Appendix 1: Remuneration policy for TDC's top management (Board of Directors and Executive Committee)

The total remuneration offered must be competitive both in terms of level and composition and in relation to the national and international market, so that TDC can attract and retain a competent top management which can realise the desired results and development for TDC.

In addition, the remuneration package must be as transparent and uncomplicated as possible and ensure that there is a clear connection between the remuneration and the interests of the shareholders.

The Board of Directors will thus only be paid cash compensation to avoid conflicts of interest in connection with the conclusion of agreements on and the calculation of performance-related remuneration.

The remuneration for the Executive Committee will be composed of a fixed compensation, pension contributions, company car as well as short and long-term performance-related pay elements. The fixed pay elements must be at an attractive level, but not too high because, there should still be a strong incentive for achieving a considerably higher total pay by obtaining the desired results.

The composition of the compensation elements must be based on the need for both results in the individual financial year and for a long-term sound and sustainable development of the company. The Compensation Committee is responsible for conducting an annual review of the targets for the variable pay elements.

The short-term performance-related pay element will consist of an annual bonus which may not exceed 100 per cent of the fixed pay and which primarily depends on financial performance as well as employee and customer satisfaction. ~~In terms of payment, 50 per cent of the bonus achieved must be deferred for three years whereas the remaining bonus may be deferred voluntarily. The entire deferred bonus may be lost if the three-year period shows unsatisfactory financial performance. The deferred bonus will be converted to a number of performance shares calculated on the basis of the current share price at the time of deferral. In the event of satisfactory financial performance, the deferred bonus will be paid after three years in the form of shares at the current share price at the time of payment. Depending on financial performance (measured using cash flow per share), the number of shares will be matched by up to 100 per cent.~~

~~Applying from 1 January 2014 members of the Executive Committee who give notice to terminate their employment prior to the payout of the annual bonus in a given year shall not be obliged to defer 50 per cent of the bonus achieved for three years.~~

The long-term performance-related pay element will be a share-based programme according to which the Executive Committee will be allocated a number of performance shares each year, corresponding to a fair market value of 30 per cent of the fixed pay. After three years, the performance shares will vest into TDC shares at the current share price at the time of vesting, provided that, satisfactory performance has been achieved (measured using i) growth in Cash Flow (EFCF) weighing 50 percent and ii) total shareholder return compared with an appropriate peer group of other European telecom companies, approved by the Compensation Committee and taking external expert advice into consideration, weighing 50 percent). Vesting scheme for growth in Cash Flow and total shareholder return is 0-200 percent and 0-150 percent respectively~~Performance shares can vest between 0-150 per cent to shares~~ – depending on the results achieved.

In addition to the above, the Board of Directors may, under special circumstances following recommendation from the Compensation Committee approve specific incentives for Executive Committee members on an ad hoc basis, provided that such additional incentives do not exceed 20 per cent of the Executive Committee member's fixed pay and that they only apply for a maximum of one financial year.

To ensure a strong and long-term commitment in terms of the company's development, members of the Executive Committee must ~~constantly~~ possess a number of shares in the company corresponding to the value of two years' fixed pay after tax. The number of shares is finally fixed at ~~will be fixed for the existing Executive Committee members on approval of the remuneration policy. For new~~ employment~~appointments~~ to the Executive Committee ~~(from 2013 and going forward), the number of shares will be fixed at the time of the new appointment~~ and may be built up over 5 years from the date of employment with minimum ownership of ~~10~~20, ~~20~~40, ~~30~~60, ~~60~~80 and 100 per cent after respectively 1, 2, 3, 4 and 5 years´ employment. ~~In the event of significant fluctuations in the share value, the Board of Directors may, giving a reasonable period of notice, change the number of shares which the individual Executive Committee member must possess.~~

'Bad leavers', i.e. Executive Committee members who give notice to terminate their employment or who by reason of breach of contract give rise to termination by the company, will lose all performance shares allocated. Under special circumstances and following recommendation from the Compensation Committee, the Board of Directors is authorized to deviate from the rules pertaining to bad leavers in respect of the Performance Share Program~~and deferral of annual bonus~~. Deviation shall be under specific terms, which shall include a time limit for the deviation. Severance pay cannot exceed an amount corresponding to the total remuneration for the past two years.

The Executive Committee will be subject to a 'claw-back clause', which means that an Executive Committee member may be ordered to repay all or a part of the performance-related pay paid out up to three years after payment ~~out~~ if it turns out that the payment was made on a wrong basis and/or the Executive Committee member was in serious breach of his or her duties under the employment contract.

~~6~~9 March 201~~4~~7