillerød, Denmark: 5.5%
- Nordic Telephone Company ApS, Århus, Denmark: 87.9%

TDC's ultimate parent company is Angel Lux Parent S.à.r.l., Luxembourg.

TDC's common shares and voting rights

The Company's common shares are divided into 198,375,177 shares in a denomination of DKK 5 each. Each share amount of DKK 5 entitles a shareholder to one vote. All the Company's shares are listed on the OMX Nordic Exchange Copenhagen (ISIN DK00-1025333-5).

For a shareholder to be entitled to participate in the Company's general meetings and exercise voting rights, an admission card (which specifies the number of votes held by the shareholder) must be requested at least five days before the date of the general meeting in accordance with the requirements in Article 10 of the Company's Bylaws. The same time limit applies if a shareholder wishes to vote by proxy.

Appointment and replacement of members of the Board of Directors

According to Article 14 of the Company's Bylaws the Board of Directors shall consist of three to eight members elected by the Annual General Meeting. Shareholder-elected Board members serve a one-year term and may be re-elected.

Amendment of Bylaws

A resolution to amend the Company's Bylaws is subject to adoption by a qualified majority or by unanimity as stated in Sections 78 and 79 of the Danish Companies Act. The Company's Bylaws contain no further requirements than those stated in the Danish Companies Act regarding Bylaw amendments.

Authorizations to the Board of Directors

Until March 28, 2009, the Board of Directors is authorized to increase the common shares by up to DKK 108,229,770, cf. Article 4a of the Bylaws.

Until April 25, 2011, the Board of Directors is authorized to issue warrants to the managers of the Company and its subsidiaries as well as the Chairman and the Vice-Chairman of the Board of Directors to subscribe for shares in the Company at a nominal value of up to DKK 49,593,790. Furthermore, the Board of Directors is authorized to increase the common shares of the Company by up to DKK 49,593,790 in the period until and including April 25, 2011. The capital increase(s) shall be implemented by cash payment when the warrants are exercised. The shareholders shall have no pre-emption right to shares issued through the exercise of warrants. See Article 5c of the Bylaws.

Until the Annual General Meeting 2008, the Board of Directors is authorized to allow the Company to acquire treasury shares at a nominal value of up to 10% of the common shares of the Company at a price that must not deviate by more than 10% from the price quoted on the OMX Nordic Exchange Copenhagen. If the shares are not listed on the OMX Nordic Exchange Copenhagen at the time of acquisition, the purchase price must not deviate by more than 10% from the market value of the shares at the time of acquisition.

Headquarters

TDC A/S
Nørregade 21
DK-0900 Copenhagen C
Denmark
Tel. +45 66 63 77 77
Fax +45 66 63 76 19
www.tdc.com
CVR No. 1477 3908

Annual General Meeting

The Company's Annual General Meeting will be held in Copenhagen on March 13, 2008.

Dividends

The Board of Directors recommends that a dividend of DKK 3.60 per share be distributed for the fiscal year of 2007. The dividend amount is resolved by the Company at the Annual General Meeting.

From and including March 14, 2008, shares are traded without dividends for 2007. Dividends from TDC will be paid on March 19, 2008, on the basis of the shareholdings registered on VP accounts at the end-of-day March 18, 2008 (CET).

Dividends will be paid in Danish kroner (DKK) and are normally subject to a 28% withholding tax levied by the Danish government prior to payment. Non-resident shareholders may apply for repayment of part of the withholding tax from the Danish tax authorities. The amount of repayment will depend on the double tax treaties entered into with the shareholders' countries.

Inquiries on dividends on the Company's shares should be made to the authorized issuing agent:
Danske Bank
Girostrøget 1
DK-0800 Høje Taastrup
Denmark
Tel: +45 43 39 47 77

Inquiries on holdings of the Company's shares should be made to the Company's register of shareholders:
VP Investor Services A/S (VP Services A/S)
Helgeshøj Allé 61
P.O. Box 20
DK-2630 Taastrup
Denmark
Tel. +45 43 58 88 66

Glossary

2G refers to second-generation mobile networks, including GSM networks that can deliver high-speed voice and limited data communications including fax and SMS.

3G refers to third-generation mobile networks that can deliver voice, data and multimedia content at high speed.

ADSL refers to Asymmetric Digital Subscriber Line and is based on DSL technology.

ADSL2+ refers to a type of DSL technology that is expected to increase transmission speeds over copper wires up to 18 Mbps.

ARPU refers to Average Revenue per User.

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.

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.

Broadband refers to a type of connection to exchange data at a speed of 144 kbps or more, through analog lines. The most common broadband technologies are cable modem, DSL, wireless and optical fiber.

CDMA/450 MHz or *Code Division Multiple Access on 450 MHz frequency band* refers to the use of CDMA technology (as used for UMTS) on the 450 MHz frequency band (as opposed to the 2.1 GHz band for UMTS). Fewer base stations are required to gain geographical coverage with this frequency. However, the capacity of this frequency is low compared with the UMTS band. The 450 MHz frequency band has not been in use since the closure of the first generation analog mobile network.

Churn rate refers to 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 the number of customers at the beginning of a period to the number of customers at the end of a period and dividing by two. Different telecommunications companies calculate churn in different manners.

CPE refers to Customer Premises Equipment.

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 DoCSISs have been adopted as international standards: DoCSIS 1.1, DoCSIS 2.0 and DoCSIS 3.0.

DSL or *Digital Subscriber Line* refers to a technology enabling a local-loop copper pair to transport high-speed data between the central office and the customers' premises.

DSLAM or *Digital Subscriber Line Access Multiplexer* refers to a network device, usually at a telecommunications company's central office 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.

DTT refers to Digital Terrestrial Television, which is a digital signal broadcast to standard aerials that are utilized to replace the current analog signal.

DVB-H or *Digital Video Broadcasting* – Handheld refers to a standard specifically for broadcasting TV-like content and data to handheld devices, such as mobile phones. DVB-H is based closely on DCB-T, which is the standard for broadcast digital TV in most of Europe.

DWDM or *Dense Wavelength Division Multiplexing* refers to an optical technology used to increase bandwidth over existing fiber-optic backbone networks.

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, wireless pictures and video postcards via e-mail and other airborne multimedia.

Ethernet refers to a type of networking technology for LANs.

FTTH or *Fiber To The Home* refers to the fiber-optic technology linking residential customers directly to the fiber network.

FTTN or *Fiber To The Neighborhood* or Node refers to the fiber-optic technology linking the fiber network to nodes that serve several hundred homes through copper wires.

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.

HSDPA or *High Speed Downlink Packet Access* refers to an enhancement of UMTS 3G technology that is expected to increase the available download speeds by five times or more. HSDPA is also called Turbo 3G.

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.

IP or *Internet Protocol* refers to a standard procedure 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 Networks* 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 way to move more data over existing regular phone lines. It can provide speeds of about two 64 kbps channels, therefore providing integrated digital transmission of data and voice at a higher speed and broader band over regular phone lines. An ISDN modem is necessary to connect to the network.

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 or *Long Run Average Incremental Cost Model* refers to a system where SMP (Significant Market Power) operators' interconnect prices must be based on what the cost would be to produce these interconnect products (switched interconnect, ULL and co-location) in a modern telecommunications network, which does not bear the burden of historically related investments and the lack of up-to-date technology. Danish LRAIC prices are calculated in a model maintained and updated by NITA.

Mbps refers to megabits per second.

MMS or *Multimedia Messaging Service* refers to a store-and-forward messaging service that allows mobile subscribers to exchange multimedia messages with other mobile subscribers. It can be seen as an evolution of SMS, with MMS supporting the transmission of additional media types: texts, picture, audio, video and combinations of them.

MoU or *Minutes of Usage* refers to minutes used per subscriber.

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. MPLS has emerged as a solution to meet the bandwidth management and service requirements for next generation IP-based backbone networks.

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.

NITA refers to the Danish National IT and Telecom Agency.

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 the population of households to which the service is available.

PIM refers to Personal Information Management.

POP or *Point of Presence* refers to a local access point to a communications network, e.g. the internet.

Postpaid refers to mobile subscriptions that customers pay for before using a service.

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 wires carrying analog voice data – traditional landline 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.

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.

SIM or *Subscriber Identify Module* refers to a small, stamp-size smart card used in a mobile phone.

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 the category of businesses which meet the following definitions: i) fewer than two employees, ii) revenue of DKK 30.000 or less in the past twelve months regarding Fixnet Nordic, iii) the company must not own any kind of business products regarding the landline network, iv) the company must not be a part of a business structure and v) the company may not be a public company.

Triple play refers to offering subscriber telephony, internet and TV services through one access channel only.

Turbo 3G refers to HSDPA technology.

TVoIP refers to television programs provided over the internet.

ULL or *Unbundled Local Loop* refers to the existing access network that is historically the property of the incumbent. It is not economically possible for a new operator to duplicate the entirety and especially the final connection between the local exchanges and the subscriber.

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.

VDSL2 or *Very-High-Bit-Rate Digital Subscriber Line 2* refers to an enhancement to VDSL standard that permits the transmission of asymmetric and symmetric data rates of up to 200 Mbps on copper pairs over short distances (for subscribers close to the access module on the central or in a remote access node). VDSL permits up to 52 Mbps.

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 it can also be a network between a company's divisions.

WIFI or *wireless fidelity* refers to a wireless network technology used across the globe. WiFi refers to any system that uses the 802.11 standard, which was developed by the Institute of Electrical and Electronics Engineers (IEEE).

WiMAX or *World interoperability for Microwave Access* refers to wireless broadband service with a range of one to five kilometers.

Translation: Access Translations
Textprocessing: SkabelonDesign
Printed by: Scanprint A/S