OFFERING MEMORANDUM

TDC A/S

(a public limited company incorporated in Denmark registered under CVR no. 14773908)

Offering of 210,000,000 Offer Shares

This offering memorandum relates to an offering (the "Offering") of 210,000,000 ordinary shares (the "Offer Shares") with a nominal value of DKK 1 each of TDC A/S (the "Company"). The Offer Shares are being sold by NTC S.A. ("NTC") and its parent company, NTC Holding G.P. & Cie S.C.A. ("NTCH") (each of NTC and NTCH, a "Selling Shareholder" and together, the "Selling Shareholders").

The Offering consists of: (i) a public offering to retail and institutional investors in Denmark; and (ii) a private placement to institutional investors in other jurisdictions, including a private placement in the United States to persons reasonably believed to be "qualified institutional buyers" or "QIBs" as defined in and in reliance upon Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales of the Offer Shares outside the United States will be made in reliance on, and in compliance with, Regulation S ("Regulation S") under the U.S. Securities Act.

NTCH has agreed to grant the Joint Global Coordinators, on behalf of the Managers (as defined herein), an option to purchase up to 31,500,000 additional shares with a nominal value of DKK 1 each (the "Over-allotment Shares") at the Offer Price (as defined herein) (the "Over-allotment Option"), exercisable, in whole or in part, from the date of public disclosure of the final Offer Price until 30 calendar days after the date of allotment. See *"Plan of Distribution—Over-allotment Option"*. Unless stated otherwise or the context requires otherwise, the term "Offer Shares" includes "Over-allotment Shares".

The Company will not receive any proceeds from the Offering. See *"Use of Proceeds"*.

As of the date of this offering memorandum, the Company's share capital amounts to DKK 991,875,885 nominal value, divided into 991,875,885 shares of DKK 1 each (the "Shares"), each of which is fully paid.

The Shares, including the Offer Shares, are traded and officially listed on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX Copenhagen") under the symbol "TDC" (ISIN: DK0060228559). The Offer Shares rank *pari passu* in all respects with all other Shares.

The offer price (the "Offer Price") of the Offer Shares is currently expected to be between DKK 47 and DKK 56 per Offer Share (the "Offer Price Range"). The final Offer Price may fall outside the Offer Price Range. The Offer Price and the exact number of Offer Shares are expected to be announced through NASDAQ OMX Copenhagen no later than December 9, 2010 at 8:00 a.m. (Central European Time ("CET")).

The offer period (the "Offer Period") will commence on, and include, December 1, 2010 and will close no later than December 8, 2010 at 4:00 p.m. (CET). The Offer Period may be closed prior to December 8, 2010. The Offer Period in respect of applications for purchases of amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such early closing in whole or in part will be announced through NASDAQ OMX Copenhagen.

Investors are advised to examine all risks and legal requirements that might be relevant in connection with an investment in the Offer Shares.

Payment and settlement are expected to take place on or about December 13, 2010 (the "Closing Date") by way of delivery of temporary purchase certificates with ISIN: DK0060262301 (the "Temporary Purchase Certificates") in book-entry form to the investors' accounts with VP Securities A/S ("VP") against payment in immediately available funds in Danish Kroner. The Offer Shares are expected to be delivered in book-entry form to the investors' accounts with VP on the business day after the Closing Date in exchange for a corresponding number of Temporary Purchase Certificates registered in the investors' accounts with VP. Investors who do not have an account with VP may arrange for payment and settlement of Temporary Purchase Certificates through the facilities of Euroclear Bank S.A./N.A., as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). If the Offering is closed before December 8, 2010, the date of payment, settlement and delivery of Temporary Purchase Certificates as well as the date of exchange of Temporary Purchase Certificates for Offer Shares will be moved forward accordingly.

All dealings in the Offer Shares prior to their delivery as described above will be for the account of and at the risk of the parties involved.

Investing in the Offer Shares involves a high degree of risk. See *"Risk Factors"* beginning on page 35 for a description of certain risks that prospective investors should consider before deciding to invest in the Offer Shares.

OFFER PRICE RANGE: DKK 47—DKK 56 PER OFFER SHARE

On the date hereof, the Company announced a share buy-back according to which the Company offers to purchase, subject to certain conditions, Shares for an aggregate amount of DKK 9,000 million at the Offer Price pro rata based on number of tendered Shares from the Company's shareholders (the "Share Buy-back"). NTC has undertaken to the Company to sell Shares at the Offer Price for a total amount equal to the Share Buy-back or such lower amount which would, after allocation and proration, equal NTC's proportionate part of the total amount of the Share Buy-back. The Company has, subject to completion of the Share Buy-back, undertaken to buy Shares at the Offer Price from NTC for a minimum amount equal to 88.02% of the total Share Buy-back amount, which is equal to NTC's proportionate ownership interest in the Company (exclusive of treasury Shares). The number of Shares to be purchased in the Share Buy-back will be between 160,714,285 and 191,489,361 Shares with an Offer Price within the Offer Price Range. If the Offer Price falls outside the Offer Price Range, the number of Shares to be purchased in the Share Buy-back will be adjusted accordingly. The exact number of Shares to be purchased in the Share Buy-back will depend on the Offer Price. For a description of the Share Buy-back, see *"TDC's Share Buy-back"*. The Share Buy-back is not being made and will not be made in or into the United States or by using U.S. jurisdictional means and it cannot be accepted from the United States or by using U.S. jurisdictional means. See *"TDC's Share Buy-back—Restrictions Relating to the Share Buy-back"*.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to persons reasonably believed to be "qualified institutional buyers" in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Prospective investors are hereby notified that all offers and sales of Offer Shares outside the United States will be made in reliance on, and in compliance with, Regulation S. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase any of the Offer Shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. For a description of certain restrictions on selling and transfer of the Offer Shares, see *"Plan of Distribution—Selling Restrictions"* and *"Transfer Restrictions"*. The distribution of the offering memorandum and the offer of the Offer Shares in certain jurisdictions are restricted by law. Persons into whose possession the offering memorandum comes are required by the Company, the Selling Shareholders and the Managers to inform themselves about, and to observe, such restrictions.

Joint Global Coordinators and Joint Bookrunners

J.P. Morgan **Morgan Stanley** **SEB Enskilda**

Joint Bookrunners

Deutsche Bank **J.P. Morgan** **Morgan Stanley** **SEB Enskilda** **UBS**

Joint Lead Managers

Credit Suisse **Danske Bank** **Goldman Sachs** **HSBC** **Nomura**

Nordic Retail Bookrunners

Danske Bank **SEB Enskilda**

Co Lead Managers

BNP PARIBAS **Carnegie**

November 25, 2010

IMPORTANT INFORMATION

In this offering memorandum, the "Company" refers to TDC A/S, and "TDC" or the "TDC Group" refers to the Company and its subsidiaries, unless the context requires otherwise.

The Selling Shareholders accept responsibility for this offering memorandum. The statement of responsibility of the Company for certain portions of this offering memorandum is set forth under the caption "*Responsibility Statement*". No representation or warranty, express or implied, is made by J.P. Morgan Securities Ltd. ("J.P. Morgan"), Morgan Stanley & Co. International plc ("Morgan Stanley"), or Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden ("SEB Enskilda" and together with J.P. Morgan and Morgan Stanley, the "Joint Global Coordinators") or the other managers named under the caption "*Plan of Distribution*" in this offering memorandum (collectively, the "Managers") as to the accuracy or completeness of information contained in this offering memorandum.

This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire securities. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without the Selling Shareholders' prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

Investors should rely only on the information contained in this offering memorandum. No person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by TDC, the Selling Shareholders or the Managers and none of them accept any liability with respect to such information. Investors should assume that the information contained in this offering memorandum is accurate only as of the date on the front of this offering memorandum, unless expressly stated otherwise. The delivery of this offering memorandum at any time does not imply that there has been no change in TDC's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. Any material new circumstance, substantive error or inaccuracy in connection with the information in this offering memorandum that may affect the valuation of the Shares, including the Offer Shares, and that occurs or is ascertained between the time of publication of the Danish language version of this offering memorandum and the final completion of the Offering, will be published as a supplement to this offering memorandum through NASDAQ OMX Copenhagen.

This offering memorandum is prepared, and the Offering is being conducted, in accordance with Danish law, and the Offering will comply with applicable laws in such other jurisdictions where the Offering is being conducted. In connection with the Offering, the Selling Shareholders have prepared two language versions of this offering document: (i) the Danish language version of the offering memorandum and (ii) this English language version of the offering memorandum. The Danish Financial Supervisory Authority (the "Danish FSA") decided in a letter dated April 13, 2010 that the offering memorandum does not require its approval in Denmark and the offering memorandum has therefore not been reviewed or approved by any public authority. The Danish language version of the offering memorandum may contain certain modified language in order to conform with customary Danish language.

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "*The Danish Securities Market—Clearing and Settlement*", is subject to any change in or reinterpretation of the rules, regulations and procedures currently in effect of VP, Clearstream and Euroclear.

The Offer Shares are subject to restrictions on sale and transfer as described under "*Transfer Restrictions*" and "*Plan of Distribution—Selling Restrictions*". By purchasing Offer Shares, investors will be deemed to have made certain acknowledgements, representations and agreements as described in those sections of this offering memorandum. As a prospective purchaser, investors should be aware that investors may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum is only addressed to persons to whom it may lawfully be made. This offering memorandum may not be distributed or otherwise made available, and the Offer Shares may not be offered or sold, directly or indirectly, in the United States, Canada, Australia, Japan or any jurisdiction other than Denmark, unless such distribution, offering or sale is permitted under the applicable laws of the relevant jurisdiction and the Managers have received such satisfactory documentation to that effect as they may require from prospective purchasers. No action has been or will be taken by the Company, the Selling Shareholders or the Managers to permit a public offering in any jurisdiction other than Denmark. Persons into whose possession this offering memorandum may come are required by the Company, the Selling Shareholders and the Managers to observe and inform themselves about such restrictions. This offering memorandum may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorized or is unlawful. For further information with regard to restrictions on offers and sales of the Offer Shares and the distribution of this offering memorandum, see "*Plan of Distribution—Selling Restrictions*". This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. This offering memorandum may not be forwarded, reproduced or in any other way redistributed by anyone but the Managers, the Selling Shareholders and the Company. Investors may not reproduce or distribute this offering memorandum, in whole or in part, and investors may not disclose the content of this offering memorandum or use any information herein for any purpose other than considering the purchase of Offer Shares. Investors agree to the foregoing by accepting delivery of this offering memorandum.

In making an investment decision, investors must rely on their own examination of TDC and the terms of the Offering, including the merits and risks involved. In addition, none of TDC, the Selling Shareholders, any of the Managers or any of their respective representatives is making any representation to any investor regarding the legality of an investment in the Offer Shares, and investors should not construe anything in this offering memorandum as legal, business or tax advice. Investors should consult their own advisors as to legal, tax, business, financial and related aspects of an investment in the Offer Shares. Investors must comply with all laws applicable in any jurisdiction in which investors buy, offer or sell the Offer Shares or possess or distribute this offering memorandum and investors must obtain all applicable consents and approvals. None of TDC, the Selling Shareholders or any of the Managers shall have any responsibility for any of the foregoing legal requirements.

Payment and settlement are expected to take place on or about the Closing Date by way of delivery of Temporary Purchase Certificates in book-entry form to the investors' accounts with VP against payment in immediately available funds in Danish Kroner. Each Temporary Purchase Certificate evidences the purchase of one Offer Share from the Selling Shareholders. The Temporary Purchase Certificates will not be admitted to trading or official listing on any regulated market. The Offer Shares are expected to be delivered in book-entry form to the investors' accounts with VP on the business day after the Closing Date in exchange for a corresponding number of Temporary Purchase Certificates registered in the investors' accounts with VP. Investors who do not have an account with VP may arrange for payment and settlement of Temporary Purchase Certificates through the facilities of Euroclear and Clearstream. If the Offering is closed before December 8, 2010, the date of payment, settlement and delivery of Temporary Purchase Certificates as well as the date of exchange of Temporary Purchase Certificates for Offer Shares will be moved forward accordingly. All dealings in the Offer Shares prior to their delivery as described above will be for the account of and at the risk of the parties involved.

NOTICE TO EEA INVESTORS

Other than in Denmark, the Offer Shares have not been publicly offered and will not be publicly offered in any Member State of the European Economic Area that has implemented the Prospectus Directive (a "Relevant Member State"). Notwithstanding the foregoing, the Offering of the Offer Shares may be made in a Relevant Member State:

- exclusively to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- exclusively to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than EUR 43 million, and (iii) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts;

- to fewer than 100 natural or legal persons (other than a person that is a qualified investor within the meaning of Article 2(1)(c) of the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Selling Shareholders, the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC (as amended from time to time) and includes any relevant implementing measure in each Relevant Member State.

NOTICE TO INVESTORS IN THE UNITED STATES

The Offer Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Offer Shares are being offered and sold (a) in the United States, only to persons reasonably believed to be "qualified institutional buyers" in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (b) outside the United States in reliance on, and in compliance with, Regulation S. For certain restrictions on the sale and transfer of the Offer Shares, see "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*".

In the United States, this offering memorandum is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider purchasing the particular securities described herein. The information contained in this offering memorandum has been provided by the Company, the Selling Shareholders and other sources identified herein. Distribution of this offering memorandum to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is prohibited. Any reproduction or distribution of this offering memorandum in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to acquire the Offer Shares.

Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering memorandum or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT

THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

UNITED KINGDOM RESTRICTIONS

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Selling Shareholders or the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which this offering memorandum relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or high net worth entities falling within Article 49(2), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this offering memorandum and should not act or rely on it.

OTHER INFORMATION FOR INVESTORS IN CERTAIN COUNTRIES

For information for investors in jurisdictions other than Denmark, see "*Plan of Distribution—Selling Restrictions*".

STABILIZATION

IN CONNECTION WITH THE OFFERING, THE STABILIZING MANAGER, OR ITS AGENTS, ON BEHALF OF THE MANAGERS, MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SHARES FOR UP TO 30 DAYS FROM THE ALLOTMENT DATE OF THE OFFER SHARES. SPECIFICALLY, THE MANAGERS MAY OVER-ALLOT OFFER SHARES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SHARES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. THE STABILIZING MANAGER AND ITS AGENTS ARE NOT REQUIRED TO ENGAGE IN ANY OF THESE ACTIVITIES AND, AS SUCH, THERE IS NO ASSURANCE THAT THESE ACTIVITIES WILL BE UNDERTAKEN; IF UNDERTAKEN, THE STABILIZING MANAGER OR ITS AGENTS MAY END ANY OF THESE ACTIVITIES AT ANY TIME AND THEY MUST BE BROUGHT TO AN END AT THE END OF THE 30-DAY PERIOD MENTIONED ABOVE. SAVE AS REQUIRED BY LAW OR REGULATION, THE STABILIZING MANAGER WILL NOT BE REQUIRED TO DISCLOSE THE EXTENT OF ANY STABILIZATION TRANSACTIONS UNDER THE OFFERING. SEE "*PLAN OF DISTRIBUTION*." THE STABILIZING MANAGER WILL BE APPOINTED PRIOR TO THE ALLOTMENT DATE AND ITS IDENTITY WILL BE ANNOUNCED THROUGH NASDAQ OMX COPENHAGEN.

CERTAIN DEFINED TERMS AND TECHNICAL TERMS AND PHRASES

Certain defined terms and technical terms and phrases used in this offering memorandum can be found in "*Glossary*" set out in *Annex A*.

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SUMMARY

The following summary should be read as an introduction to this offering memorandum, and in conjunction with, and as qualified in its entirety by the more detailed information that appears elsewhere in this offering memorandum. Before deciding to invest in the Offer Shares, investors should read the entire offering memorandum carefully, including the "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and TDC's Audited Annual Financial Statements and Unaudited Condensed Interim Financial Statements (including the explanatory notes to those financial statements) and the more detailed information included elsewhere in this offering memorandum. Any decision to invest in the Offer Shares should be based on this offering memorandum as a whole. Certain terms used in this summary are defined elsewhere in the offering memorandum. See "Glossary" for more information on the definition of RGU and certain terms used in this summary. See "Industry and Market Data " for information about the industry and market data used in this offering memorandum.

Where a claim relating to the information contained in this offering memorandum is brought before a court in a member state of the European Economic Area ("EEA"), the plaintiff investor, under the national legislation of the member state in which the claim is brought, may have to bear the costs of translating this offering memorandum before such legal proceedings are initiated.

Group Overview

TDC is the leading provider of telecommunications and Pay-TV in Denmark with a market-leading position in each of its major business segments—landline telephony, internet access, mobility services and Pay-TV. Outside of Denmark, TDC has a significant presence in the pan-Nordic business market.

TDC's leadership in Denmark is reflected in its strong Danish brands which cover all key segments, channels and product categories in the residential and business telecommunications markets, and in its operation of technology platforms and infrastructure across all the major telecommunications access technologies: copper, cable, fiber and mobile. TDC is one of only two European incumbent operators to fully own a leading cable TV network in its domestic market.

Through its wholly owned subsidiaries in Sweden, Norway and Finland, TDC offers pan-Nordic telecommunications solutions, including hosting services and systems integration, to businesses and organizations across the Nordic region.

The table below sets forth certain key financial and operational information for the TDC Group for the periods indicated. See also "*Selected Historical Consolidated Financial and Operating Information*".

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
	(DKK millions, unless otherwise indicated)				
Revenue	19,558	19,514	26,079	26,917	27,951
Profit before depreciation, amortization and Special Items (EBITDA)(1)	8,046	7,854	10,536	10,054	9,376
EBITDA margin	41.1%	40.2%	40.4%	37.4%	33.5%
Capital expenditure	(2,459)	(2,852)	(3,891)	(3,975)	(3,979)
Capital expenditure to revenue ratio	12.6%	14.6%	14.9%	14.8%	14.2%
Cash conversion(2)	59.8%	57.3%	61.4%	62.9%	63.5%
Equity Free Cash Flow	3,676	3,406	4,426	2,424	1,995
Total RGUs (end-of-period)(3) (thousands)	8,802	8,733	8,930(4)	8,361	8,253
Full-time employee equivalents (end-of-period)	10,665	11,385	11,277	11,772	13,939

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(2) Cash conversion means operating free cash flow divided by EBITDA excluding Special Items. "Cash conversion" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(3) Revenue Generating Unit ("RGU") means the total number of customer relationships that generate revenue for TDC, for example, a HomeTrio customer represents three RGUs (one for each part of the package). See "*Glossary*" for more information on the definition of RGU.

(4) End-of-period RGUs reflects increased number of pre-paid mobile RGUs following a marketing campaign conducted during the fourth quarter of 2009.

Overview of TDC's Business

TDC operates in the following five business divisions (which are also its financial reporting divisions):

- *Consumer:* Consumer is the leading supplier of telecommunications and TVoIP solutions in Denmark. The Consumer business division provides landline and mobility services (including subscription and prepaid voice services, mobile broadband and content) and bundled multi-play products and landline mobile convergent products to residential and SoHo customers in Denmark. Consumer operates across the market segments, from no-frills to premium, with the brands TDC, Telmore, Fullrate and M1.
- *TDC Business:* TDC Business has a market leading position in the Danish business market and provides telecommunications solutions for small, medium and large businesses as well as the public sector in Denmark. Its activities include broadband solutions, landline telephony, mobility services, convergence products (combined landline and mobile telephony), fiber access, terminal equipment, including systems integration services and leased lines.
- *TDC Nordic:* TDC Nordic primarily provides telecommunications solutions for businesses in the Nordic region outside of Denmark. Its products include landline telephony, IP-VPN and internet access on its pan-Nordic network. In the mobile market, TDC Nordic operates as an MVNO or service provider pursuant to agreements with local mobile network operators. TDC Nordic also offers communication integration services and, through TDC Hosting, provides hosting solutions and information technology outsourcing throughout the Nordic region. TDC Nordic and TDC Business benefit from sharing customer relationships, products and services.
- *Operations & Wholesale:* Operations & Wholesale is responsible for all of TDC's Danish activities regarding landline and mobile networks, operations, infrastructure, information technology and wholesale (excluding those operated by YouSee). Operations supports TDC's other business divisions by operating support and back-office functions, managing a number of critical support functions in the organization (such as information technology, supply chain and procurement, installation and network) and drives operational change in the group. Wholesale, as a commercial unit, provides landline telephony, mobility services, internet and network services for other operators, service providers and brand partners, as well as national and international traffic and roaming for other network operators.
- *YouSee:* YouSee is the leading Danish cable TV provider in terms of market share, offering TV, broadband and telephony services to individual households and organized customers, such as antenna and housing associations, in Denmark.

Revenue, EBITDA and RGUs by business division are specified in the table below. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Business Division	As of December 31, 2009 RGUs	Year ended December 31, 2009 Revenue	% of total Revenue[(1)]	EBITDA[(2)]	% of total EBITDA[(1)(2)]
	(in thousands)	(DKK in millions)		(DKK in millions)	
Consumer	4,208	9,711	35.5	3,995	37.1
TDC Business	1,836	7,926	29.0	3,721	34.6
TDC Nordic	181	3,515	12.9	497	4.6
Operations & Wholesale	941	2,582	9.4	1,413	13.1
YouSee	1,765	3,597	13.2	1,141	10.6
Other, inclusive eliminations	—	(1,252)	—	(231)	—
Total	**8,930**	**26,079**	**100**	**10,536**	**100**

(1) Excluding "Other, inclusive eliminations".

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

Macroeconomic Overview

From 2004 to 2007, the Danish economy grew in line with the Eurozone average, at rates between 1.7% and 3.4% and contracted by 4.7% in 2009. It is expected to grow at a compound annual growth rate of 2.2% in 2010 to 2012, slightly faster than the Eurozone average of 1.6% (source: International Monetary Fund World Economic Outlook, October 2010). Reflecting the Danish Central Bank's monetary policy of keeping the Danish Kroner/Euro exchange rate within a narrow range, the Danish Kroner has been stable against the Euro in recent years. The table below sets forth selected socioeconomic indicators for Denmark and the Eurozone average.

Indicator	Denmark	Eurozone[(1)] average
GDP per capita 2009[(2)]	$ 56,263	$ 37,933
Unemployment rate 2010 estimated[(3)]	4.2%	10.1%
Inflation 2010 estimated[(4)]	2.2%	1.6%
Budget deficit 2009[(5)]	2.8%	6.3%
Government debt/GDP 2009[(6)]	41.4%	79.0%

Source: International Monetary Fund World Economic Outlook Database, October 2010

(1) Eurozone consists of Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

(2) GDP per capita is based on prices which have not been adjusted for inflation.

(3) Percent of total labor force as defined by International Labour Organisation (United Nations). Latest actual data used are as of September 2010. According to Statistics Denmark (*Danmarks Statistik*), the unemployment rate was 4.1% as of August 2010 (6.1% including people in activation programs).

(4) Percentage change in end of period consumer prices.

(5) General government net lending/borrowing, a positive number indicates a deficit.

(6) General government gross debt.

Key Strengths

TDC has a leading position in Denmark across the market segments where it operates

TDC is the only telecommunications operator in Denmark that provides all the services in, and has a market-leading position across, the market segments in which it operates. As of September 30, 2010, in the residential market, TDC was number one by market share in landline telephony, mobile voice, broadband and Pay-TV and number two by market share in mobile broadband. As of September 30, 2010, in the business market, TDC was number one by market share in landline telephony, data, mobile broadband and mobile voice. Based on data as of June 30, 2010 for the Core Peers (Belgacom, KPN and Swisscom) and Nordic Peers (Elisa, Telenor and TeliaSonera) and as of September 30, 2010 for TDC, TDC's market shares in Denmark in Pay-TV and broadband were higher than those of its Core and Nordic Peers in their respective domestic markets. TDC has defended and, in some areas, grown its leading positions in its Danish residential and business markets during the three years ended December 31, 2009. See "*Industry and Competitive Environment—Market segments*".

Through its multi-brand strategy, with brands such as TDC, Fullrate, Telmore, M1 and YouSee, TDC offers products across all key telecommunications product segments in Denmark, at price positions ranging from no-frills to premium and with strong brand recognition in each of these market segments, and distributes its products through an extensive distribution network, including TDC's own shops, dealer network, account managers, call centers and website. See "*Business—Overview of TDC's Activities by Business Division—Consumer—Sales and marketing*" and "*Business—Overview of TDC's Activities by Business Division—Consumer—Brands*".

TDC's combination of highly advanced infrastructure, including cable ownership, provides TDC with a unique network position in Denmark

TDC has a unique platform of telecommunications infrastructure coverage in Denmark, both in landline access, including cable and fiber, and a range of mobile technologies, including LTE through TDC's recently acquired 2.5GHz license. By September 30, 2010, more than 99% of Danish households were able to receive TDC's broadband with download speeds above 512 Kbps, approximately 87% of households were covered by TDC's cable network, fiber or xDSL and were able to receive internet download speeds of up to 20 Mbps and 55% able to receive speeds of up to 50 Mbps. Using these technologies, as of September 30, 2010, TDC was capable of providing triple-play services (the bundling of telephony, internet and TV services through one access channel) to 90% of households in Denmark. When compared to its competitors in Denmark, as of September 30, 2010, only 3.6% of the Danish households were triple-play enabled by an infrastructure-based competitor of TDC in a location where TDC was not able to provide triple-play access. See "*Business—Overview of TDC's Activities by Business Division—Consumer—Network*".

Despite its high level of financial leverage in recent years, TDC has continued to invest in its business, including its network infrastructure, during the three years ended December 31, 2009. TDC's capital expenditure in Denmark and the other Nordic countries was broadly stable, from DKK 3,979 million in 2007 to DKK 3,891 million in 2009 (between 14% and 15% of revenue), which is one of the highest levels of capital expenditure (as a percentage of revenue) compared to the Core and Nordic Peers.

TDC's revenue profile has been resilient in a challenging economic environment in recent years

Despite a challenging economic environment in 2010 and competitive pressures in the Danish market, TDC recorded flat revenue for the nine-month period ended September 30, 2010, compared with the same period in 2009. By comparison, TDC's revenue decreased by 3.7% during the year ended December 31, 2008 and by 3.1% during the year ended December 31, 2009 compared with the respective previous years. If reported revenue were to be adjusted for divestments and acquisitions, sale of property, plant and equipment, outsourcing, the impact of foreign exchange developments and price regulation on mobile termination rates and international roaming charges, TDC's revenue would have increased by 0.7% during the year ended December 31, 2008, would have decreased by 0.2% during the year ended December 31, 2009 and would have decreased by 0.9% during the nine-month period ended September 30, 2010.

TDC believes the key factors behind the resilience of its revenue have been the diminishing impact of declining landline revenues, which have been more than offset by increased revenue from mobility services, growth in revenue and the number of subscribers in Pay-TV and, during the nine-month period ended September 30, 2010, the improved revenue from and market position of TDC Nordic.

Since December 31, 2008, TDC's domestic landline telephony revenue decline has shown a significant deceleration, from a decrease of DKK 212 million (adjusted for the impact of the sale of International Carrier Services) in the first quarter of 2009 (compared to the same period in 2008) to DKK 90 million in the third quarter of 2010 (compared to the same period in 2009). This positive development reflects a successful management of PSTN churn over this period (from 17.6% in the first quarter of 2009 to 13.2% in the third quarter of 2010), through pro-active churn control and the introduction of flat rates and bundled offers such as HomeDuo and HomeTrio. The increase in the number of RGUs sold per copper access line, from 1.35x in the first quarter of 2008 to 1.43x in the third quarter of 2010 reflects the churn reducing effect of multi-play products. For example, in the third quarter of 2010, churn was 16.5% for customers with only PSTN and 6.5% for multi-play product customers with PSTN, broadband and Duet. TDC believes these developments and initiatives have been key factors in the decrease of line losses to 32,000 lines in the three-month period ended September 30, 2010. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Copper Line Loss*".

The recent growth in mobile revenue can be mainly attributed to the increased contribution of smartphones sales and associated data usage underpinned by mobile broadband. Smartphones and associated data usage appear to be becoming a key driver of revenue growth as the proportion of smartphones sold as a percentage of total mobile handset sales of the TDC Group (excluding TDC Nordic) significantly increased from 26% during the three months ended March 31, 2009 to 65% during the three months ended September 30, 2010 (while TDC's sale of iPhones only commenced on August 27, 2010). In addition, during the nine-month period ended September 30, 2010, ARPU on smartphones for residential customers (including SoHo) was DKK 295 per month, while ARPU on other handsets was DKK 171 per month. TDC has also increased the number of residential mobile broadband RGUs from 3,000 as of March 31, 2008 to 139,000 as of September 30, 2010, representing an increase of TDC's share of a growing Danish residential mobile broadband market, from 0.3% as of December 31, 2007 to 28.5% as of September 30, 2010.

TDC's Pay-TV revenues have recorded a compound annual growth rate of 16.8% between the period of December 31, 2007 and December 31, 2009. One of the key strengths of this segment has been TDC's ability to deliver a TV offering available on cable, TVoIP and mobile. The ability to continue to expand the customer base through increased penetration and expansion of homes passed was reflected in a compound annual growth rate of 7.5% in the number of RGUs for TDC's Pay-TV products (YouSee and TDC TV), from approximately 1,187,000 as of December 31, 2007 to approximately 1,451,000 as of September 30, 2010. In addition, during the same period, YouSee experienced a significant increase in the sale of digital TV services, such as video-on-demand.

Despite a decrease in revenue in 2009, which TDC believes was mainly due to the recent economic downturn, TDC Nordic was able to record a revenue growth of 14.3% for the nine-month period ended September 30, 2010, compared with the same period in 2009. This positive development reflected a positive exchange rate development and increased revenue from mobile voice, IP-VPN and hosting services.

TDC has delivered EBITDA and Equity Free Cash Flow growth in recent years driven by continued operational improvements

Between December 31, 2007 and December 31, 2009, TDC recorded an EBITDA compound annual growth rate of 6.0%, an EBITDA margin increase from 33.5% as of December 31, 2007 to 40.4% as of December 31, 2009 and an Equity Free Cash Flow compound annual growth rate of 48.9%. TDC believes this performance is primarily a result of its ongoing focus on cost reduction which has been reflected in a decrease of total operating expenditures of DKK 1,576 million (wages and other external expenditures) between December 31, 2007 and December 31, 2009. During this period, however, the proportion of operating expenditure that TDC considered to be customer-focused (marketing and distribution) increased, while those considered to be back office functions (such as facility management and network) decreased. TDC has achieved productivity improvements, including decreased fault rates across VoIP and TVoIP, decreased call volume in Consumer customer call centers and an increased first call resolution rate in the nine-month period ended September 30, 2010. Notwithstanding cost reductions and significant employee redundancies in recent years, employee satisfaction and customer satisfaction in the Consumer division have increased. TDC believes there is further room for cost optimization and has defined a number of initiatives for ongoing cost reduction, including continued improvement of fault handling and ongoing process optimization. For a definition of Equity Free Cash Flow, see "*Glossary*". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Restructuring and Cost Reduction Programs*".

TDC is committed to a highly attractive remuneration policy for its shareholders

TDC is committed to a highly attractive shareholder remuneration policy pursuant to which TDC aims to declare and distribute significant cash dividends.

For the financial year 2011, the Company's board of directors expects to recommend a dividend of DKK 4.35 per outstanding Share (following the Share Buy-back), of which 40% to 50% is expected to be distributed in the third calendar quarter of 2011 and the remainder in the first calendar quarter of 2012. Based on the Offer Price Range, DKK 4.35 per Share corresponds to a dividend yield between 7.8% and 9.3%.

The board of directors has adopted a dividend payout policy for subsequent years of 80% to 85% of its annual Equity Free Cash Flow in a given year. For a description of TDC's dividend policy, see "*Dividends and Dividend Policy*".

TDC intends to achieve and maintain a stable investment grade rating in order to implement its shareholder remuneration policy, targeting a financial leverage of 2.1x or below of net debt to annual EBITDA. For more information regarding TDC's capitalization, see "*Capitalization*".

TDC currently expects its acquisition strategy to focus on bolt-on in-country acquisitions in Denmark and other Nordic countries, in line with its recent practice. TDC's cash requirements for acquisitions are not expected to impede its ability to pay dividends or to compromise adherence to its leverage and rating policy. See "*Dividends and Dividend Policy*".

TDC's experienced management team has a proven track record of achieving TDC's strategic objectives

TDC's management team has defined a set of strategic objectives for TDC and intends to execute these in a disciplined and rigorous manner. In addition to a corporate strategy, each of TDC's business divisions has a defined set of strategic initiatives and uses detailed key performance indicators, which are tracked and monitored on daily, weekly, monthly or quarterly bases, to measure performance and enable accountability.

TDC's management team has significant experience in the telecommunications and service industries in Denmark and a track record of increasing productivity and reducing costs while, at the same time, maintaining and enhancing strong customer relationships.

TDC executive committee's post-Offering compensation will be tied to Company and share performance

With effect from January 1, 2011, subject to approval of new guidelines for incentive pay for the executive committee by a general meeting of the shareholders of the Company, executive committee members will be obliged to defer 50% of their annual bonus for three years. Conversion into shares after three years will be subject to Company performance in terms of Equity Free Cash Flow per Share, excluding corporate income tax paid. For certain levels of performance achieved, additional matching shares will be granted while, for performance below a certain threshold, the deferred share units will be lost. In addition, TDC expects to introduce a performance share scheme to replace the current long-term incentive program with effect from January 1, 2011. Under this scheme, eligible participants (including the executive committee) are to receive annual grants of performance share units. The performance share units are to be subject to a three-year vesting period after which vested performance share units will be converted into Shares in the Company. The percentage of performance share units that vest at the end of each three-year period is a function of the Company's performance measured by total shareholder return relative to a peer group of 14 telecommunications companies (excluding TDC). A mandatory perpetual stock ownership representing a value equivalent to two years annual base salary, net of taxes, is expected to be implemented for the executive committee with effect from January 1, 2011 (subject to approval by a general shareholders meeting). See "*Remuneration and Benefits—Bonus programs and other incentive schemes of TDC from 2011*."

Strategic Agenda

TDC aspires to become the best performing incumbent telecommunications operator in Europe by the end of 2012, measured by value creation, customer satisfaction and employee pride, and to remain the backbone of a highly advanced Danish telecommunications infrastructure.

TDC has defined ten corporate strategic priorities to enable it to achieve its objective. The first five strategic priorities seek to underpin TDC's ongoing corporate transformation and the remaining five strategic priorities are designed to further strengthen TDC's innovation and marketing efforts.

Corporate transformation strategic priorities

- Continuous improvement of customer satisfaction, through a group-wide program called "TAK" (take responsibility for the customer).
- Bottom-up revitalization, through the implementation of TDC 2.0, a group-wide behavioral and cultural transformation project aimed at improving performance, productivity, and employee satisfaction.
- Fundamental review of TDC's operating model, through TDC Pro, a project aimed at increasing efficiency, simplifying production, reducing lead times and strengthening cross-functional collaboration.
- Improved information technology tools, through six "star projects" aiming to deliver improved and simplified information technology architecture.
- Maintain financial discipline to ensure strong and predictable cash flow, through continued focus on operational expenditure efficiencies with structured and disciplined cost cutting initiatives across all business divisions.

Innovation and marketing priorities

- Improve landline telephony and broadband customer retention, for instance by migrating customers to alternative landline-net solutions such as Scale (which is a convergent fixed mobile voice solution offering business customers flexible switchboard functionalities) in the business market and reducing PSTN churn through flat rate and multi-play solutions in the residential market.
- Drive mobility growth, by capitalizing on mobile value-added services and the new LTE network while also deploying the M1 brand in the residential, low price, no frills SIM-only market, making it TDC's third differentiated mobility consumer brand.
- Expansion of TDC's TV offering through "TV Everywhere", through strong content agreements to expand to various TV distribution platforms, such as Web-TV, and by continuing to deliver premium content and increasing availability of "a la carte" offerings and improving digital services.
- Pursue growth from business solutions, by continuing to move towards integrated solutions and value-added services in TDC Business and accelerating growth in TDC Nordic from mobile voice, IP-VPN and TDC Hosting.
- Continuous improvement of distribution to enhance market and customer access, for instance by improving the online distribution channel and expanding the retail footprint.

Recent Developments

Disposal of Sunrise in Switzerland

In October 2010, the Company completed the sale of its wholly owned Swiss subsidiary Sunrise Communications AG ("Sunrise") to funds advised by CVC Capital Partners. For the periods under review, Sunrise is presented in this offering memorandum as a discontinued operation with restated comparative figures. For more information regarding the disposal of Sunrise, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Acquisitions and Divestitures—Discontinued Operations*".

Partial Repayment under the Senior Facilities Agreement

On November 12, 2010, TDC used a portion of the proceeds from the sale of Sunrise to repay an amount of DKK 8,185 million outstanding under its Senior Facilities Agreement. For more information regarding the Senior Facilities Agreement, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

Share Buy-back

On the date hereof, the Company announced a Share Buy-back according to which the Company offers to purchase, subject to certain conditions, Shares for an aggregate amount of DKK 9,000 million at the Offer Price pro rata based on number of tendered Shares from the Company's shareholders. NTC has undertaken to the Company to sell Shares at the Offer Price for a total amount equal to the Share Buy-back or such lower amount which would, after allocation and proration, equal NTC's proportionate part of the total amount of the Share Buy-back. The Company has, subject to completion of the Share Buy-back, undertaken to buy Shares at the Offer Price from NTC for a minimum amount equal to 88.02% of the total Share Buy-back amount, which is equal to NTC's proportionate ownership interest in the Company (exclusive of treasury Shares). The number of Shares to be purchased in the Share Buy-back will be between 160,714,285 and 191,489,361 Shares with an Offer Price within the Offer Price Range. If the Offer Price falls outside the Offer Price Range, the number of Shares to be purchased in the Share Buy-back will be adjusted accordingly. The exact number of Shares to be purchased in the Share Buy-back will depend on the Offer Price. For a description of the Share Buy-back, see "*TDC's Share Buy-back*". The Share Buy-back is not being made and will not be made in or into the United States or by using U.S. jurisdictional means and it cannot be accepted from the United States or by using U.S. jurisdictional means. See "*TDC's Share Buy-back—Restrictions Relating to the Share Buy-back*".

Relationship between TDC and its Selling Shareholders

The Offer Shares are being offered by NTC and NTCH, each of which is indirectly owned by certain investment funds directly or indirectly advised or managed by Apax Partners LLP, The Blackstone Group L.P., Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity LLP, or their respective affiliates. As of the date hereof, NTC owns 871,849,550 Shares, corresponding to 87.9% of TDC's outstanding share capital and NTCH does not own any Shares.

Immediately after completion of the Offering and the Share Buy-back and the Buy-out of participants in the Management Investment Program (see "*Remuneration and Benefits—Management Investment Program*"), assuming that NTC will sell 153,830,091 Shares to the Company under the Share Buy-back (corresponding to 88.02% of the Share Buy-back amount at the mid-point of the Offer Price Range) and assuming that the Over-allotment Option is not exercised and assuming further an Offer Price at the mid-point of the Offer Price Range, the Selling Shareholders will collectively own 498,872,875 Shares (corresponding to 61.2% of the outstanding share capital of the Company).

Company Information and Share Capital

The Company was incorporated on November 14, 1990 and is organized under the laws of the Kingdom of Denmark under the name TDC A/S (previously named Teledanmark A/S and Tele Danmark A/S). The Company's head office is at Teglholmsgade 1, 2450 Copenhagen SV, Denmark and its telephone number is +45 66 63 77 77.

As of the date of this offering memorandum, the nominal share capital of the Company amounted to DKK 991,875,885, divided into 991,875,885 Shares of DKK 1 each. All Shares are fully paid up. The Company holds 1,419,105 treasury Shares. See "*Ownership Structure and Selling Shareholders*".

The Company has not issued any securities that are convertible, exchangeable or have warrants attached. For a description of TDC's bonus programs and other incentive schemes, see "*Remuneration and Benefits—Incentive Programs*".

The Offering

The following summary contains basic information about the Offering and the Offer Shares. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the Offer Shares and the Offering, including definitions of certain terms used in this summary, please refer to "Description of Share Capital and Corporate Structure", "Plan of Distribution" and "Terms and Conditions of the Offering".

The Company	TDC A/S
Selling Shareholders	NTC and NTCH (each of which is controlled by certain investment funds directly or indirectly advised or managed by Apax Partners LLP, The Blackstone Group L.P., Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB or Providence Equity LLP or their respective affiliates). Immediately after completion of the Offering and the Share Buy-back and the Buy-out of participants in the Management Investment Program (see "*Remuneration and Benefits—Management Investment Program*"), assuming that NTC will sell 153,830,091 Shares to the Company under the Share Buy-back (corresponding to 88.02% of the Share Buy-back amount at the mid-point of the Offer Price Range), and assuming that the Over-allotment Option is not exercised and assuming further an Offer Price at the mid-point of the Offer Price Range, the Selling Shareholders will collectively own 498,872,875 Shares (corresponding to 61.2% of the outstanding share capital of the Company).
Managers	*Joint Global Coordinators.* J.P. Morgan Securities Ltd., Morgan Stanley & Co. International plc, Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden. *Joint Bookrunners.* J.P. Morgan Securities Ltd., Morgan Stanley & Co. International plc, Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden, Deutsche Bank AG, London Branch and UBS Limited. *Joint Lead Managers.* Credit Suisse Securities (Europe) Limited, Danske Bank A/S, Goldman Sachs International, HSBC Bank plc and Nomura International plc. *Nordic Retail Bookrunners.* Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden and Danske Bank A/S. *Co-Lead Managers.* BNP PARIBAS and Carnegie Bank A/S.
The Offering	A total of 210,000,000 Offer Shares (before the exercise, if any, of the Over-allotment Option of up to 31,500,000 Offer Shares) are being offered by the Selling Shareholders in the Offering. The exact number of Offer Shares to be sold is expected to be announced through NASDAQ OMX Copenhagen no later than 8:00 am (CET) on December 9, 2010. The Offering consists of: (i) a public offering to retail and institutional investors in Denmark; and (ii) a private placement to institutional investors in other jurisdictions, including a private placement in the United States to persons reasonably believed to be "qualified institutional buyers" or "QIBs" as defined in and in reliance upon Rule 144A under

	the U.S. Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales of the Offer Shares outside the United States will be made in reliance on, and in compliance with, Regulation S under the U.S. Securities Act.
Applications to purchase for amounts up to and including DKK 3 million . .	Applications by Danish investors to purchase for amounts up to and including DKK 3 million should be made by submitting the application form that accompanies the Danish language version of the offering memorandum to the investor's own account-holding bank during the Offer Period or such shorter period as may be announced through NASDAQ OMX Copenhagen. Applications are binding and cannot be altered or cancelled. Applications may be made at a maximum price per Offer Share in Danish Kroner. If the Offer Price exceeds the maximum price stated in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per Offer Share has been indicated, applications will be deemed to be made at the Offer Price (unless the price per Offer Share exceeds the Offer Price Range). Applications should be made for a whole number of Offer Shares or for an amount rounded to the nearest whole Danish Kroner. The Selling Shareholders reserve the right to accept only one application from each VP account.
Applications to purchase for amounts in excess of DKK 3 million	Investors who wish to apply to purchase for amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors may continuously change or cancel their indications of interest, but they will be bound by their application at the end of the Offer Period, at which point indications of interest become binding applications. Immediately after the determination and announcement of the Offer Price, a number of Offer Shares will be allocated to the investors within the framework of the latest indications of interest made by investors. Applications made at a price equivalent to or exceeding the Offer Price will be settled at the Offer Price following allocation of the Offer Shares.
Offer Period	The offer period (the "Offer Period") will commence on, and include, December 1, 2010 and will close no later than December 8, 2010 at 4:00 p.m. (CET). The Offer Period may be closed prior to December 8, 2010. If the Offering is closed before December 8, 2010, the date of payment settlement and delivery of the Temporary Purchase Certificates and the date for exchange of the Temporary Purchase Certificates for Offer Shares will be moved forward accordingly. The Offer Period in respect of applications for purchases of amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such early closing, in whole or in part will be announced through NASDAQ OMX Copenhagen.
Offer Price	The offer price (the "Offer Price") of the Offer Shares is currently expected to be between DKK 47 and DKK 56 per Offer Share (the "Offer Price Range"). The final Offer Price may fall outside the Offer Price Range. The Offer Price and

	the exact number of Offer Shares are expected to be set out in a pricing statement to be published through NASDAQ OMX Copenhagen no later than December 9, 2010 at 8 a.m. (CET).
Stock Lending Agreement to deliver Offer Shares to investors in connection with the Over-allotment Option	NTCH intends to agree with the stabilizing manager, acting on behalf of the Managers, that it will make available up to 31,500,000 Shares for the purpose of delivering the Offer Shares to investors in connection with the Over-allotment Option. The stabilizing manager will be appointed prior to the allocation date.
Over-allotment Option	NTCH has agreed to grant the Joint Global Coordinators, on behalf of the Managers, an option to purchase up to 31,500,000 additional Shares (the "Over-allotment Shares") at the Offer Price (the "Over-allotment Option"), exercisable, in whole or in part, from the date of public disclosure of the final Offer Price until 30 calendar days after the date of allotment. See "*Plan of Distribution—Over-allotment Option*". Unless stated otherwise or the content requires otherwise the term "Offer Shares" includes "Over-allotment Shares".
Use of Proceeds	TDC will not receive any of the proceeds from the sale of Offer Shares by the Selling Shareholders. See "*Use of Proceeds*."
Selling Shareholders Lock-up	Each of the Selling Shareholders has agreed that, during the period ending 180 days after the date of this offering memorandum, it will not, except as set forth below, without the prior consultation of each of the Joint Bookrunners and prior written consent of the majority of the Joint Bookrunners, (1) offer, pledge, mortgage, charge, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for Shares of the Company, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares of the Company, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares of the Company or such other securities, in cash or otherwise; or (3) propose any general meeting of the Company, or convene or take action to convene any general meeting for the purpose of proposing, any resolution of the Company authorizing the issue of any Shares or warrants to subscribe for Shares. The foregoing shall not apply to (i) the sale of the Shares under the Purchase Agreement or pursuant to the Share Buy-back, (ii) the lending of Shares under the Stock Lending Agreement and the assignment of certain rights thereunder subject to the conditions thereof, (iii) transfers of Shares between Selling Shareholders or (iv) in connection with any management investment program as described under *"Remuneration and Benefits—Management Investment Program"*. See "*Terms and Conditions of the Offering—Stock Lending Agreement*" and "*Plan of Distribution*".

Management Lock-up	The members of the Company's executive committee (see "*Management—Executive committee*") and certain other members of the Company's management are participants in a Management Investment Program under which such participants own B shares directly or indirectly in NTC (the "Management Investment Program"). In connection with the Offering and subject to certain conditions, the participants in the Management Investment Program have agreed to a reorganization of the Management Investment Program and buyout of their direct or indirect interest in the B shares of NTC in exchange for a payment in Shares and cash. For participants holding B shares in NTC directly, the purchase price will, at each participant's election, consist of Shares in the Company or of 50% Shares and 50% cash. For participants holding B shares in NTC indirectly through Nordic Telephone Management Holding ApS, the purchase price will consist of 50% Shares in the Company and 50% cash. The cash component was included in the buyout in order to provide participants with cash resources to meet tax obligations arising out of the sale of the B shares of NTC. As part of their agreements to participate in the Management Investment Program reorganization and buyout, the participants in the Management Investment Program who are currently employed by TDC have agreed with the Selling Shareholders, for a specified period and with respect to a specified portion of the Shares received by them as consideration for the buyout of the B shares of NTC or their indirect interest in the B shares of NTC, as indicated below, not to (i) sell, contract to sell, grant any option, right or warrant to purchase, purchase any option or contract to sell, sell any option, right or warrant to purchase, lend, enter into any agreement regarding the sale of, pledge, mortgage, charge, assign or in any other way directly or indirectly transfer or dispose of, directly or indirectly or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or announce the intention to make any such act (whether any such transaction described in (i) or (ii) above is settled by delivery of shares of a company or in cash or otherwise) (the "Management Lock-up"). The specified portion of the Shares and the specified period covered by the Management Lock-up is: • For participants in the Management Investment Program who are executive committee members the Management Lock-up applies to 50% of the Shares for 12 months and 50% of the Shares for 18 months from the date of this offering memorandum; and • For other participants in the Management Investment Program who are currently employed by TDC: the Management Lock-up applies to all the Shares for 12 months except if such participant's consideration with respect to the B shares of NTC included Shares only, then the Management Lock-up applies to 50% of the Shares for 12 months. The members of the executive committee have also agreed with the Selling Shareholders that the Management Lock-up will apply to all Shares that are owned or acquired by them

	other than in connection with the Management Investment Program reorganization and buyout, for a period of 18 months from the date of this offering memorandum. The Selling Shareholders have agreed that they will not waive the Management Lock-up restrictions described above without the prior written consent of the Joint Global Coordinators. See "*Remuneration and Benefits—Management Investment Program*" and "*Plan of Distribution*".
Company Lock-up	The Company has agreed that, during the period ending 180 days after the date of this offering memorandum, it will not, except as set forth below, without the prior consultation of each of the Joint Bookrunners and prior written consent of the majority of the Joint Bookrunners, (1) issue, offer, pledge, mortgage, charge, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) submit to its shareholders a proposal to effect any of the foregoing. The foregoing shall not apply to the issuance, sale and delivery of any Shares or options to purchase Shares: (i) in any employee offering or plan of the Company as described under "*Remuneration and Benefits—Incentive Programs*" and "*Remuneration and Benefits—Employee Share Offering*" or (ii) any use of Shares acquired pursuant to the Share Buy-back as described in "*TDC's Share Buy-back*". The Company's lock-up is subject to and limited by applicable Danish law including Danish financial assistance rules and other similar rules and principles.
Trading and Official Listing	The Shares, including the Offer Shares, are traded and officially listed on NASDAQ OMX Copenhagen under the symbol "TDC".
Dividends	The Offer Shares rank *pari passu* with all the outstanding Shares of the Company and will be entitled to future dividends, if any. There can be no assurance that in any given year a dividend will be proposed or declared. See "*Dividends and Dividend Policy*" and "*Description of Share Capital and Corporate Structure—Articles of Association—Dividend rights*".
Voting rights	Every Share entitles its holder to one vote at the shareholders' meetings of the Company. See "*Description of Share Capital and Corporate Structure—Articles of Association—General meetings and voting rights*".
Taxation	See "*Taxation*" for a discussion of withholding taxes payable in respect of dividends and certain other Danish and U.S. federal income tax considerations relevant to the purchase or holding of Offer Shares.
Selling and transfer restrictions	Transfers of the Offer Shares will be subject to certain selling and transfer restrictions. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*".

Payment and settlement	Payment and settlement are expected to take place on or about December 13, 2010, by way of delivery of Temporary Purchase Certificates in book-entry form to the investors' accounts with VP against payment in immediately available funds in Danish Kroner. Each Temporary Purchase Certificate evidences the purchase of one Offer Share from the Selling Shareholders. The Temporary Purchase Certificates will not be admitted to trading or official listing on any regulated market. The Offer Shares are expected to be delivered in book-entry form to the investors' accounts with VP on the business day after the Closing Date in exchange for a corresponding number of Temporary Purchase Certificates registered in the investors' accounts with VP. Investors who do not have an account with VP may arrange for payment and settlement of Temporary Purchase Certificates through the facilities of Euroclear and Clearstream. If the Offering is closed before December 8, 2010, the date of payment, settlement and delivery of Temporary Purchase Certificates as well as the date of exchange of Temporary Purchase Certificates for Offer Shares will be moved forward accordingly.
Identification number of the Shares . .	ISIN: DK0060228559
Withdrawal of the Offering	The completion of the Offering is subject to no events occurring on or before December 13, 2010, which in the opinion of the Joint Bookrunners would make it inadvisable to proceed with the Offering. The Purchase Agreement also contains conditions for the completion of the Offering, which the Selling Shareholders believe are customary for such offerings, including that the completion of the Offering is subject to compliance with all conditions set out in the Purchase Agreement. If one or more conditions for the completion of the Offering are not met, the Joint Bookrunners are entitled, in their discretion, to terminate the Purchase Agreement. Any withdrawal of the Offering will be announced through NASDAQ OMX Copenhagen. If this right of withdrawal is exercised, the Offering and any associated arrangements will lapse, all applications for purchases submitted will be automatically cancelled and no Offer Shares will be delivered, any monies received in respect of the Offering will be returned to the investors without interest (less any transaction costs). Consequently, any trades in the Offer Shares affected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold and investors who have sold or acquired Shares on or off the market may incur a loss. Any dealings will be at the sole risk of the parties concerned.

Expected Timetable	**Expected Timetable of Principal Events relating to the Offering**

Start of Offer Period	December 1, 2010
Expected expiry of Offer Period	December 8, 2010
Publication of the pricing statement containing the Offer Price and the exact number of Offer Shares	December 9, 2010
Allocation date	December 9, 2010
Settlement date for payment and delivery of Temporary Purchase Certificates	December 13, 2010
Date for delivery of the Offer Shares	December 14, 2010

Selling Agents	Danske Bank A/S (CVR no. 61126228), Holmens Kanal 2-12, 1092 Copenhagen K Denmark and Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.) Sweden (CVR-no. 19956075), Bernstorffsgade 50, 1577 Copenhagen V Denmark are selling agents for the Danish Offering.
Applicable Law	The offering memorandum is prepared, and the Offering is being conducted, in accordance with Danish law, and the Offering will comply with applicable laws in such other jurisdictions where the Offering is being conducted.

Summary Consolidated Financial and Operating Information

The following tables summarize the historical consolidated financial and operating information of the TDC Group. The summary financial information for the year ended December 31, 2009 with comparative figures for the years ended 2008 and 2007 is derived from the Audited Annual Financial Statements, which have been audited by PricewaterhouseCoopers Statsautoriseret Revisionsaktieselskab ("PwC"), independent accountants, and the summary financial information for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009 is derived from the Unaudited Condensed Interim Financial Statements. The Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2010 have been reviewed by PwC. The Unaudited Condensed Interim financial Statements for the nine-month period ended September 30, 2009 have not been reviewed by PwC. The Audited Annual Financial Statements have 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 and are presented in Danish Kroner. The Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 ("Interim Financial Reporting") as adopted by the EU and additional Danish disclosure requirements for interim financial statements of listed companies. Investors should read the following data together with the Audited Annual Financial Statements and the Unaudited Condensed Interim Financial Statements, including the notes to those financial statements, included in this offering memorandum and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009[18]	2009	2008	2007
	(unaudited)				
	(DKK millions)				
Income Statement Data					
Revenue[1]	19,558	19,514	26,079	26,917	27,951
Gross Profit[19]	14,553	14,651	19,635	19,678	20,006
Profit before depreciation, amortization and Special Items (EBITDA)[2]	**8,046**	**7,854**	**10,536**	**10,054**	**9,376**
Depreciation, amortization and impairment losses	(4,046)	(3,401)	(4,659)	(4,547)	(5,776)
Operating profit (EBIT),[3] excluding Special Items	**4,000**	**4,453**	**5,877**	**5,507**	**3,600**
Special Items[6]	(918)	(641)	(1,119)	(3,212)	664
Operating profit (EBIT)	**3,082**	**3,812**	**4,758**	**2,295**	**4,264**
Profit or loss from joint ventures and associates	6	86	76	200	266
Net financials[4]	(1,332)	(1,689)	(2,064)	(2,048)	(2,763)
Profit before income taxes	**1,756**	**2,209**	**2,770**	**447**	**1,767**
Income taxes	(578)	(689)	(809)	(438)	519
Profit for the period from continuing operations	**1,178**	**1,520**	**1,961**	**9**	**2,286**
Profit for the period from discontinued operations[5]	386	372	422	548	1,346
Profit for the period	**1,564**	**1,892**	**2,383**	**557**	**3,632**
Attributable to:					
Owners of the Parent Company	1,564	1,934	2,424	708	3,912
Minority interests	—	(42)	(41)	(151)	(280)
Profit for the period, excluding Special Items[6]					
Operating Profit (EBIT)	**4,000**	**4,453**	**5,877**	**5,507**	**3,600**
Profit and loss from joint ventures and associates	(4)	7	(1)	222	342
Net financials[4]	(1,332)	(1,689)	(2,064)	(2,048)	(2,763)
Profit before income taxes	**2,664**	**2,771**	**3,812**	**3,681**	**1,179**
Income taxes	(768)	(838)	(1,085)	(722)	321

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009[18]	2009	2008	2007
	(unaudited)				
			(DKK millions)		
Profit from continuing operations	**1,896**	**1,933**	**2,727**	**2,959**	**1,500**
Profit for the period from discontinued operations	405	394	575	352	198
Profit for the period	**2,301**	**2,327**	**3,302**	**3,311**	**1,698**
Balance Sheet Data[17]			(DKK billions)		
Total assets (end-of-period)	85.8	94.9	86.4	100.0	106.1
Net interest-bearing debt (end-of-period)	(31.1)	(28.6)	(33.5)	(34.9)	(41.5)
Total equity (end-of-period)	28.7	31.9	27.1	31.7	32.2
Average number of shares outstanding (million)[7]	990.5	990.5	990.5	990.5	990.5
Statement of Cash Flow Data			(DKK millions)		
Continuing operations:					
Operating activities	5,561	5,575	7,440	5,743	5,785
Investing activities	(2,820)	(3,383)	(4,811)	2,096	5,492
Financing activities	(2,676)	(6,446)	(10,261)	(9,506)	(13,770)
Total Cash Flow from continuing operations	**65**	**(4,254)**	**(7,632)**	**(1,667)**	**(2,493)**
Total Cash Flow from discontinued operations	268	1,113	1,677	88	7,051
Total Cash Flow	**333**	**(3,141)**	**(5,955)**	**(1,579)**	**4,558**
Free cash flow					
Operating free cash flow[8]	4,810	4,500	6,469	6,324	5,958
Equity Free Cash Flow[9]	3,676	3,406	4,426	2,424	1,995
Capital expenditure[10]	**(2,459)**	**(2,852)**	**(3,891)**	**(3,975)**	**(3,979)**
Key financial ratios					
Earnings Per Share (EPS) (DKK)[7]	1.6	2.0	2.4	0.7	4.0
EPS from continuing operations, excl. Special Items (DKK)[7]	1.9	2.0	2.8	3.0	1.5
EBITDA margin[11]	41.1%	40.2%	40.4%	37.4%	33.5%
Capital expenditure to revenue ratio	12.6%	14.6%	14.9%	14.8%	14.2%
EBITDA-Capex (DKK millions)	5,587	5,002	6,645	6,079	5,397
Cash conversion[12]	59.8%	57.3%	61.4%	62.9%	63.5%
Net debt[13]/EBITDA	2.9x	2.8x	3.2x	3.0x	4.0x
EBITDA/interest	7.0x	7.0x	6.8x	4.7x	2.8x
Operational Data					
RGUs (end-of-period)[14]			(in thousands)		
Landline	1,944	2,089	2,045	2,160	2,387
Mobile	3,519	3,415	3,609	3,126	2,882
Internet	1,602	1,579	1,590	1,465	1,499
Other networks and data connections	286	291	291	365	298
TV	1,451	1,359	1,395	1,245	1,187
Total RGUs[15]	**8,802**	**8,733**	**8,930**	**8,361**	**8,253**

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009[18]	2009	2008	2007
	(unaudited)				
			(in thousands)		
Danish Dual play bundles (HomeDuo and Fullrate)	288	184	213	0	0
Danish Triple play bundles (HomeTrio)	108	65	86	0	0
Employees					
Full-time employee equivalents (end-of-period)	10,665	11,385	11,277	11,772	13,939
Average full-time employee equivalents	10,965	11,591	11,519	13,020	14,531
Exchange Rate Data[16]					
DKK/USD exchange rate	5.4601	5.0839	5.1901	5.2849	5.0753
DKK/EUR exchange rate	7.4519	7.4443	7.4415	7.4506	7.4566
DKK/CHF exchange rate	5.6084	4.9372	5.0017	4.9793	4.4908

(1) The following table (unaudited) sets forth the TDC Group's revenue for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges and mobile termination rates:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(DKK millions, unless otherwise indicated)				
Revenue					
Reported revenue	19,558	19,514	26,079	26,917	27,951
Acquisitions/Divestments	—	226	181	(2)	(635)
Sale of property, plant and equipment	—	—	—	—	—
Outsourcing	—	—	—	(64)	(153)
Currency effects	—	210	—	(261)	(377)
Effect of regulation of mobile termination rates	—	(98)	—	(130)	(280)
Effect of regulation of international roaming charges	—	(120)	—	(153)	(369)
Adjusted revenue(*)	19,558	19,732	26,260	26,308	26,137
Reported growth	0.2%	—	(3.1)%	(3.7)%	
Adjusted growth	(0.9)%	—	(0.2)%	0.7%	

(*) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

(2) The following table (unaudited) sets forth the TDC Group's EBITDA for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges:

EBITDA(*)	Nine-month period ended September 30, 2010	2009	Year ended December 31, 2009	2008	2007
	(DKK millions, unless otherwise indicated)				
Reported EBITDA	8,046	7,854	10,536	10,054	9,376
Acquisitions/Divestments	—	(8)	(24)	(111)	(52)
Sale of property, plant and equipment	(2)	(21)	(32)	(56)	(219)
Outsourcing	—	—	—	—	—
Currency effects	—	33	—	(26)	(38)
Effect of regulation of international roaming charges	—	(40)	—	(59)	(147)
Adjusted EBITDA(#)	8,044	7,818	10,480	9,802	8,920
Reported growth	2.4%	—	4.8%	7.2%	
Adjusted growth	2.9%	—	6.9%	9.9%	

(*) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see *"Selected Historical Consolidated Financial and Operating Information"*.

(#) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

(3) "Operating profit (EBIT), excluding Special Items" means earnings before interest and tax, excluding Special Items. "Operating profit (EBIT), excluding Special Items" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies. For a reconciliation of Operating profit (EBIT), excluding Special Items to Operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*" above.

(4) "Net Financials" primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

(5) The following businesses are presented as discontinued operations for the financial years 2007 through 2010: Sunrise (divested in 2010), Invitel (divested in 2009), and Talkline (divested in 2007). Other businesses that were divested during the period under review were deconsolidated as of the time of divestment.

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

(7) Adjusted for the change of nominal value per Share as of May 10, 2010 from DKK 5 to DKK 1. Earnings per Share calculation is based on 990,456,780 Shares (excluding treasury shares).

(8) "Operating free cash flow" means EBITDA from continuing operations adjusted for items with no cash flow effect, pension contributions, payments related to provisions, changes in net working capital and cash flow related to Capital expenditure. All items exclude Special Items. "Operating free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(9) "Equity Free Cash Flow" means EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to Capital expenditures (in all cases excluding Special Items). "Equity Free Cash Flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(10) "Capital expenditures" means capital expenditures excluding acquisitions of shares, business activities and mobile licenses. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Capital expenditures"*.

(11) "EBITDA margin" means the ratio between EBITDA and revenue. "EBITDA margin" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(12) "Cash conversion" means operating free cash flow divided by EBITDA excluding Special Items. "Cash conversion" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(13) "Net debt/EBITDA" means net interest bearing debt divided by EBITDA. Net interest-bearing debt at year-end 2007-2009 and at September 30, 2010 is adjusted as if Sunrise and Invitel had been treated as assets and liabilities held for sale, respectively. Net interest-bearing debt means loans and other interest-bearing debt less cash and interest-bearing receivables. EBITDA for interim periods is converted to full-year basis.

(14) The term "RGU" is described in further detail in *"Glossary"*.

(15) Total RGUs includes Danish dual play and triple play bundles. A dual play bundle is included in total RGUs as two RGUs (broadband and landline telephony) and a triple play bundle is included in total RGUs as three RGUs (broadband, landline telephony and TV).

(16) Exchange rates published by the Central Bank on December 31 of the relevant financial year and, with respect to the nine-month periods ended September 30, 2010 and 2009, on September 30 of the relevant financial year.

(17) Historical numbers including Sunrise, except with respect to the nine-month period ended September 30, 2010, where Sunrise is recorded as an asset held for sale.

(18) PwC has not performed the procedures specified by International Standard on Review Engagements (ISRE) 2410 ("Review of Interim Financial Information Performed by the Independent Auditor of the Entity") on the Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2009.

(19) Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic, and leasing of transmission or access capacity. Cost of goods sold includes costs relating to resale of terminal equipment and costs of content (mainly TV programs), excluding wages, salaries and pension costs.

Risk Factors

An investment in equity securities, such as the Offer Shares, involves a high degree of financial risk. There are risks associated with an investment in the Offer Shares, including risks relating to TDC's business and industry, and with the Offering, which you should consider carefully before you decide to buy the Offer Shares. Some of the most significant risks facing TDC's business and industry include:

Risks Related to the Economic Environment

- TDC generates most of its revenue in Denmark and a portion of its revenue in Sweden, Norway and Finland, and is therefore exposed to the general market environment, levels of economic activity and general economic conditions in Denmark and, to a lesser extent, Sweden, Norway and Finland.

Risks Related to Competition in the Telecommunications Industry

- TDC is subject to significant competition from new and established competitors in Denmark, Sweden, Norway and Finland and to changing market conditions.
- TDC is exposed to the migration of customers from traditional landline telephony to mobile voice and VoIP and from landline broadband to mobile broadband. In these market segments, TDC's market shares are smaller and margins are lower than in the landline telephony and broadband market.
- The Danish landline telephony and broadband markets have experienced price discounting and expansion of flat rate products, which, if experienced in other markets, may have adverse effects.
- The introduction of mobile handsets with VoIP functionality may adversely affect TDC's pricing structures and market share in its voice business.
- TDC is exposed to competition from alternative telecommunications platforms.

Risks Related to TDC's Business Activities

- TDC may not be successful in adapting to product and technological developments and a failure to do so, or the cost of doing so, may adversely affect TDC's business and results of operations.
- TDC relies on its network infrastructure and other critical systems, which are vulnerable to disruptive events and a substantial part of which is not covered by insurance.
- TDC competes in part by offering complex converged and bundled products, and may not succeed in developing such products or may be unsuccessful in marketing such products.
- TDC relies on key management and other personnel and its ability to attract and retain qualified employees.
- TDC relies on its information technology systems for the operation of its business, which may be disrupted by hacking or systems failure.
- TDC depends on third party suppliers and operators who may fail to deliver or may discontinue their products or services, terminate their contractual relationship or seek to charge TDC prices that are not competitive.
- In addition to its own distribution networks, TDC uses a number of retailers, sales agencies and other distributors to distribute or sell its products and any interruption to these contractual relationships could increase TDC's costs and have an adverse affect on its business, financial condition and results of operations.
- TDC may not be able to successfully execute its ongoing or future initiatives to improve operating efficiency and reduce operating expenses.
- TDC may not fully recoup its infrastructure investments, including the investments currently undertaken to offer LTE services.

- Strikes or other industrial actions could disrupt TDC's operations. Future workforce reductions may require significant redundancy costs.
- An infringement of TDC's trademarks could adversely affect TDC's business. TDC may be prevented from using important intellectual property if a third party were to make infringement claims.
- Actual or perceived health risks or other problems relating to mobile handsets or base stations could lead to decreased mobile communications usage and litigation.

Risks Related to TDC's Regulatory Environment and Litigation

- The Danish regulatory framework is currently undergoing a revision, the outcome of which could adversely affect TDC's financial condition and results of operations.
- TDC has been designated as having Significant Market Power in several Danish telecommunications markets and is, therefore, subject to substantial restrictions and obligations which have an adverse effect on TDC's business, financial condition and results of operations, the effects of which could be further intensified if significant changes to such restrictions and obligations were to occur.
- Reintroduction of a price cap on TDC's USO products could adversely affect TDC's results of operations.
- The licenses for the key technologies underlying TDC's offerings have finite terms and the failure to renew any of these licenses upon expiration, or TDC's inability to obtain new licenses for new technologies, could adversely affect its business, financial condition and results of operations.
- TDC is subject to risks from legal and arbitration proceedings that could cause it to incur substantial costs, pay substantial damages or prohibit it from selling its products.
- TDC is subject to Danish and European competition law regulation which limits its ability to participate in mergers and imposes certain limitations within the markets in which TDC has a dominant position.

Risks Related to TDC's Financial Profile

- If TDC does not satisfy certain conditions as to its leverage ratio or credit rating, the terms of the Senior Facilities Agreement will limit its flexibility in operating its business. The Company is exposed to the risk of cross-default.
- An adverse change in market interest rates could adversely affect TDC's financial condition and dividend capacity.
- Following the Offering, certain actions of NTC or NTCH may result in a default under the Company's Senior Facilities Agreement.
- TDC is exposed to exchange rate risk, which may adversely affect its financial position and results of operations.
- TDC's tax policy can be challenged by local tax authorities, and is subject to potential adverse changes in tax laws.
- TDC may have to contribute assets to its pension funds.
- A downgrade of TDC's credit ratings could increase its financing costs and limit its access to financing sources.
- Investors should not place undue reliance on the forward-looking financial information with respect to the financial years 2010 and 2011 that is included in this offering memorandum, as such information could differ materially from the actual results for the period.

Risks Related to the Offering

In addition, there are certain risks relating to the Offering which could adversely impact the value of the Offer Shares:

- Following the Offering, the Selling Shareholders will continue to own the majority of the outstanding Shares and the objectives of the Selling Shareholders may conflict with the interests of other shareholders.
- Future sales of Shares after the Offering may affect the market price of the Shares.
- There is currently a very limited public trading market for the Shares and the price of the Shares, including the Offer Shares, may fluctuate substantially or decline, which could cause investors to lose a significant part of their investment.
- Shareholders' percentage ownership in TDC may be diluted by future issuances of Shares.
- TDC's ability to pay dividends in the future is subject to many factors and investors may not receive dividends on the Offer Shares.
- Shareholders outside Denmark are subject to exchange rate risk which may adversely affect the value of their investment.
- U.S. and other non-Danish holders of Shares may not be able to exercise pre-emptive rights or participate in rights offers or buy-back offers.
- Investors' rights as shareholders will be governed by Danish law and differ in some respects from the rights of shareholders under the laws of other countries.

For more information about these risks, see "*Risk Factors*".

RESPONSIBILITY STATEMENTS

The Company has taken all reasonable care to ensure that, to the best of its knowledge and belief, the information contained in this offering memorandum pertaining to TDC's commercial, financial, operational and legal positions and the markets in which it operates is in accordance with facts and contains no omissions likely to affect the import thereof. This statement comprises the following sections of the offering memorandum: "*Enforcement of Liabilities and Service of Process*" to the extent it includes information specific to the Company, "*Industry and Market Data*", "*Presentation of Financial and Other Data*", "*Foreign Currency Presentation*", "*Information regarding Forward-Looking Statements*", "*Risk Factors*" (excluding "*Risks Related to the Offering*"), "*Dividends and Dividend Policy*", "*Capitalization*", "*Industry and Competitive Environment*", "*History of TDC*", "*Business*", "*Selected Historical Consolidated Financial and Operating Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Regulation*", "*Management*", "*Employees*", "*Remuneration and Benefits*" (excluding "*Management Investment Program*" and "*Shares held by directors, alternate directors and executive committee members*"), "*Board Practices*", the information contained in the table relating to the Company's ownership structure under "*Ownership Structure and Selling Shareholders*", "*Related Party Transactions*", "*Description of Share Capital and Corporate Structure*", "*Historical Market Information*", "*TDC's Share Buy-back*", "*Legal Matters*", "*Independent Accountants*", "*Available Information*", "*Company and Group Information*", "*Financial Statements*", "*Annex A: Glossary*", "*Annex B: Articles of Association*" and "*Summary*" to the extent it constitutes a summary of the abovementioned sections. In addition, the Company refers to the expectations set forth in "*Prospective Financial Information*", which are subject to the limitations and assumptions set out therein.

The Selling Shareholders accept responsibility for all the information contained in this offering memorandum and the Selling Shareholders have taken all reasonable care to ensure that, to the best of their knowledge and belief, the information contained in this offering memorandum is in accordance with facts and contains no omissions likely to affect the import thereof.

Copenhagen, November 25, 2010

TDC A/S

Board of directors

Vagn Sørensen *Chairman*	Pierre Danon *Vice Chairman*	Kurt Björklund
Lawrence Guffey	Henrik Kraft	Gustavo Schwed
Andrew Sillitoe	Søren Thorup Sørensen	Lars Rasmussen
Leif Hartmann (*Appointed by the employees of TDC*)	Steen M. Jacobsen (*Appointed by the employees of TDC*)	Jan Bardino (*Appointed by the employees of TDC*)
Bo Magnussen (*Appointed by the employees of TDC*)		

Executive committee

Henrik Poulsen
President and Chief Executive Officer

Jesper Ovesen
Senior Executive Vice President and Chief Financial Officer

Eva Berneke
Senior Executive Vice President, Chief HR and Chief Strategy Officer

Niels Breining
Senior Executive Vice President and Chief Executive Officer, YouSee A/S

Carsten Dilling
Senior Executive Vice President and Chief Executive Officer, Operations and Wholesale

Jesper Theill Eriksen
Senior Vice President and Chief Executive Officer, Consumer

Martin Lippert
Senior Executive Vice President and Chief Executive Officer, TDC Business

Jens Munch-Hansen
Senior Executive Vice President and Chief Executive Officer, TDC Nordic

Selling Shareholder

Luxembourg, November 25, 2010

NTC S.A.

Board of directors

John Sutherland	Séverine Michel	Christer Svedberg *(Appointed by the employees of TDC)*
Wolfgang Zettel	Michael Kidd	Lars Denkov
Gabriele Cipparrone	Robert Charles Reynders	Jan Nielsen
Ola Nordquist	Henrik Kraft	

Selling Shareholder

Luxembourg, November 25, 2010

NTC HOLDING G.P. & CIE S.C.A.

Supervisory Board

Cédric Pedoni	Isabelle Probstel
Jakob Kjellberg	Raphael De Botton
Sinisa Krnic	

NTC HOLDING G.P. (AS GENERAL PARTNER OF NTC HOLDING G.P. & CIE S.C.A.)

Management Board

John Sutherland	Séverine Michel
Wolfgang Zettel	Michael Kidd
Lars Denkov	Gabriele Cipparrone
Robert Charles Reynders	Jan Nielsen
Ola Nordquist	Henrik Kraft

INDUSTRY AND MARKET DATA

This offering memorandum contains information relating to markets, market sizes, market shares, market positions, growth rates, average prices and other industry data pertaining to TDC's business. Unless otherwise noted, the market shares and other market information included in this offering memorandum are derived mainly from internal TDC estimates ("TDC Market Intelligence"—for further information on TDC Market Intelligence, see immediately below) that are based on the following sources (publicly available sources are marked with "*"):

- Analysys Mason, Norway and Sweden Telecom Market Forecasts, June 2010;
- Business Monitor, Denmark Telecommunications Report 2010;
- Commission Staff Working Document, SEC (2010) 627*;
- IDC (European Telecom Services Database Q3 2010) (updated October 31, 2010, accessed November 4, 2010);
- IDC (Finland Outsourcing Services 2009 Vendor Shares and 2010-2014 Forecast, September 2010, document number #FI561065S);
- IDC (Sweden Outsourcing Services 2009 Vendor Shares and 2010-2014 Forecast, August 2010, document number #SE561065S);
- International Monetary Fund World Economic Outlook Database, October 2010*;
- NITA Telecom Statistics—Second half of 2009*;
- Screen Digest (Denmark TV market, September 2010);
- Screen Digest (Primary Pay TV penetration report) (accessed on November 2, 2010);
- Screen Digest (Television households statistics) (accessed on November 2, 2010); and
- Statistics Denmark (*Danmarks Statistik*) (accessed November 6, 2010)*.

Brand recognition is measured as prompted, or aided, awareness. Prompted awareness is a commonly used measure of marketing effectiveness and is measured as the proportion of customers that can confirm prior knowledge of a specific brand when asked explicitly about the brand within a certain product category.

TDC Market Intelligence is an internal division of TDC which calculates market shares using information from NITA, company annual reports, telebarometer and knowledge from business divisions and newspapers.

TDC Market Intelligence estimates market shares based on TDC's internal operating data and data for the aggregate markets as provided by independent and other third party sources, and categorization of products within these markets may vary. When calculating market shares, TDC Market Intelligence uses lines, not RGUs, and includes non-revenue generating lines used by TDC employees which are not included in RGU calculations, so market share calculations based on RGUs will differ from those presented herein. For a description of the terms "market share" and RGU, see "*Glossary*".

"Business centric" refers to the breakdown of the business segments used by TDC's business divisions. "Market centric" refers to the breakdown of the market used by external market research agencies. For purposes of estimating business centric market shares, residential customers served by business divisions are included in business market shares and business customers served by residential divisions are included in residential market shares. Unless otherwise specified, the so-called business centric approach is used herein. The Danish National IT and Telecom Agency ("NITA") differentiates between business and residential markets by classifying end users with a CVR number as business customers and end users without a CVR number as residential customers.

Market information from third parties included in this offering memorandum has been extracted from the respective sources as it was presented. While TDC has compiled, extracted and reproduced market or other industry data from external sources, including third-party, industry or general publications, none of TDC, the Selling Shareholders or the Managers have independently verified the data. Neither TDC nor the Selling Shareholders can assure you of the accuracy and completeness of, and take no responsibility for, such data. Similarly, while TDC and the Selling Shareholders believe these estimates to be reasonable, they have not been verified by any independent sources, and neither TDC nor the Selling Shareholders can assure you as to their accuracy.

PRESENTATION OF FINANCIAL AND OTHER DATA

TDC publishes its financial statements in Danish Kroner. The financial statements included in this offering memorandum consist of or have been extracted from the following:

- Audited consolidated financial statements for the year ended December 31, 2009 with comparative figures for the years ended December 31, 2008 and 2007 prepared in accordance with IFRS as adopted in the European Union (the "Audited Annual Financial Statements") and the related notes and independent accountants' opinion thereon and additional Danish requirements for annual financial statements of listed companies.
- Unaudited consolidated financial statements for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009, prepared in accordance with IAS 34 and additional Danish requirements for interim financial statements of listed companies (the "Unaudited Condensed Interim Financial Statements"). The Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2010 have been reviewed by PwC. PwC has not performed the procedures specified by International Standard on Review Engagements (ISRE) 2410 ("Review of Interim Financial Information by the Independent Auditor of the Entity") on the Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2009.

The Company disposed of its Swiss subsidiary, Sunrise, in October, 2010. Sunrise is presented as a discontinued operation with restated comparative figures throughout this offering memorandum. The historical financial statements of TDC (with Sunrise included in continuing operations) are not incorporated by reference in this offering memorandum.

EBITDA, adjusted EBITDA, EBIT, adjusted revenue, capital expenditures, cash conversion, Equity Free Cash Flow, Average Revenue Per User ("ARPU"), Revenue Generating Unit ("RGU"), compound annual growth rate ("CAGR"), churn and certain other items included herein are not recognized measures in accordance with IFRS and you should not place undue reliance on such measures. Adjusted revenue and adjusted EBITDA include estimates which TDC in addition to IFRS measures included in TDC's accounting records. These non-IFRS measures are presented in this offering memorandum because the Selling Shareholders and TDC believe that they provide investors with additional information to measure TDC's performance. However, other companies in the same industry may calculate the same non-IFRS measures in a different manner than TDC does. The use of these terms should not be considered as an alternative to measures derived in accordance with IFRS standards.

Certain figures in this offering memorandum have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

Certain percentages presented in the tables in the offering memorandum reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would derive if the relevant calculations were based on rounded numbers.

Financial information that has previously been published for any financial years or interim periods can differ from subsequently published financial information due to the retrospective implementation of subsequent changes in the accounting policies and other retrospective adjustments made in accordance with IFRS.

FOREIGN CURRENCY PRESENTATION

Unless noted otherwise all amounts in this offering memorandum are expressed in Danish Kroner. Solely for the convenience of the reader, this offering memorandum contains translations of certain Danish Kroner amounts in Euro and/or US$ and/or SEK and/or NOK at specified rates and vice versa. These translations should not be construed as representations that the Danish Kroner amounts actually represent such Euro, US$, SEK or NOK amounts and vice versa, or could be converted into Euro, US$, SEK or NOK (or vice versa) at the rates indicated or at any other rate.

For historical information regarding rates of exchange between: the Danish Kroner and the Euro; the Danish Kroner and the US dollar; the Danish Kroner and the Swedish Krona; and between the Danish Kroner and the Norwegian Kroner, see "*Exchange Rates*".

All references in this offering memorandum to "DKK" are to Danish Kroner, the lawful currency of Denmark; all references to "Euro", "EUR" or "€" are to the common currency of the European Union ("EU") introduced on January 1, 1999; all references to "$", "USD" or "US$" are to US dollars, the lawful currency of the United States of America; all references to "SEK" are to Swedish Krona, the lawful currency of Sweden; all references to "NOK" are to Norwegian Kroner, the lawful currency of Norway; and all references to "CHF" are to Swiss Francs, the lawful currency of Switzerland.

The Audited Annual Financial Statements and the Unaudited Condensed Interim Financial Statements are presented in Danish Kroner (DKK), which is the Company's functional and presentation currency. The balance sheets and goodwill of consolidated foreign enterprises included in TDC's consolidated financial statements that were not originally denominated in Danish Kroner were translated into DKK at the official rates of exchange quoted at the balance sheet date, whereas the statements of income of the consolidated foreign enterprises included in the consolidated financial statements were translated into DKK at monthly average rates of exchange.

EXCHANGE RATES AND EXCHANGE CONTROLS

The following table sets out, for the periods and dates indicated, the average, high, low and period-end rates listed daily at 2:15 p.m. (CET) by the Central Bank, expressed as DKK per $1.00. The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum.

	Average(1)	High	Low	Period-End
		(DKK per $1.00)		
Year				
2007	5.446	5.781	5.013	5.075
2008	5.099	5.981	4.665	5.285
2009	5.355	5.934	4.922	5.190
Month				
June 2010	6.095	6.229	6.005	6.070
July 2010	5.837	6.042	5.701	5.719
August 2010	5.779	5.907	5.622	5.871
September 2010	5.703	5.864	5.460	5.460
October 2010	5.366	5.439	5.288	5.381
November 2010 (through November 22)	5.398	5.330	5.234	5.464

(1) The average of the Central Bank foreign exchange reference rates is calculated by taking the average of the daily Central Bank fixings in the period.

On November 23, 2010, the latest practicable date for which exchange rate information was available prior to the printing of this offering memorandum, the Central Bank foreign exchange reference rate was DKK 5.524 per $1.00.

The following table sets out, for the periods and dates indicated, the average, high, low and period-end rates listed daily at 2:15 p.m. (CET) by the Central Bank, expressed as DKK per €1.00. The exchange rate of Danish Kroner per Euro is regulated by the Exchange Rate Mechanism (ERM II), a system originally established in 1979 for controlling exchange rates within the European Monetary System of the EU. Under this system, Denmark sets its exchange rate to DKK 7.46038 per Euro and allows fluctuations of the exchange rate within a 2.25% band. This means that Danish Kroner can fluctuate from a high of DKK 7.62824 per Euro to a low of DKK 7.29252 per Euro. If the market determined floating exchange rate rises above, or falls below such band, the Central Bank must intervene. The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum.

	Average(1)	High	Low	Period-End
		(DKK per €1.00)		
Year				
2007	7.451	7.462	7.440	7.457
2008	7.456	7.463	7.443	7.451
2009	7.446	7.456	7.441	7.442
Month				
June 2010	7.441	7.449	7.438	4.449
July 2010	7.452	7.456	7.449	7.451
August 2010	7.450	7.452	7.445	7.445
September 2010	7.448	7.452	7.445	7.452
October 2010	7.457	7.459	7.452	7.456
November 2010 (through November 22)	7.455	7.457	7.453	7.456

(1) The average of the Central Bank foreign exchange reference rates is calculated by taking the average of the daily Central Bank fixings in the period.

On November 23, 2010, the latest practicable date for which exchange rate information was available prior to the printing of this offering memorandum, the Central Bank foreign exchange reference rate was DKK 7.455 per €1.00.

The following table sets out, for the periods and dates indicated, the average, high, low and period-end rates listed daily at 2:15 p.m. (CET) by the Central Bank, expressed as DKK per SEK 1.

The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum.

	Average(1)	High	Low	Period-End
		(DKK per SEK 1)		
Year				
2007	0.806	0.827	0.787	0.789
2008	0.777	0.804	0.674	0.680
2009	0.702	0.738	0.636	0.723
Month				
June 2010	0.777	0.783	0.770	0.782
July 2010	0.785	0.793	0.774	0.790
August 2010	0.791	0.796	0.784	0.793
September 2010	0.807	0.816	0.796	0.815
October 2010	0.804	0.811	0.797	0.797
November 2010 (through November 22)	0.799	0.806	0.793	0.794

(1) The average of the Central Bank foreign exchange reference rates is calculated by taking the average of the daily Central Bank fixings in the period.

On November 23, 2010, the latest practicable date for which exchange rate information was available prior to the printing of this offering memorandum, the Central Bank foreign exchange reference rate was DKK 0.794 per SEK 1.

The following table sets out, for the periods and dates indicated, the average, high, low and period-end rates listed daily at 2:15 p.m. (CET) by the Central Bank, expressed as DKK per NOK 1. The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum.

	Average(1)	High	Low	Period-End
		(DKK per NOK 1)		
Year				
2007	0.930	0.974	0.891	0.935
2008	0.910	0.958	0.749	0.757
2009	0.854	0.899	0.768	0.894
Month				
June 2010	0.941	0.951	0.932	0.934
July 2010	0.929	0.940	0.915	0.938
August 2010	0.939	0.948	0.928	0.928
September 2010	0.941	0.948	0.935	0.935
October 2010	0.919	0.928	0.910	0.910
November 2010 (through November 22)	0.915	0.923	0.908	0.909

(1) The average of the Central Bank foreign exchange reference rates is calculated by taking the average of the daily Central Bank fixings in the period.

On November 23, 2010, the latest practicable date for which exchange rate information was available prior to the printing of this offering memorandum, the Central Bank foreign exchange reference rate was DKK 0.908 per NOK 1.

Danish exchange control regulations are under the jurisdiction of the Danish Ministry of Economic and Business Affairs, but are administered by the Central Bank. Since 1988, Danish exchange control regulations have not imposed any limitations or restrictions on investment, borrowing, lending or other transfers by non-residents in, from or to Denmark.

Accordingly, there are currently no exchange controls that would restrict the payment of dividends or other capital distributions to a holder of Shares of the Company or other securities outside Denmark, and there are currently no exchange control restrictions that would affect the right of holders of Shares of the Company who are not residents of Denmark to dispose of their Shares and receive the proceeds from such disposal outside Denmark. There is no maximum transferable amount either, to or from Denmark, although certain large Danish companies which receive specific notification thereof must report financial transactions and outstanding accounts with non-residents as well as interest and dividend payments to, or from Denmark to the Central Bank for statistical purposes.

ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

The Selling Shareholders are organized under the laws of the Grand Duchy of Luxembourg, with their registered office in Luxembourg. All of the directors of NTC and all of the managers of NTC Holding G.P., being the sole manager of NTCH, are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Selling Shareholders are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Selling Shareholders or to enforce against them in a U.S. court a judgment obtained in such courts.

The United States and Luxembourg do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by U.S. courts based on civil liability could, however, be enforced subject to compliance with the Luxembourg procedure of exequatur of foreign court awards and provided that all other Luxembourg law requirements for enforcement of foreign court awards are complied with.

The Company is organized under the laws of Denmark, with its registered office in Copenhagen. All of the directors of the Company are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in a U.S. court a judgment obtained in such courts.

The United States and Denmark do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by U.S. courts based on civil liability would not be directly enforceable in Denmark. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Denmark, that party may submit to the Danish courts the final judgment that has been rendered in the U.S. A judgment by a federal or state court in the United States against the Company will neither be recognized nor enforced by a Danish court but such judgment may serve as evidence in a similar action in a Danish court.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause TDC's actual results to differ materially from those projected in the forward-looking statements made in this offering memorandum, including certain statements set forth under the headings "*Summary*", "*Risk Factors*", "*Industry and Competitive Environment*", "*Dividends and Dividend Policy*", "*Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Prospective Financial Information*". Any statements about TDC's expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases, such as "will likely result", "are expected to", "will continue", "believe", "is anticipated", "estimates", "intends", "expects", "plans", "seeks", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties which could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this offering memorandum. Among the key factors that may have a direct bearing on TDC's results of operations are:

- the general economic environment, levels of economic activity and general economic conditions;
- the competitive environment and changing market conditions in the industry in which TDC operates;
- product and technological developments;
- disruptions to network infrastructure, information technology and other critical systems;
- relationships with third party suppliers of products and services;
- relationships with distributors of TDC's products and services;
- TDC's ability to improve operating efficiency and reduce operating expenses;
- TDC's ability to recoup infrastructure investments;
- strikes and other industrial action;
- status of important intellectual property rights;
- research regarding the impact of mobile phones on health;
- changes in applicable Danish, Swedish, Norwegian, Finnish and EU telecommunications regulations;
- decisions by the Danish National IT and Telecom Agency ("NITA");
- Danish and European competition law regulation;
- TDC's ability to obtain or renew licenses;
- TDC's ability to comply with the terms and conditions of the Senior Facilities Agreement;
- adverse changes in market interest rates;
- adverse changes in currency exchange rates;
- changes in tax laws;
- any requirement to make contributions to its pension plans; and
- a downgrade of TDC's credit ratings.

You are urged to read the sections of this offering memorandum entitled "*Risk Factors*", "*Industry and Competitive Environment*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", for a more complete discussion of the factors that could affect TDC's future performance and the industry in which TDC operates.

Because the risk factors referred to in this offering memorandum could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this offering memorandum you should not place undue reliance on any of these forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which it is made, and the Company and the Selling Shareholders undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as may be required by law or the rules of NASDAQ OMX Copenhagen. New factors will emerge in the future, and it is not possible for the Company and the Selling Shareholders to predict which factors they will be. In addition, the Company and the Selling Shareholders cannot assess the impact of each factor on TDC's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

RISK FACTORS

An investment in the Offer Shares involves risks. In addition to the other information contained in this offering memorandum, you should carefully consider the risks described below before deciding whether to invest in the Offer Shares. This section addresses both general risks associated with the economic environment and the industry in which TDC operates and the specific risks associated with its business. If any such risks were to materialize, TDC's business, financial condition and results of operations could be adversely affected and the value of the Offer Shares could decline. Furthermore, this section describes certain risks relating to the Offering which could also adversely impact the value of the Offer Shares.

The risks and uncertainties described below are not the only risks and uncertainties TDC faces. Additional risks and uncertainties not currently known to the Selling Shareholders or TDC, or that the Selling Shareholders or TDC currently deem to be immaterial may also adversely affect TDC's business, financial condition and results of operations or result in a decline in the value of the Offer Shares.

The risk factors described below are not listed in any order of priority with regard to their significance or probability. It is not possible to quantify the significance to TDC of each individual risk factor as each risk described below may materialize to a greater or lesser degree and have unforeseen consequences.

Risks Related to the Economic Environment

TDC generates most of its revenue in Denmark and a portion of its revenue in Sweden, Norway and Finland, and is therefore exposed to the general market environment, levels of economic activity and general economic conditions in Denmark and, to a lesser extent, Sweden, Norway and Finland.

TDC's business depends on the market environment, levels of economic activity, and general economic developments in Denmark and, to a lesser extent, Sweden, Norway and Finland. In particular, negative developments in, and a general weakness of, the Danish economy in recent years, including a period of increasing levels of unemployment, have negatively impacted the spending patterns of TDC's business and, to a lesser extent, residential customers in Denmark, both in terms of the products they subscribe for and usage levels. In the business markets, some of TDC's current and potential customers have reduced investment levels. Residential markets have been affected by a higher unemployment rate and a general decrease in consumer spending, while bad debts have increased. These factors have resulted, and may in the future result in, among other things, an increased focus on the basic telecommunications services and low cost services, fewer mobile broadband customers than anticipated, lower ARPU than expected for both mobile broadband and landline broadband, and increased churn rates.

Negative or very low economic growth, unemployment levels and other general economic developments in Denmark, Sweden, Norway or Finland could have an adverse effect on TDC's business, financial condition and results of operations.

Risks Related to Competition in the Telecommunications Industry

TDC is subject to significant competition from new and established competitors in Denmark, Sweden, Norway and Finland and to changing market conditions.

The Danish telecommunications sector is highly competitive, and a number of the main product markets in which TDC is present are either approaching maturity (broadband and mobile telephony) or declining (landline telephony). TDC faces significant competition from well-established, pan-Nordic and national telecommunications companies, including utilities companies that offer fiber based solutions in a number of product categories, and TV distributors. Some of these competitors are subject to fewer regulatory requirements in Denmark than TDC. For more information about TDC's regulatory environment, see "*Regulation*". In many of TDC's markets, future success will depend on TDC's ability to maintain or achieve economies of scale that are sufficient for its operations to be profitable. For a general discussion of TDC's competitive environment, see "*Industry and Competitive Environment*".

In the Danish mobile voice market, TDC competes with other MNOs and a number of MVNOs and service providers. Price competition in this market segment is strong and may increase in the future. This market segment has recently experienced intensified marketing of and price reductions on semi-flat rate products by SIM-only competitors. Should price competition intensify further, TDC may be forced to lower its prices for certain of its mobile voice products or offer other incentives in order to retain and/or gain customers. If such price reductions or incentives are not accompanied by cost reductions or by an increase in its customer base, usage or services sold, TDC's business, financial condition and results of operations may be adversely affected.

In the landline telephony market, TDC competes with, among others, TeliaSonera (operating under the name Telia), Telenor, utilities companies, Stofa and providers of voice-over-the-internet protocol ("VoIP"), such as Skype. The Danish landline telephony market has been adversely affected mainly by customer migration from traditional landline telephony products to mobile voice and VoIP. The risks relating to the landline telephony market are discussed in more detail below.

In the Danish landline broadband market, intense competition for broadband customers among existing and new competitors, such as utilities companies, has resulted in increased bandwidth at unchanged, or even reduced, prices as well as significant competition for broadband add-on services. TDC's landline broadband business may also experience increased competition from mobile broadband. While the Danish mobile broadband market has experienced strong growth in recent years, TDC's market share in mobile broadband is considerably lower than in landline broadband. The risks posed by a migration of customers from landline to mobile broadband are discussed in more detail below.

In the pan-Nordic market, TDC competes primarily with TeliaSonera in Sweden and Finland and Telenor in Norway, both of which are long-established incumbent operators in their respective domestic markets with significant presences in other countries (including in Denmark). Some of TDC's business customers are increasingly demanding pan-Nordic solutions covering cross-border landline and mobile voice, broadband and data communications. Competition is intense and TDC's primary competitors for pan-Nordic solutions offer full product suites of landline and mobile voice, broadband and data communications. Some of TDC's competitors in these markets may have more comprehensive product offerings, greater economies of scale, greater brand-name recognition and longer-established relationships with certain business customers. If TDC is unable to provide competitive cross-border solutions for TDC's Nordic business customers, an important segment of TDC's customer base could be lost, which could have an adverse effect on TDC's business, financial condition and results of operations.

TDC's TV business faces competition from other cable TV operators as well as providers of alternative TV platforms, such as digital terrestrial TV ("DTT"), direct-to-home satellite ("DTH") and internet protocol TV ("TVoIP"). For a description of the risks related to competition from alternative platforms, see "*—TDC is exposed to competition from alternative telecommunications platforms*".

TDC is exposed to the migration of customers from traditional landline telephony to mobile voice and VoIP and from landline broadband to mobile broadband. In these market segments, TDC's market shares are smaller and margins are lower than in the landline telephony and broadband market.

The customer base for traditional landline telephony (PSTN/ISDN) has been decreasing due to migration to mobile voice and VoIP as mobile prices have decreased and as broadband providers have offered VoIP at significantly reduced prices compared with traditional landline telephony. Antenna and housing associations have used their cable networks and utilities companies have used their fiber infrastructure to provide customers with telephony services alongside Pay-TV and broadband services. As a result of such developments, TDC risks losing its traditional landline customers faster than currently anticipated. TDC has smaller shares of the mobile voice market, the VoIP market and the fiber infrastructure market in Denmark compared with its share of the traditional landline market, which means that migration has adversely affected, and may in future adversely affect, TDC's customer base, business, financial condition and results of operations.

Some customers who have migrated from TDC's traditional landline telephony products have subscribed for other TDC products, such as TDC's VoIP, mobile voice and broadband products. Even if TDC could manage to capture all the customer migration from traditional landline telephony to the substitution products, its total business may still experience decreasing profit, as margins for these substitution products are generally lower than the margins for traditional landline telephony.

As prices have decreased while bandwidth and coverage have increased, mobile broadband appears for certain customers to have become an alternative to, instead of merely complementing, landline broadband. TDC's market share in mobile broadband is significantly smaller than in landline broadband, and therefore such migration has had, and may continue to have, an adverse effect on TDC's business, financial condition and results of operation. This market segment has experienced continued price decreases due to intense competition. Failure by TDC to increase its mobile broadband market share could have an adverse effect on TDC's business, financial condition and results of operations.

The Danish landline telephony and broadband markets have experienced price discounting and expansion of flat rate products.

The landline telephony and broadband markets have, in recent years, experienced price discounting and, more significantly, an expansion of flat rate products. A continuation of this trend to other markets may adversely affect TDC's business, financial condition and results of operations.

The introduction of mobile handsets with VoIP functionality may adversely affect TDC's pricing structures and market share in its voice business.

The introduction of mobile handsets with VoIP functionality may adversely affect TDC's pricing structures and market share in its landline and mobile voice business. VoIP over mobile telephony networks is an emerging technology influenced by large, global companies some of which have greater resources than TDC, such as Apple, Google, Microsoft and Skype, and there can be no assurance that TDC will be able to develop product offerings and price plans that will prevent an erosion of revenue or profitability from TDC's voice business. If TDC is unable to do this, its business, financial condition and results of operations may be adversely affected.

TDC is exposed to competition from alternative telecommunications platforms.

Substitutions to a number of TDC's telecommunications technologies exist by means of alternative technology to satisfy customer demand. Any significant migration from TDC's technology to an alternative could have an adverse affect on its business, financial condition and results of operations.

In recent years, a number of regional Danish utilities companies have rolled out fiber networks to offer landline telephony, broadband and TV products primarily targeted at residential customers. As of the date of this offering memorandum, the utilities companies have not attracted a large share of the markets for such products, but if they are successful in the future, for example as a result of recent efforts by certain utilities companies to jointly market their product offerings under the Waoo! brand, or otherwise attract substantial residential or business customers, this may result in increased pressure on prices for landline telephony, broadband and Pay-TV. Such price pressure could have an adverse effect on TDC's customer base, market shares and price levels, which could adversely affect its business, financial condition and results of operations.

YouSee and TDC TV have faced competition from cable TV operators, and from providers that offer Pay-TV services on other platforms, such as utilities companies, DTH satellite distributors, DTT providers and operators offering TVoIP. Competition has been driven by price, the range of channels offered, the ability to offer digital TV services such as personal video recording ("PVR"), video-on-demand and high definition TV ("HDTV") and customer service. TDC believes that the number of channels in the generally accessible terrestrial network, as well as the supply of TV through the utilities companies' rollout of a fiber-to-the-home ("FTTH") network, may increase significantly during the coming years, which could adversely affect TDC's TV business, including YouSee. Increased competition in the Danish TV-distribution market may also arise from internet-based content providers such as media and communications companies such as YouTube and Google, which could create significant price pressure. Failure by TDC to respond adequately to these challenges may have an adverse effect on TDC's customer base and its share of the Danish TV-distribution market, which could adversely affect TDC's business, financial condition and results of operations.

Risks Related to TDC's Business Activities

TDC may not be successful in adapting to product and technological developments and a failure to do so, or the cost of doing so, may adversely affect TDC's business, financial condition and results of operations.

Technologies in many of the product markets in which TDC competes change rapidly. TDC needs to anticipate and react to these changes, among other things, by developing new and enhanced products and services quickly. In addition, new technologies could become dominant in the future, rendering TDC's current technologies and systems obsolete. TDC's ability to adapt successfully to changes in technology in its industry and provide new or enhanced services in a timely and cost-effective manner will be important factors to determine whether TDC will be able to increase or maintain its customer and revenue base. If TDC is unable to do so, TDC's business, financial condition and results of operations could be adversely affected.

Costs associated with future product offerings, new technological developments and the operation of TDC's existing and future networks and technologies may also increase, due to many factors, some of which are outside TDC's control, including additional requirements for bandwidth, complexity of new solutions, potential incompatibility with TDC's current systems and the cost of content. The level and timing of future operating expenses and capital requirements may differ materially from current estimates due to various factors, many of which are beyond TDC's control. If TDC is not able to fund these costs, or if it chooses not to fund these costs, then its business, financial condition and results of operations could be adversely affected.

TDC relies on its network infrastructure and other critical systems, which are vulnerable to disruptive events and a substantial part of which are not covered by insurance.

TDC's equipment and networks may be damaged or disrupted by events such as fire, power outages and equipment or system failures, including those caused by terrorist attacks, unauthorized access or computer viruses. In recent years, parts of TDC's fiber and landline networks have been affected by severe weather and have been damaged as a result of works undertaken by construction and installation companies. Major damage or disruptions could result in failure of TDC's networks or systems or of the third-party-owned local and long-distance networks on which TDC relies to provide its subscribers with interconnection and roaming services. This could affect the quality of TDC's services or cause 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 retain and attract new customers, which could have an adverse effect on TDC's business, financial condition and results of operations. TDC's business continuity plans, network security policies and monitoring activities may not mitigate the impact of or prevent such disruptive events.

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

Based on its risk analyses, TDC's policy has been not to insure its underground, air and sea cables. If these network elements were disrupted as described above, TDC may not have sufficient resources to make necessary repairs or replacements, and such repairs and replacements may entail significant costs.

Also, if repairs or replacements of TDC's telecommunications network (or substantial parts of it) were required, TDC may not be able to complete such repairs or replacements, or may not be able to do so in a timely manner. This could adversely affect TDC's ability to provide services to its customers or the quality of its services, which could result in customer dissatisfaction and regulatory penalties, and could adversely affect TDC's business, financial condition and results of operations.

TDC competes in part by offering complex converged and bundled products, and may not succeed in developing such products or may be unsuccessful in marketing such products.

The Danish telecommunications market has been, and TDC expects that it will continue to be, influenced by providers offering residential customers converged products and bundles of services such as multi-play packages. Similarly, in recent years, business customers have favored converged and bundled products. Since 1997, TDC has offered Duet, a converged landline and mobile product, which it has sold to a substantial portion of its customer base. Early in 2009, TDC launched the bundled multiplay products TDC HomeDuo (telephony and broadband) and TDC HomeTrio (telephony, broadband and TV). In addition, TDC plans to launch a quadruple-play product in 2011. TDC believes that its ability to offer new converged and bundled products, either by enhancing existing products or developing new products, will continue to be an important factor in its business. However, such types of bundled products can be complex due to the technological, logistical and pricing complexities of combining two or more services as a single product offering. If TDC fails to continue to offer attractive new bundled products in the future, or to successfully market such offerings to customers, TDC's customer base and market shares could decline, and its business, financial position and results of operations could be adversely affected.

TDC relies on key management and other personnel and its ability to attract and retain qualified employees.

TDC depends on its key management and personnel to run its business, including to develop and pursue its strategy, market its products, introduce and establish new or enhanced products and services, negotiate agreements and respond to technological developments. The loss of one or more members of TDC's experienced key management or other personnel could have an adverse effect on TDC's ability to run its business.

In addition, TDC relies on its ability to attract and retain qualified employees. Competition for qualified employees has been intense and the loss of qualified employees or the inability to attract, retain and motivate the highly skilled employees required for the operation of TDC's business could hinder its ability to successfully run and develop its business.

TDC relies on its information technology systems for the operation of its business, which may be disrupted by hacking or systems failure.

TDC's information technology system comprises numerous intra-linked systems that are periodically updated, upgraded, enhanced and integrated with new systems. If these systems are not able to be maintained adequately, or if the systems are not able to provide a basis to support new or expanded products or services, TDC's ability to service its customers may be adversely affected.

As the telecommunications sector has become increasingly digitalized, automated and online-based, TDC has become exposed to increased risks of hacking and general information technology system failures. Unanticipated information technology problems, system failures, computer viruses, hacker attacks or unauthorized access to TDC's server could affect the quality of TDC's services, compromise the confidentiality of TDC's customer data or cause service interruptions, which could harm TDC's reputation and adversely impact TDC's market share, business, financial condition or results of operations.

TDC depends on third party suppliers and operators who may fail to deliver or may discontinue their products or services, terminate their contractual relationship or seek to charge TDC prices that are not competitive.

TDC relies on third parties for the supply of equipment and certain critical systems, such as exchanges, switches, handsets, such as smartphones and other hardware. TDC also depends on MVNO and roaming agreements outside of Denmark and interconnection agreements with other operators, some of which are TDC's competitors. Failure to perform by such suppliers and operators or difficulties or delays in interconnecting with other networks and services may delay or prevent TDC from providing products and services to its customers, which may adversely impact TDC's business, financial condition and results of operations. If this occurs, TDC cannot provide assurance that it will be able to, or have the right to, recover payments made to such suppliers or operators for their products or to obtain damages or other remedies.

Any price increases introduced by suppliers may adversely affect TDC's business, financial position and results of operations, to the extent that TDC is unable to pass on such price increases to its customers. TDC and its suppliers may also disagree on their contractual relationship which may lead to commercial disputes or escalate to legal proceedings, the outcome of which is uncertain. TDC and its suppliers may terminate their contractual relationship and no assurance can be given that TDC will be able to find alternative suppliers on terms acceptable to TDC or in a timely manner or at all. Switching to alternative suppliers could also cause difficulty or delays in the provision of support and maintenance, new products and upgrades and operational services. This is particularly the case in relation to agreements relating to the maintenance, development and operation of functions which have been outsourced, including several of TDC's information technology activities and its mobile network.

TDC has outsourced substantial parts of its information technology operations and development to CSC Consulting Group A/S ("CSC") and the operation and build-out of its Danish mobile network to Ericsson Danmark A/S ("Ericsson"). This has exposed TDC to additional operational dependency and risks, as TDC relies on these and other suppliers to maintain and upgrade its hardware, software and mobile network. Any discontinuance of these supply agreements or failure by TDC's suppliers to comply with their obligations under these agreements could lead to the delay of upgrades and new products and features from suppliers. In the event that TDC's current outsourcing arrangements become unsatisfactory, or either of CSC or Ericsson is unable or fails to fulfill its obligations, TDC may not be able to find new outsourcing partners on economically attractive terms or on a timely basis or at all. Such actions could impact TDC's ability to develop new products and its supply of existing or new products and the quality of the support services associated with the outsourced function may deteriorate. Failure by CSC or Ericsson to perform their services in a timely and effective manner at acceptable costs could have an adverse effect on TDC's operations.

TDC's potential for growth in the mobile voice and data segment is highly dependent on its ability to secure the supply of handsets, including smartphones, which meet customers' demands. If TDC fails to secure the supply of smartphones or other products to meet customers' demands, its ability to retain and attract customers may be negatively impacted, which may adversely affect its business, financial condition or results of operations.

If TDC is not able to secure the supply of sufficient and attractive content, sales of TDC's products and services with a content component, such as cable TV, broadband and mobile telephony, could be adversely affected, which may have an adverse effect on TDC's business, financial condition or results of operations. In particular, YouSee and TDC's TV business are dependent on YouSee's ability to source attractive TV content at competitive prices. If one or more of TDC's agreements with certain content providers, such as Viasat, TV2 Networks or SBS, is not extended or renewed upon expiry or is extended on less advantageous terms or TV content is otherwise constrained, TDC's competitive position in the TV-distribution market could be adversely affected.

In addition to its own distribution networks, TDC uses a number of retailers, sales agencies and other distributors to distribute or sell its products, and any interruption to these contractual relationships could increase TDC's costs and have an adverse affect on its business, financial condition and results of operations.

In addition to its own distribution network, TDC uses a number of retailers, sales agencies and other distributors to distribute or sell its products and services to retail and business customers. There is a risk that TDC's distributors may stop distributing TDC's products to end users for reasons beyond TDC's control. In addition, TDC's distributors have distribution agreements with some of TDC's competitors or they may enter into additional distribution agreements with TDC's competitors that may negatively affect customer intake and TDC's market share. If TDC fails to maintain these distribution relationships, or its distribution partners fail to provide sufficient customer intake for TDC, this could have an adverse effect on TDC's business, financial condition and results of operations.

TDC may not be able to successfully execute its ongoing or future initiatives to improve operating efficiency and reduce operating expenses.

In recent years, TDC has actively sought to reduce operating expenses and improve operating efficiency. For a summary of TDC's past and current restructuring and cost reduction programs, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Restructuring and Cost Reduction Programs*". TDC can give no assurances that its ongoing and future cost reduction initiatives will be successful in achieving their desired effect or that such initiatives will be executed as and within the time frame anticipated. The execution of restructuring and cost reduction initiatives may have adverse consequences, such as diversion of management time, customer complaints or industrial action, and may require TDC to record significant one-off costs as Special Items, such as provisions for redundancies. If TDC fails to successfully execute its ongoing or future initiatives to improve operating efficiency and reduce operating expenses, its business, financial position or results of operations may be adversely affected.

TDC may not fully recoup its infrastructure investments, including the investments currently undertaken to offer LTE services.

TDC has made and expects to continue to make significant infrastructure investments. Such investments are only recouped later, if at all, based on TDC's expectations with regard to the future developments of the markets and customer behavior. There can be no assurance that TDC's current or future investments will generate the expected results and profits.

In particular, TDC anticipates that mobile data services and enhanced products and services, such as smartphones, higher internet speeds and add-on service offerings, will be important drivers of its future growth. In order to enable TDC to offer such services in the future, TDC has recently invested in a new license through which it has access to 2x20 MHz of paired spectrum in the 2.5 GHz frequencies. TDC intends to use this spectrum primarily to offer LTE services to its customers in the future. In order to launch LTE services, TDC expects that it will need to make further significant investments to acquire and develop new network equipment, network software, new products and related infrastructure and services and may in addition, require further significant investments to acquire further spectrum in the future. However, a profitable market for LTE services using this spectrum may not develop in the time frame contemplated or at all, due to, for example, pricing constraints. If a profitable market fails to develop, TDC's ability to recoup its investment in such network equipment, software and products may be adversely affected. In addition to a negative impact on cash flows, this could result in significant write-downs of the value of the related investments.

Strikes or other industrial actions could disrupt TDC's operations. Future workforce reductions may require significant redundancy costs.

TDC is exposed to the risk of strikes and other industrial actions. TDC estimates that, as of September 30, 2010, more than 70% of its employees were union members. Any industrial action TDC experiences might disrupt its operations, possibly for a significant period of time, may result in increased wages and benefits or otherwise have an adverse effect on TDC's reputation, business, financial condition and results of operations.

In the past several years, TDC has reduced its workforce significantly and it expects that it will reduce its workforce further in the future. TDC has entered into arrangements with the telecommunications departments of the Danish Metal Workers Union (*Dansk Metal, teleafdelingerne*), the Association of Managers and Employees in Special Positions of Trust in TDC (*Lederforeningen i TDC—LTD*) and the Danish Confederation of Professional Associations (*Akademikernes Centralorganisation—AC*) with the aim of preventing industrial action. See "*Employees—Labor Relations*" for more details of these arrangements. Under these arrangements, which will expire at the end of 2011, TDC has agreed to follow certain procedural guidelines when reducing its workforce, including providing redundant employees with outplacement and training aimed at external or internal new positions. Notwithstanding these arrangements, in the summer of 2010, industrial action took place among approximately 1,000 of TDC's technicians (from the telecommunications department of the Danish Metal Workers Union) in Operations & Wholesale. Future workforce reductions, outsourcings, reorganizations, or announcements or plans to undertake them, could result in further strikes, work stoppages or other industrial action and no assurance can be given that the current arrangements with the unions will be effective in preventing or reducing industrial action, that the arrangements will be renewed or extended on the same or different terms or that any new arrangements will be effective in preventing or reducing industrial action.

In the past, TDC has incurred significant costs in connection with the workforce reductions that have been implemented. For further information about TDC's redundancy programs, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations of TDC Group—Key Factors Affecting Results of Operations—Restructuring and Cost Reduction Programs*". A significant number of TDC's employees in Denmark (2,592 full-time employee equivalents corresponding to 24.5% of full-time employee equivalents as of September 30, 2010) have civil servant pension rights. Employees who are former civil servants (311 full-time employee equivalents out of the aforementioned 2,592 full-time employee equivalents) have retained their right to receive a severance payment of three years' salary (tied-over allowance) in the event of dismissal due to insufficient workload and TDC has the obligation to fund such severance payments. Furthermore, 183 full-time employee equivalents (out of the aforementioned 2,592 full-time employee equivalents) as of September 30, 2010 (members of TDC Pensionskasse) have a right to receive stand-off payments equal to three months' full salary and two-thirds of their full monthly salary for a period of four years and nine months. TDC has the obligation to fund contributions to the pension fund and stand-off payments. As a result, any future workforce reduction may entail significant redundancy costs, and may have an adverse effect on TDC's reputation, business, financial condition and results of operations. The rest of the employees who have civil servant pension rights are not entitled to stand-off payments or severance payments.

An infringement of TDC's trademarks could adversely affect TDC's business. TDC may be prevented from using important intellectual property if a third party were to make infringement claims.

Most of TDC's products and services are marketed and sold under its brand names TDC, YouSee, Telmore, Fullrate and M1. TDC relies upon a combination of trademark laws, copyright and database protection as well as contractual arrangements to establish and protect its intellectual property rights. However, third parties may infringe TDC's trademarks and internet domain names, which could have an adverse effect on TDC's business, financial condition and results of operations. TDC cannot guarantee that any lawsuits or similar actions initiated to protect its intellectual property rights will be successful.

Third parties have claimed and may in the future claim that TDC or its suppliers are infringing third party intellectual property rights, such as patent rights. As a result of any legal action with respect to such claims, TDC may be unable to use intellectual property that is material to the operation of its business, which could prevent TDC from marketing or selling certain products or services, or require TDC to pay significant damages or higher prices for products or services due to a third party's successful intellectual property claim. In addition, legal action, regardless of outcome, could result in substantial costs to TDC and diversion of its resources.

Actual or perceived health risks or other problems relating to mobile handsets or base stations could lead to decreased mobile communications usage and litigation.

TDC is aware of public concerns that the electromagnetic signals from mobile handsets and base stations may pose health risks or interfere with the operation of electronic equipment. Actual or perceived risks associated with mobile handsets or base stations and related publicity, regulation or litigation could reduce TDC's mobile phone customer base, cause mobile telephone customers to use their mobile phones less, make it difficult to find or maintain attractive sites for base stations or potentially result in litigation costs. Any of these events could adversely affect TDC's business, financial condition or results of operations.

Risks Related to TDC's Regulatory Environment and Litigation

The Danish regulatory framework is currently undergoing a revision, the outcome of which could adversely affect TDC's financial condition and results of operations.

Denmark's regulatory telecommunications framework is based on EU regulation. The EU regulatory telecommunications framework has been revised and must be implemented in Denmark by May 25, 2011. In connection with the implementation of this framework, obligations may be imposed on TDC which may have an adverse effect on TDC's business, financial condition and results of operations.

A bill of an amended Danish Tele Act (the "Tele Act Bill") has been introduced. The Tele Act Bill will grant NITA increased flexibility regarding obligations to be imposed on providers with Significant Market Power, such as TDC. For example, the specific content and scope of the price control obligation will be determined by NITA in each specific case, see "*Regulation—The Regulatory Framework—Denmark*". The proposed regulation and the enhanced powers of NITA may result in regulation and decisions which may have an adverse effect on TDC's business, financial conditions and results of operations.

A revision of the political agreement on the guidelines for Danish telecommunications policy has been recommended by the Ministry of Science, Technology and Innovation's High Speed Committee and several of the Danish political parties behind the political agreement, including the governing Danish Liberal Party, have stated their intention to revise the ten-year old agreement. The recommendations in the High Speed Committee's report are likely to set the agenda for a possible revision which may entail changes to the legal and regulatory framework under which TDC operates. Any such changes may have an adverse effect on TDC's business, financial condition and results of operations.

TDC has been designated as having Significant Market Power in several Danish telecommunications markets and is, therefore, subject to substantial restrictions and obligations which have an adverse effect on TDC's business, financial condition and results of operations, the effects of which could be further intensified if significant changes to such restrictions and obligations were to occur.

TDC has been designated as having Significant Market Power in a number of wholesale markets where the majority of TDC's prices are regulated and the prices are set using predominantly an LRAIC model. For a description of the markets and the implications of having Significant Market Power see "*Regulation—Regulation of Providers with Significant Market Power*". The landline LRAIC model is based on a hypothetical "all-internet protocol network", whereby cost is calculated assuming that all the services are produced based on packet-switched, as opposed to circuit-switched technology, using an IP protocol. This has led to significant reductions in the LRAIC regulated prices, which took effect on January 1, 2010. As a result, from January 1, 2010, TDC has only been allowed to charge the reduced LRAIC regulated prices to other providers in the market for landline interconnection and this has had, and will continue to have, an adverse effect on TDC's results of operations. The change to price regulation may benefit TDC's competitors in Denmark and may, therefore, adversely affect TDC's competitiveness, and this trend could intensify in the future.

On May 7, 2009, the Commission made a recommendation regarding change of the long-run incremental cost method regarding both wholesale termination rates in fixed networks and in mobile networks. According to this recommendation, incremental costs should be defined as avoidable costs. The application of such avoidable cost method will lead to a significant reduction in the wholesale prices TDC can charge. The changes are not yet implemented in the applied LRAIC models, but are expected to be implemented in the first half of 2011.

On December 22, 2009, NITA issued a revised market analysis and decision on the market for broadband access (market 5) followed by a supplementary decision on November 3, 2010. Currently, TDC is considering whether to appeal the supplementary decision regarding BSA via fiber to the Telecommunications Complaints Board. According to these decisions, TDC is required to offer wholesale BSA to broadband via fiber and via coax in addition to the long existing requirement to offer wholesale BSA to broadband via copper. The pricing is set using a LRAIC model. The requirement regarding fiber comes into effect on December 3, 2010. However, until a new LRAIC model for wholesale BSA to broadband via fiber has been developed, the prices will be set according to the historic cost method. The requirement regarding coax comes into effect when (i) a LRAIC model for wholesale BSA via coax has been developed and comes into effect, and (ii) a competitor has formally asked for BSA to broadband via coax. TDC expects that the capital expenditure needed to implement NITA's decision regarding coax would be up to DKK 100 million. The outcome of any revisions to the LRAIC models is uncertain.

The requirement to provide wholesale BSA to broadband via coax and via fiber could have an adverse effect on TDC's business, financial condition and results of operations, in part by adversely impacting its geographic coverage advantage and ability to offer high-speed broadband as a differentiating competitive factor, and may result in favorable conditions for TDC's competitors in Denmark and thus could adversely affect TDC's competitiveness. Furthermore, no assurance can be provided that such requirements will not be extended in the future.

TDC has appealed the December 22, 2009, decision to the ordinary courts of Denmark with respect to the obligation to offer wholesale BSA to broadband via coax not owned by TDC but where TDC supplies broadband services to the households connected to the network and controls the frequencies necessary for the broadband distribution. In the opinion of TDC, TDC is not required to offer wholesale BSA to broadband via coax not owned by TDC unless this is explicitly provided for in an agreement between the owner of the network and TDC, but the decision is unclear in relation to these obligations.

Reintroduction of a price cap on TDC's USO products could adversely affect TDC's results of operations.

TDC is designated as the universal service provider (USP) in Denmark, in line with the EU USO Directive and Danish USO Regulation which are designed to ensure that all end users have access to certain basic affordable telecommunications services regardless of their geographical location. In the past, NITA fixed the prices that TDC could charge its Danish USO customers for using PSTN services, but these price caps were lifted at the end of 2005. However, if NITA reintroduced a price cap on TDC's USO products and services at any point in the future, this could have an adverse effect on TDC's results of operations.

The licenses for the key technologies underlying TDC's offerings have finite terms and the failure to renew any of these licenses upon expiration, or TDC's inability to obtain new licenses for new technologies, could adversely affect its business, financial condition and results of operations.

The use of certain key technologies in Denmark and other countries is subject to the grant of licenses from public regulators, in Denmark NITA. TDC is dependent upon such licenses in order to provide many of its products and services.

TDC is licensed to provide mobile telecommunications services in Denmark. TDC has one UMTS license to provide 3G services in Denmark, which expires on October 31, 2021. In addition, TDC has three GSM licenses in Denmark: DCS 1800 (expiring on June 12, 2017), DSC6 (expiring on June 12, 2017) and GSM1 (expiring on December 31, 2019). On May 10, 2010, TDC acquired a license through which it has access to 2x20MHz of paired spectrum in the 2.5 GHz frequencies (expiring on May 31, 2030). NITA may withdraw existing licenses if TDC does not meet the license conditions, which include obtaining the regulator's consent in the event of a change of control. After the expiration dates, TDC will have to reapply for, or reacquire, new licenses which may entail significant costs for TDC. There can be no assurances that TDC will be successful in any such application or in any future applications for further licenses. 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 business, financial position and results of operations could be adversely affected.

TDC is subject to risks from legal and arbitration proceedings that could cause it to incur substantial costs, pay substantial damages or prohibit it from selling its products.

TDC is involved and may in the future become involved in commercial disputes as well as legal and arbitration disputes, with public authorities or private parties, which involve substantial claims for damages or other sanctions, for instance arising out of acquisitions or disposals or subsidiaries or other material assets made over the past years or out of other material contracts entered into by TDC. For a description of certain disputes in which TDC is currently involved, see "*Business—Legal Proceedings*". The outcome of these and any potential future proceedings is difficult to predict with certainty. In the event of a negative outcome of any material proceeding, whether based on a judgment or a settlement agreement, TDC could be obligated to make substantial payments or accept other sanctions, which could have an adverse effect on its business, financial condition and results of operations. In addition, the costs related to litigation and arbitration proceedings may be significant.

TDC is subject to Danish and European competition law regulation.

TDC is subject to Danish and European competition law regulation. Both of these prohibit agreements and practices, the purpose or result of which is to restrict competition as well as behavior that constitute an abuse of a dominant position. Furthermore, both Danish and European laws contain merger control regulation. The Danish Competition Act was recently amended so that the threshold for notifiable mergers was lowered significantly. Pursuant to the Danish Competition Act, a merger must be notified to the Danish Competition and Consumer Authority if the businesses concerned have a total aggregate annual turnover in Denmark of at least DKK 900 million and at least two of the businesses concerned have a total annual turnover in Denmark of at least DKK 100 million each, or at least one of the businesses concerned has a total annual turnover in Denmark of at least DKK 3.8 billion and at least one of the other businesses concerned has a total worldwide annual turnover of at least DKK 3.8 billion.

Given TDC's size and market positions, competition regulation significantly restricts TDC's ability to operate. In particular, the potential for further acquisitions in the Danish market has been restricted by the recent amendment of the Danish merger control regulation. Likewise, TDC's Danish practices and agreements have been and will likely continue to be subject to review by the Danish Competition and Consumer Authority for possible infringements of the Danish Competition Act. While TDC pays significant attention to its agreements and practices compliance with the Competition Act, it is often difficult to assess whether a practice or agreement is compliant with the Danish Competition Act and no assurance can be given that the relevant authorities will agree with TDC's interpretation of such regulation.

On September 30, 2010, the Danish Competition and Consumer Authority announced that it has undertaken an investigation of the TV-distribution market in Denmark. The Authority's assumption is that there is currently not a sufficiently effective competition in the market given the low number of distributors and the fact that certain TV-channels can only be obtained via particular distributors. The Authority expects to announce the results of the investigation before the summer of 2011. No assurance can be given as to the outcome of the investigation or its possible impact on TDC's (including YouSee's) business, financial position or results of operation.

Risks Related to TDC's Financial Profile

If TDC does not satisfy certain conditions as to its leverage ratio or credit rating, the terms of the Senior Facilities Agreement will limit its flexibility in operating its business. The Company is exposed to the risk of cross-default.

As of September 30, 2010, the Company had DKK 31,051 million of net interest-bearing debt outstanding, of which DKK 25,720 million was outstanding under its Senior Facilities Agreement. While the Company has subsequently made a payment of DKK 8,185 million out of the proceeds from the sale of Sunrise to pay down a portion of its outstanding debt under the Senior Facilities Agreement, TDC will in the future remain subject to significant obligations with regard to servicing and repayment of the Senior Facilities Agreement and other facilities. For more information about the Senior Facilities Agreement, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

The Senior Facilities Agreement contains certain restrictive covenants, such as limitations on acquisitions and joint ventures, incurring financial indebtedness, providing guarantees, granting security and asset dispositions. The restrictions on acquisitions and joint ventures, incurring financial indebtedness and providing guarantees will be suspended as long as the Company has attained a leverage ratio of less than 3.5x (calculated in accordance with the Senior Facilities Agreement) at the end of each of the most recent two quarters or a long-term corporate credit rating of BBB− and Baa3 (the "Release Condition"). In addition, following covenant defeasance or full redemption of the High Yield Notes issued by NTC, the restriction on dividend payments will be suspended provided that the Release Condition is satisfied. Failure by TDC to satisfy the Release Condition will significantly limit its flexibility in operating its business which may have an adverse effect on TDC's business, financial conditions and results of operation.

Acceleration of the debt under the Senior Facilities Agreement could cause a default under the terms of certain debt agreements that contain a cross-default (i.e., the EMTNs and interest rate hedging arrangements), causing all such other debt under these agreements to be accelerated. If this were to occur, the Company may not have sufficient assets to repay its debt.

An adverse change in market interest rates could adversely affect TDC's financial condition and dividend capacity.

The Company's debt under the Senior Facilities Agreement bears interest at variable rates. As a result, an increase in market interest rates could increase the Company's interest expense and its debt service obligations under the Senior Facilities Agreement, which would exacerbate the risks associated with its capital structure and would have an adverse effect on TDC's business, financial conditions and results of operation. As of September 30, 2010, the interest rate risk relating to 65% of TDC's gross debt was hedged. The portion of the gross debt that is hedged may vary in the future.

Following the Offering, certain actions of NTC or NTCH may result in a default under the Company's Senior Facilities Agreement.

Certain representations, warranties, undertakings and events of default in the Senior Facilities Agreement will continue to apply to NTC (the Company's current majority shareholder) or NTCH following completion of the Offering and notwithstanding the anticipated defeasance or redemption of the High Yield Notes. In particular, a breach by NTC or NTCH of its representations, warranties and undertakings relating to the security granted or the guarantee given by it under the Senior Facilities Agreement may constitute an event of default. In addition, a breach by NTC or NTCH of the terms of the intercreditor agreement entered into in connection with the Senior Facilities Agreement may constitute an event of default under the Senior Facilities Agreement. Each such event of default (over which the Company has no control) may result in enforcement of the security over the Shares held by NTC or NTCH, enforcement of other security or guarantees granted under the Senior Facilities Agreement or an acceleration of the Company's debt. If the repayment of the Company's debt were to be accelerated, the Company may not have sufficient assets or liquidity to repay its debt. In addition, such default would likely have an adverse effect on the value of the Shares, including Shares held by NTC and NTCH.

TDC is exposed to exchange rate risk, which may adversely affect its financial position and results of operations.

TDC is subject to exchange rate risk owing to revenue originating in Sweden and Norway, where TDC conducts its business operations and prepares its financial statements in currencies other than Danish Kroner or Euro. Any loss in the value of these currencies against the Danish Kroner will reduce, from TDC's financial reporting perspective, the value of TDC's investments in the relevant business activities and the income derived from them. Adverse fluctuations in exchange rates between the Danish Kroner and the Euro on the one hand and the currencies of Sweden and Norway on the other hand may adversely affect TDC's financial condition and results of operation.

TDC's tax policy can be challenged by local tax authorities, and is subject to potential adverse changes in tax laws.

TDC pursues an active tax policy to optimize its tax expenses and cash flow. In doing so, TDC evaluates potential tax advantages against potential costs and other disadvantages. This tax policy implies a risk for TDC's tax position to be challenged by local tax authorities. TDC evaluates the tax risks associated with this tax policy and makes financial provisions for these risks when required. However, due to the inherent uncertainty related to these tax risks, the provisions made may not be sufficient to cover the actual taxes and related costs payable by TDC. If the actual taxes and related costs payable by TDC exceed the provisions made, it will have an adverse effect on TDC's financial condition and results of operations, and may also adversely affect TDC's cash flow.

TDC is subject to the tax legislation in effect in the countries where it conducts business. Tax laws have been amended in the past in a way which had an adverse effect on TDC. Any future amendment of the tax rules including a value added tax (VAT) in the countries where TDC conducts business may adversely affect TDC's payable corporate tax and VAT and its future results of operations.

TDC may have to contribute assets to its pension funds.

Some of TDC's present and former employees are entitled to a pension from TDC Pensionskasse, the fund related to TDC. The pension fund invests in a variety of marketable securities and real estate, including fixed income and equities. The rate of return on these investments has implications for TDC's financial results and pension plan funding requirements. TDC also operates defined benefits plans that cover employees of TDC Norway.

If TDC Pensionskasse is not able to meet the capital adequacy requirements under the Danish Act on Company Pension Funds, TDC is required immediately to make contributions to cover the shortfall. TDC is not expected to be able to withdraw funds from the pension fund if it has a surplus of assets.

As of September 30, 2010, for accounting purposes only, TDC's balance sheet shows a net positive pension asset related to its Danish defined benefit plans, but no assurance can be given that TDC will not in the future have to make contributions to cover any shortfall in meeting the capital adequacy requirements under the Danish Act on Company Pension Funds.

A downgrade of TDC's credit ratings could increase its financing costs and limit its access to financing sources.

TDC's credit ratings are subject to periodic review by the rating agencies. If TDC's results of operations deteriorate for any reason, any or all of TDC's ratings may be downgraded. A credit rating downgrade could increase TDC's financing costs, limit its access to financing sources and impede TDC's ability to refinance all or a portion of its outstanding debt.

Investors should not place undue reliance on the forward-looking financial information with respect to the financial years 2010 and 2011 that is included in this offering memorandum, as such information could differ materially from the actual results for the period.

The offering memorandum includes prospective financial information for TDC with respect to the financial years 2010 and 2011. The prospective financial information is based on a number of assumptions and estimates, which, while considered reasonable by TDC on the date of this offering memorandum, are inherently subject to significant business, operational, economic and other risks and uncertainties, many of which are beyond TDC's control. This prospective financial information is also based on assumptions with respect to future business decisions that are subject to change.

The prospective financial information with respect to the financial years 2010 and 2011 is forward-looking, which involves known and unknown risks, estimates, assumptions and uncertainties which could cause actual revenue and results of operations to differ materially from those expressed in the prospective financial information for financial years 2010 and 2011. New factors will emerge in the future and it is not possible for TDC to predict which factors they will be. In addition, TDC cannot assess the impact of each factor on TDC's business or the extent to which any factor, or combination of factors, may cause actual revenue, EBITDA, capital expenditures or Equity Free Cash Flow to differ materially from those described in the prospective financial information for 2010 and 2011.

Because assumptions, estimates and risks could cause revenue, EBITDA, capital expenditures or Equity Free Cash Flow to differ materially from those expressed in the prospective financial information, you should not place undue reliance or importance on such information.

For more information regarding risks relating to forward-looking statements, see "*Information Regarding Forward-Looking Statements*".

Risks Related to the Offering

Following the Offering, the Selling Shareholders will continue to own the majority of the outstanding Shares and the objectives of the Selling Shareholders may conflict with the interests of other shareholders.

Immediately after completion of the Offering and the Share Buy-back and the Buy-out of participants in the Management Investment Program, assuming that NTC will sell 153,830,091 Shares to the Company under the Share Buy-back (corresponding to 88.02% at the Share Buy-back amount at the mid-point of the Offer Price Range), and assuming that the Over-allotment Option is not exercised and assuming further an Offer Price at the mid-point of the Offer Price Range and that the Share Buy-back amount is DKK 9,000 million, the Selling Shareholders will collectively own 498,872,875 Shares (corresponding to 61.2% of the outstanding share capital of the Company). As the Selling Shareholders will hold more than 50.0% of the outstanding Shares, the Selling Shareholders will have a controlling influence over decisions requiring a simple majority of the voting Shares at the Company's general shareholders meeting, including the election and dismissal of the members of the Company's board of directors and declarations of dividends. The Selling Shareholders may also hold two-thirds of the voting Shares and share capital present or represented at a general meeting and thereby have a controlling influence over decisions requiring a two-thirds majority, including the amendment of the Company's articles of association, an increase or decrease of share capital, mergers and demergers. For more information regarding the majority requirements at the Company's general meeting, see "*Description of Share Capital and Corporate Structure—Articles of Association*".

The Selling Shareholders will be able to influence the direction of TDC's operations and other affairs through representation on the Company's board of directors. No assurance can be given that the interests of the Selling Shareholders or the investors who directly or indirectly control the Selling Shareholders will not differ from the interests of other shareholders. Some or all of the investors who together control the Selling Shareholders hold or may in the future hold other investments in the telecommunications sector. Conflicts of interest between the Selling Shareholders and TDC or other shareholders may arise and the Selling Shareholders may vote their Shares in general meetings regardless of any conflict of interest. If an actual or potential conflict of interest develops involving one of the Company's directors, such director must recuse himself or herself from participation in the related discussion and abstain from voting on the matter. Nonetheless, conflicts of interest may not be resolved in a manner favorable to the Company's other shareholders. In addition, the Selling Shareholders' substantial share ownership may adversely affect the trading price of Shares because investors often perceive disadvantages in owning shares in companies with controlling shareholders.

Future sales of Shares after the Offering may affect the market price of the Shares.

In connection with the Offering, the Selling Shareholders have agreed to a lock-up arrangement with the Managers. In addition, certain members of the Company's management have agreed to a lock-up arrangement with the Selling Shareholders. See "*Plan of Distribution—Lock-up Arrangement*". When these lock-up arrangements expire, or if they are waived or terminated by the Managers, the Shares that are subject to the lock-up arrangements will be available for sale in the public market or otherwise. Sales of substantial amounts of Shares in the public market following the Offering, or the perception that such sales could occur, could adversely affect the market price of the Shares and may make it more difficult for holders to sell their Shares at a time and price that they deem appropriate.

The Selling Shareholders may have interests that are different from other shareholders of TDC regarding the timing or amounts of Shares that may be sold. After the lock-up arrangements expire, or if they are waived or terminated by the Managers, no assurance can be given whether future sales of Shares will be made or as to the timing or amounts of Shares that may be sold.

The Selling Shareholders have no assets other than Shares in TDC and will not be able to assist TDC financially, if the need should arise. In addition, if for any reason the Selling Shareholders need cash to settle liabilities, they may have to sell all or a significant part of their Shares on short notice, which may adversely affect the public trading price for the Shares.

There is currently a very limited public trading market for the Shares and the price of the Shares, including the Offer Shares, may fluctuate substantially or decline, which could cause investors to lose a significant part of their investment.

Currently, there is a very limited public trading market for the Shares and it is possible that an active trading market may not develop and continue upon completion of the Offering. Even if an active trading market develops, there is no assurance that an active market will be sustained and there is no assurance that the market price of the Shares does not fall below the Offer Price. The Offer Price will be determined by way of a bookbuilding process by the Managers and the Selling Shareholders. As a result of fluctuations in the market price of Shares, investors may not be able to sell their Shares at or above the Offer Price, or at all.

In addition, the market price of the Shares may be highly volatile and subject to significant fluctuations caused by various factors, some of which are beyond TDC's control and not necessarily related to TDC's business or operations. Factors having a potential impact on the price of the Shares include, but are not limited to, actual or anticipated fluctuations in results of operations, new products or services launched or announced by TDC or its competitors, trends or changes in the telecommunications sector, changes to the market's valuation of other similar companies, changes to the board of directors or the executive committee, further issuance of Shares by TDC and further sales of significant amounts of Shares by shareholders of TDC, or the perception that such sales may occur.

Shareholders' percentage ownership in TDC may be diluted by future issuances of Shares.

If TDC issues equity securities to raise capital, the shareholders' ownership interest may be diluted and the value of investors' investment may be reduced.

TDC's ability to pay dividends in the future is subject to many factors and investors may not receive dividends on the Offer Shares.

Holders of the Offer Shares are only entitled to receive dividends out of funds legally available for such payments. Determinations as to dividend policy are made by TDC's board of directors. The amount of such dividends will depend on a number of factors, including TDC's future revenue, future profits, capital requirements, Special Items, financial conditions, general economic or business conditions, any dividend restrictions in the Senior Facilities Agreement, TDC's financial condition and future prospects and such other factors as TDC's board of directors may deem relevant. For a description of Special Items, see "*Glossary*". There can be no guarantee that TDC's performance will facilitate adherence to the dividend policy (details of which are set out in the section entitled "*Dividends and Dividend Policy*") and, in particular, TDC's ability to pay dividends may be impaired if any of the risks described in this offering memorandum were to occur.

Shareholders outside Denmark are subject to exchange rate risk which may adversely affect the value of their investment.

The Offer Shares are priced in Danish Kroner. Accordingly, the value of the Offer Shares is likely to fluctuate as the exchange rate between the local currency of the country in which the investor outside Denmark is based and the Danish Kroner fluctuates. If the value of Danish Kroner depreciates against the local currency of the country in which an investor outside Denmark is based, the value of the investor's shares will decrease.

U.S. and other non-Danish holders of Shares may not be able to exercise pre-emptive rights or participate in rights offers or buy-back offers.

Holders of Offer Shares will have certain pre-emptive rights in respect of certain issues of Shares, unless those rights are disapplied by a resolution of the shareholders at a general meeting or the shares are issued on the basis of an authorization to the board of directors under which the board may disapply the pre-emption rights. Securities laws of certain jurisdictions may restrict TDC's ability to allow participation by shareholders in such jurisdictions in any future issue of the Shares carried out on a pre-emptive basis in a rights offer.

Shareholders in the United States as well as certain other countries may not be able to exercise their pre-emption rights or participate in a rights offer or a buy-back offer, as the case may be, including in connection with an offering below market value, unless TDC decides to comply with local requirements, and in the case of the United States, unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. In such cases, shareholders resident in such non-Danish jurisdictions may experience a dilution of their holding in TDC, possibly without such dilution being offset by any compensation received in exchange for subscription rights. TDC intends to evaluate at the time of any issue of Shares subject to pre-emptive rights or in a rights offer or a buy-back offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements including any registration statement in the United States, as well as the indirect benefits to TDC of enabling the exercise of non-Danish shareholders of their pre-emption rights to the Shares or participation in any rights offer or a buy-back offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including to file a registration statement in the United States. No assurance is given that local requirements will be complied with or that any registration statement would be filed in the United States so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer or buy-back offer.

Investors' rights as shareholders will be governed by Danish law and differ in some respects from the rights of shareholders under the laws of other countries.

TDC is a public limited liability company organized under the laws of Denmark. The rights of holders of the Shares are governed by TDC's articles of association and by Danish law. These rights may differ in some respects from the rights of shareholders in corporations organized outside Denmark. In addition, it may be difficult for investors to prevail in a claim against TDC under, or to enforce liabilities predicated upon, the securities laws of jurisdictions outside Denmark.

USE OF PROCEEDS

The Selling Shareholders intend to sell 210,000,000 Offer Shares in the Offering (before the exercise, if any, of the Over-allotment Option). The number of Shares to be offered by the Selling Shareholders may be increased by up to 31,500,000 if the Over-allotment Option is exercised in full.

The Company will not receive any of the proceeds from the sale of the Offer Shares by the Selling Shareholders in the Offering. The expenses of the Offering will be borne by the Selling Shareholders.

NTC intends to sell at least such number of Offer Shares as is sufficient for NTC to receive aggregate proceeds in the Share Buy-back and the Offering of at least an amount sufficient to redeem the High Yield Notes in full in accordance with the indenture referred to below. NTC intends to redeem all of the notes issued in accordance with the indenture dated as of May 3, 2006 (as amended and supplemented, the "Indenture") originally between Nordic Telephone Company Holding ApS (a predecessor company to NTC), as issuer, and Deutsche Trust Company Limited, as trustee (the "Trustee"), relating to its outstanding EUR 800,000,000 8¼% Senior notes due 2016 (the "Euro Fixed Rate Notes"), USD 600,000,000 8⅞% Senior Notes due 2016 (the "Dollar Notes") and EUR 750,000,000 Senior Floating Rate Notes due 2016 (the "Floating Rate Notes") (collectively, the "High Yield Notes"), as described in further detail below.

The table below sets forth the amounts outstanding under the High Yield Notes as of September 30, 2010:

High Yield Notes	Total Amounts Outstanding as of September 30, 2010 (including interest)
Euro Fixed Rate Notes	€685,850,485
Dollar Notes	$667,711,864
Floating Rate Notes	€394,773,460

On or around the date of this offering memorandum, NTC intends to issue a redemption notice for all of its outstanding High Yield Notes. The redemption date for the High Yield Notes is expected to be soon after the Closing Date. On the Closing Date, NTC intends to exercise its "covenant defeasance" and discharge rights by depositing with the Trustee for the benefit of the holders of the High Yield Notes an amount in cash or governmental obligations permitted by the Indenture sufficient to pay to the holders of the High Yield Notes the redemption price due on the redemption date. The proceeds of the Offering received by NTC will be used to exercise its covenant defeasance right and to discharge the Indenture as described above, to pay certain costs and expenses in connection therewith and with the Offering, to pay the cash element of the purchase price to the participants in the Management Investment Program (see "*Remuneration and Benefits—Management Investment Program*") and for general company purposes.

On the date of this offering memorandum, NTCH does not own any Shares. NTC intends to distribute the Offer Shares to be sold by NTCH to it immediately upon the extinguishment of the restrictions on distributions under the Indenture. NTCH intends to sell the remaining Offer Shares in the Offering. The proceeds of the Offering received by NTCH will be used for general company purposes, including to make distributions and other payments to its shareholders, and to pay certain costs and expenses in connection with the Offering.

The allocation between the Selling Shareholders of the number of Offer Shares to be sold in the Offering, as well as the gross proceeds to be received by each of them from the Offering, will be included in the pricing statement to be published by way of an announcement through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on December 9, 2010.

DIVIDENDS AND DIVIDEND POLICY

Dividends

The Offer Shares rank *pari passu* with all of the Company's outstanding Shares for any dividends that may be declared and paid on the Shares.

The annual general meeting must decide how to distribute, by dividend, the amount available for distribution as recorded in the approved annual report. The general meeting may further decide to distribute interim dividends out of the distributable reserves. The general meeting cannot decide to distribute dividends of a higher amount than that proposed or accepted by the Company's board of directors.

Furthermore, the general meeting may authorize the board of directors to resolve to distribute interim dividends. The board of directors of the Company is authorized by the general meeting to distribute interim dividends, provided that the Company's and the TDC Group's financial position warrants such distribution.

For a description of the shareholders' rights and the restrictions in respect of dividend distributions, see "*Description of Share Capital and Corporate Structure—Articles of Association—Dividend rights*".

In the financial year ended December 31, 2009, the Company distributed an ordinary dividend of DKK 9.00 per Share on March 25, 2009 and an interim dividend of DKK 30.25 per Share on December 23, 2009, or DKK 7,775 million in aggregate. In 2008, the Company distributed a dividend of DKK 3.60 per Share, or DKK 713 million in aggregate. In 2007, the Company distributed a dividend of DKK 3.50 per Share, or DKK 693 million in aggregate. All aggregated amounts exclude dividends on treasury shares. The Company has not distributed any dividends in 2010. The dividend amounts per Share indicated in this paragraph are per Share with a nominal value of DKK 5. As of May 10, 2010, the nominal value of each Share was decreased from DKK 5 to DKK 1 and, as a result, investors should not place undue reliance on the amounts indicated. In addition, the aggregate dividend amounts indicated in this paragraph reflect the dividend per share originally declared by TDC and do not take into account the merger between TDC and NTC (with retroactive effect for accounting purposes as of January 1, 2009).

Dividend Policy

The board of directors of the Company does not expect to recommend a dividend for the year ended December 31, 2010, subject to the implementation of the Share Buy-back in 2010. See "*TDC's Share Buy-back*".

For the financial year 2011, the Company's board of directors expects to recommend a dividend of DKK 4.35 per outstanding Share (following the Share Buy-back), of which 40% to 50% is expected to be distributed in the third calendar quarter of 2011 and the remainder in the first calendar quarter of 2012.

The board of directors has adopted a dividend payout policy for subsequent years of 80% to 85% of Equity Free Cash Flow in a given year with 40% to 50% of the full year amount to be distributed in the third calendar quarter of the year and the remainder to be distributed following approval of the annual financial statements in the first calendar quarter the year after. Dividends may be distributed in the form of ordinary or extraordinary dividends or share buy-back or a combination of those.

The Company calculates Equity Free Cash Flow by adjusting EBITDA for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to capital expenditures (in all cases excluding Special Items). EBITDA and Equity Free Cash Flow as defined by TDC are not measures of financial performance under IFRS and may not be comparable to similar terms used by other companies. For further information on Equity Free Cash Flows, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Statements of Cash Flows—Equity Free Cash Flow*".

Dividends paid to the Company's shareholders may be subject to tax withholdings, as described under "*Taxation*".

The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, capital requirements, Special Items, financial conditions, general economic and business conditions, and future prospects and such other factors as the Company's board of directors may deem relevant. For a description of Special Items, see "*Glossary*". There can be no assurance that the Company's performance will facilitate adherence to the dividend policy and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in this offering memorandum were to occur. See "*Risk Factors*". Furthermore, the Company's dividend policy is subject to change at the discretion of the board of directors of the Company from time to time.

The information on dividend policy and in particular the expectation of recommended dividends for the 2011 financial year and the dividend policy for subsequent years constitutes forward-looking statements. Forward-looking statements are not guarantees of future financial performance and TDC's actual dividends could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including such that are described under "*Information Regarding Forward-Looking Statements*" and "*Risk Factors*".

The Senior Facilities Agreement and related documents impose certain restrictions on the Company's ability to make dividend payments and the quantum of such dividend payments. However, following the covenant defeasance and redemption of the High Yield Notes, the express restriction on dividend payments will be suspended for so long as the release conditions are satisfied. For a description of the Senior Facilities Agreement and these release conditions, see "*Management's Discussions and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

CAPITALIZATION

The table below sets forth TDC's consolidated capitalization and indebtedness as of September 30, 2010 as adjusted for the divestment of Sunrise in October 2010, the partial repayment of an amount of DKK 8,185 million under the Senior Facilities Agreement on November 12, 2010 and assuming a Share Buy-back of DKK 9,000 million. You should read this table in conjunction with the Audited Annual Financial Statements, the Unaudited Condensed Interim Financial Statements (together with the notes thereto) and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". The Offering does not involve the issuance of new Shares by the Company and the Company will not receive any proceeds from the Offering. As a result, the Offering will have no effect on TDC's capitalization.

	As of September 30, 2010(1)				
	As reported	**Divestment of Sunrise(2)**	**Partial repayment of Senior Facilities(3)**	**Share buy-back(4)**	**As adjusted**
	(DKK millions unless otherwise indicated)				
Senior facilities(5)	25,720		(8,107)		17,613
Euro Medium Term Notes (EMTN)(5)	5,339				5,339
Other loans(5)	762				762
Total loans(5)	**31,821**	**0**	**(8,107)**	**0**	**23,714**
Total equity	**28,708**	**(495)**	**(78)**	**(9,000)**	**19,135**
Total capitalization	**60,529**	**(495)**	**(8,185)**	**(9,000)**	**42,849**
Cash, interest-bearing receivables and interest-bearing payables	**770**	**16,945**	**(8,185)**	**(9,000)**	**530**
Net interest-bearing debt	**31,051**	**(16,945)**	**78**	**9,000**	**23,184**
Net debt/EBITDA(6)	**2.9x**	**—**	**—**	**—**	**2.2x**

(1) Exchange rates as of September 30, 2010 are applied (DKK/EUR 7.4519 and DKK/CHF 5.6084).

(2) The divestment of Sunrise impacted equity by the difference between the net proceeds from the divestment of Sunrise (including divestment costs) and the net book value of the investment in Sunrise. Cash is impacted by the net proceeds from the divestment of Sunrise (including divestment costs and unwinding of net investment hedges).

(3) On November 12, 2010, TDC used a portion of the proceeds from the disposal of Sunrise to prepay an amount of DKK 8,185 million outstanding under the Senior Facilities Agreement, corresponding to a net carrying amount of DKK 8,107 million. Following such repayment, the total outstanding principal amount under the Senior Facilities Agreement was DKK 17,853 million, corresponding to a net carrying amount of DKK 17,613 million.

(4) On the date of this offering memorandum, the Company has announced a Share Buy-back according to which the Company, subject to certain conditions, offers to purchase Shares for an aggregate amount of DKK 9,000 million pro rata based on tendered Shares from the Company's shareholders. The Share Buy-back is conducted pursuant to the authorization granted by the general meeting of shareholders to the board of directors of the Company on November 22, 2010. For a description of the use by TDC of Shares acquired in the Share Buy-back, see "*Description of Share Capital and Corporate Structure—Acquisition of Own Shares*" and "*TDC's Share Buy-back*".

(5) Net carrying amount measured at amortized cost. The difference between the proceeds received and the nominal value is recognized in the income statements over the term of the respective loans.

(6) "Net debt/EBITDA" means net interest-bearing debt divided by EBITDA. EBITDA is converted to full-year basis. "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

Declaration of Capitalization

Except as set forth above, TDC has no reason to believe that there has been any material change to its actual capitalization since September 30, 2010, other than changes resulting from the ordinary course of business.

INDUSTRY AND COMPETITIVE ENVIRONMENT

This section contains information, including expectations as to future developments, derived from industry sources and from TDC's internal surveys. Certain statements in this section are forward-looking statements that involve risks and uncertainties and should be read together with the section entitled ''Information Regarding Forward-Looking Statements''. Investors should also read the section entitled ''Risk Factors'' for a discussion of certain risk factors that may affect TDC's business, results of operations or financial condition. For more information regarding the sources of and methods for calculating industry and market data, see ''Industry and Market Data''.

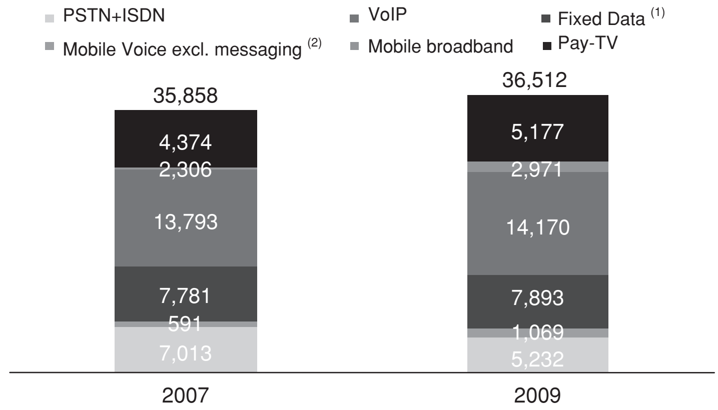
In this offering memorandum, TDC refers to its "Core Peers" and its "Nordic Peers" for purposes of comparison with TDC. TDC defines its Core Peers as Belgacom, KPN and Swisscom as it considers these three incumbent telecommunications operators to be the most comparable within Europe as a whole to TDC based on the similarity of their business and financial profiles with TDC. TDC defines its Nordic Peers as Elisa, Telenor and TeliaSonera. TDC considers these three incumbent telecommunications operators' Nordic businesses comparable to TDC based on their geographical proximity and business model.

Denmark

General Overview

TDC believes that the Danish telecommunications market is one of the most advanced in Europe in terms of the range and level of services available to private consumers and businesses. TDC believes that, on the supply side, operators have made significant investments in modernizing and expanding terrestrial and wireless networks and that this was accelerated by early liberalization. On the demand side, TDC believes that the need for new and improved telecommunications services has been influenced by high adoption rates of new technologies and services, high levels of disposable income and urbanization, and the high technological awareness of the Danish population, which has been evidenced by 86.0% of households reported by Statistics Denmark (*Danmarks Statistik*) to own at least one personal computer as of May, 2009. Denmark has relatively higher population penetration rates of fixed data and mobile voice as well as Pay-TV compared with the Western European average (Western Europe includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Switzerland and the United Kingdom) (source: IDC (European Telecom Services Database Q3 2010, updated October 31, 2010, accessed November 4, 2010 (except for Pay-TV)), Screen Digest (Primary Pay TV penetration report, accessed on November 2, 2010 (for Pay-TV)) and Screen Digest (Television households statistics) (accessed on November 2, 2010)).

Despite the recent economic downturn, the telecommunications and Pay-TV market in Denmark has increased in monetary terms from DKK 35,858 million in the year ended December 31, 2007 to DKK 36,512 million in the year ended December 31, 2009 (source: IDC (European Telecom Services Database Q3 2010) (updated October 31, 2010, accessed November 4, 2010), except for Pay-TV, Screen Digest), implying a compound annual growth rate of 0.9%. The table below sets forth, for the years 2007 and 2009, the size of the Danish telecommunications and Pay-TV market in DKK million (source: IDC (European Telecom Services Database Q3 2010) (updated October 31, 2010, accessed November 4, 2010), except for Pay-TV, Screen Digest (Denmark TV market, September 2010)).



(1) Includes all fixed data services (broadband and internet access for residential; broadband, internet, Ethernet services, IP-VPN and other data services for business).

(2) Includes all revenue obtained from voice calls and contract fees, as well as interconnection revenues from inbound calls (including voice value-added services such as voicemail) and excludes SMS and MMS revenue.

According to TDC Market Intelligence, landline telephony subscriber lines have been decreasing between December 31, 2007 and December 31, 2009 and the total landline broadband market has been gradually maturing, with a modest growth rate in the number of DSL and cable subscribers during the period from December 31, 2007 to December 31, 2009. The larger share of overall subscriber additions has come from the emerging mobile broadband market, which has increased at a compound annual growth rate of 80% over the period from December 31, 2007 to December 31, 2009 (source: TDC Market Intelligence).

TDC believes that future growth drivers of the Danish telecommunications market, counter-balancing price reductions, are likely to be both supply driven (including increasing high-speed broadband availability, investments in LTE and additional spectrum availability for mobile communications, improved handsets/smartphones functionality, increased number of applications and digital availability of movies and music tracks) and demand driven (including the need for faster broadband, reduced reliance on traditional media (such as free-to-air TV) for home entertainment and an increased range of entertainment choices).

Macroeconomic Overview

As of December 31, 2009, Denmark had a population of approximately 5.5 million people and the number of households in the country was approximately 2.6 million (source: Statistics Denmark (*Danmarks Statistik*)). From 2004 to 2007, the Danish economy grew in line with the Eurozone average, at rates between 1.7% and 3.4%, and contracted by 4.7% in 2009. It is expected to grow by 2.2% in 2010 to 2012, slightly faster than the Eurozone average of 1.6% (source: International Monetary Fund World Economic Outlook, October 2010). Reflecting the Central Bank's monetary policy of keeping the Danish Kroner/Euro exchange rate within a narrow range, the Danish Kroner has been stable against the Euro in recent years.

The table below sets forth selected socioeconomic indicators for Denmark and the Eurozone average:

Indicator	Denmark	Eurozone(1) average
GDP per capita 2009(2)	$56,263	$37,933
Unemployment rate 2010 estimated(3)	4.2%	10.1%
Inflation 2010 estimated(4)	2.2%	1.6%
Budget deficit 2009(5)	2.8%	6.3%
Government debt/GDP 2009(6)	41.4%	79.0%

Source: International Monetary Fund World Economic Outlook Database, October 2010

(1) Eurozone consists of Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain, Slovakia and Slovenia.

(2) GDP per capita is based on prices which have not been adjusted for inflation.

(3) Percent of total labor force as defined by International Labour Organisation (United Nations). Latest actual data used are as of September 2010. According to Statistics Denmark (*Danmarks Statistik*), the unemployment rates were 4.1% and 6.1% (including people in activation programs) as of August 2010.

(4) Percentage change in end of period consumer prices.

(5) General government net lending/borrowing, a positive number indicates a deficit.

(6) General government gross debt.

Market segments

TDC Market Intelligence calculates landline telephony, landline broadband, mobile voice, mobile broadband and Pay-TV market shares by reference to lines. Lines for this purpose are different from the term "lines" used in other sections of this offering memorandum, for example when used in relation to copper line loss. For mobile broadband and mobile voice, one line is equal to one SIM card. For Pay-TV a line is equal to one subscription. Market shares contained herein are therefore estimated on that basis, unless otherwise identified. The following table sets forth certain key indicators for the residential segment of the Danish telecommunications market as of the dates indicated:

Residential segments	Total market size(1)	Market subscribers December 31, 2007	Market subscribers September 30, 2010	TDC's market share December 31, 2007	TDC's market share September 30, 2010
	(DKK, million)	(thousands)	(thousands)		
Landline Telephony (PSTN/ISDN VoIP)(2)	4,270	2,228	1,809	71.3%	71.1%
Fixed data (xDSL/cable/fiber/other)	3,980(3)	1,499(4)	1,706(4)	55.0%(4)	60.5%(4)
Mobile Voice (including smartphones, interconnection revenue and excluding SMS/ MMS)	8,213(5)	5,052	5,565	37.1%	38.1%
Mobile Broadband (excluding data subscriptions)	2,309	52	490	0.3%	28.5%
Pay-TV	5,177	2,162	2,354	51.1%	55.0%

Source: TDC Market Intelligence, unless otherwise indicated

(1) Source: IDC (European Telecom Services Database Q3 2010) except for Pay-TV; Screen Digest for Pay-TV (accessed September 10, 2010). Total market revenues for 2009 (market centric).

(2) The method for reporting lines for VoIP is not prescribed by NITA. TDC ascribes one line for each connection within the multi-line connection, for example, a 300 multi-line VoIP connection would be reported as 300 lines. Other operators may report multi-line VoIP as one line in total.

(3) Total market revenues for fixed data are defined as broadband and internet, including dial-up.

(4) Defined as broadband (which excludes dial-up).

(5) Voice revenues include all revenue obtained from voice calls and contract fees, as well as interconnection revenues from inbound calls (including voice value-added services such as voicemail) and exclude SMS and MMS revenue.

The following table sets forth certain key indicators for the business segment of the Danish telecommunications market:

Business segments	Total market size[1]	Market subscribers December 31, 2007	Market subscribers September 30, 2010	TDC's market share December 31, 2007	TDC's market share September 30, 2010
	(DKK, million)	(thousands)	(thousands)		
Landline Telephony (PSTN/ISDN/ VoIP)[2]	2,031	981	881	81.9%	78.6%
Fixed data (xDSL/cable/fiber/other)	3,913[3]	460[4]	400[4]	71.7%[4]	71.0%[4]
Mobile Voice (including smartphones, including interconnection revenue and excluding SMS/MMS)	5,955[5]	1,070	1,148	58.3%	59.8%
Mobile Broadband (including data cards)	622	131	267	59.0%[6]	45.7%[6]

Source: TDC Market Intelligence, unless otherwise indicated

(1) Source: IDC (European Telecom Services Database Q3 2010). Total market revenues for 2009 (market centric).

(2) The method for reporting lines for VoIP is not prescribed by NITA. TDC ascribes one line for each connection within the multi-line connection, for example, a 300 multi-line VoIP connection would be reported as 300 lines. Other operators may report multi-line VoIP as one line in total.

(3) Defined as broadband, internet, Ethernet services, IP-VPN and other data services including dial-up.

(4) Defined as broadband, internet, Ethernet services, IP-VPN and other data services excluding dial-up.

(5) Voice revenues include all revenue obtained from voice calls and contract fees, as well as interconnection revenues from inbound calls (including voice value-added services such as voicemail) and exclude SMS and MMS revenue.

(6) TDC's market share excluding data cards was 4% as of January 31, 2008 and 30% as of September 30, 2010.

Danish Landline Market

The Danish landline market has been characterized by high penetration rates for telephony and broadband usage, well-developed competition, an advanced regulatory environment and a high degree of consumer choice (source: Business Monitor, Denmark Telecommunications Report 2010).

Landline telephony

According to TDC Market Intelligence, as of December 31, 2009, the number of subscriber lines in the Danish market for landline telephony (residential and business) was 2,793,000 made up of 2,057,000 PSTN/ISDN lines and 736,000 VoIP lines. Subscriber lines decreased at a compound annual growth rate of negative 6.7% from December 31, 2007 through December 31, 2009 (source: TDC Market Intelligence). During the same period, however, the total number of VoIP lines increased from 384,000 as of December 31, 2007 to 736,000 as of December 31, 2009, which represents an increase at a compound annual growth rate of 38.4% (source: TDC Market Intelligence). TDC expects the migration to mobile and internet based voice services in both the residential and business segments to continue in the coming years, although at a slower pace, as TDC and other operators have been focusing on landline retention through the offering of bundled services and price discounts.

In addition to the decline in subscriber lines from December 31, 2007 through December 31, 2009, total landline traffic (PSTN/ISDN and VoIP) decreased from approximately 10,074 million minutes during 2007 to approximately 7,208 million minutes during 2009, which represents a decrease at a compound annual growth rate of negative 15.4% (source: NITA Telecom Statistics—Second Half of 2009).

In the residential segment, the migration from PSTN/ISDN to VoIP has been significantly higher than in the business segment, according to TDC Market Intelligence. The number of VoIP lines increased at a compound annual growth rate of 38.9% from 323,000 as of December 31, 2007 to 624,000 as of December 31, 2009 and the number of subscriber PSTN/ISDN lines decreased at a compound annual growth rate of 18.3% from 1,905,000 as of December 31, 2007 to 1,270,000 as of December 31, 2009 (source: TDC Market Intelligence). TDC believes that its active retention policy, in particular the introduction of new PSTN tariffs and sale of bundled products, has slowed the PSTN line reduction in 2009 and that, in parallel, the launch of new dual- and triple-play IP packages by operators has continued to attract and retain customers in VoIP. In the business segment, the number of PSTN/ISDN lines decreased at a compound annual growth rate of 7.5% from 919,000 as of December 31, 2007 to 787,000 as of December 31, 2009, while the number of VoIP lines increased at a compound annual growth rate of 35.7%, from 61,000 as of December 31, 2007 to 112,000 as of December 31, 2009 (source: TDC Market Intelligence).

Internet and network

As of December 31, 2009, Denmark had the highest broadband penetration rate in Europe (source: Commission Staff Working Document, SEC (2010) 627, accompanying Europe's Digital Competitiveness Report 2010), with 71.6% of Danish households connected to a broadband network (source: TDC Market Intelligence). According to TDC Market Intelligence, as of September 30, 2010, DSL was the most common broadband access network and covered over 99% of Danish households, with cable being the second most common access technology in terms of reach (57.4% coverage of dwellings). Based on estimates by TDC Market Intelligence, as of September 30, 2010, approximately 529,000 Danish households are passed by a fiber network (homes passed are defined as homes that are connected or can be connected with a modest cable laying effort of up to 30 meters).

TDC believes that the total landline broadband market has been gradually maturing, with a modest growth rate in the number of DSL and cable subscribers during the period from December 31, 2007 to December 31, 2009. According to TDC Market Intelligence, the number of customers using broadband increased at a compound annual growth rate of 3.2% from approximately 1,959,000 as of December 31, 2007 to approximately 2,086,000 as of December 31, 2009. This increase reflected an increase in the number of customers using DSL (an increase at a compound annual growth rate of 1.7% to approximately 1,252,000 subscribers as of December 31, 2009 from approximately 1,211,000 as of December 31, 2007) and fiber (an increase at a compound annual growth rate of 51.0% to approximately 139,000 subscribers as of December 31, 2009 from approximately 61,000 as of December 31, 2007). The number of customers using cable remained relatively stable during the period from December 31, 2007 to December 31, 2009 with an increase at an annual compound growth rate of 0.4% to approximately 549,000 subscribers as of December 31, 2009 from approximately 545,000 as of December 31, 2007 and the remaining part of the market (approximately 7.0%) includes broadband access through housing associations, dormitories or fixed wireless access ("FWA") (source: TDC Market Intelligence).

According to TDC Market Intelligence, the number of subscribers in the residential segment increased at a compound annual growth rate of 5.1% from approximately 1,499,000 as of December 31, 2007 to approximately 1,654,000 as of December 31, 2009, due, in part, to the increased use of fiber which increased at a compound annual growth rate of 53.8% from approximately 52,000 as of December 31, 2007 to approximately 123,000 as of December 31, 2009. The number of subscribers in the business segment decreased at a compound annual growth rate of 3.5%, from approximately 460,000 subscribers as of December 31, 2007 to approximately 431,000 as of December 31, 2009 and the compound annual growth rate of business segment fiber customers was 33.7% during the same period (source: TDC Market Intelligence).

Although mobile operators have been upgrading their networks to enable higher speeds, TDC Market Intelligence's research indicates that, due to the ongoing investment in landline connections, the speed differential between mobile broadband and landline broadband has not materially decreased. In addition, TDC believes that volume based billing and the premium pricing of mobile services over landline broadband may limit the potential substitution effects.

According to TDC Market Intelligence, fiber infrastructure remains a small but growing component of the overall broadband and TV distribution market in Denmark, with a total of approximately 139,000 residential and business broadband subscribers as of December 31, 2009 as well as some additional households with TV only fiber. This represents an increase at a compound annual growth rate of 51.0% when compared with the approximately 61,000 as of December 31, 2007 (source: TDC Market Intelligence). The number of homes passed by fiber networks in Denmark was approximately 529,000 as of September 30, 2010, of which approximately 102,000 are passed by TDC's fiber network, according to TDC Market Intelligence. In 2005, utilities companies and certain municipalities announced plans to enter the telecommunications industry by investing to build new fiber networks in Denmark. The aggregate of the investments announced by them was approximately DKK 9,500 million. As of September 30, 2010, TDC estimates that the actual investment was approximately DKK 8,000 million and that the number of homes passed was approximately 529,000. In December 2009, TDC acquired the largest fiber network in Denmark, with approximately 102,000 homes passed, from DONG Energy. The formerly fragmented market has recently seen some level of further cooperation, with a number of utilities companies now marketing their services jointly under the Waoo! brand.

Danish Mobile Market

TDC believes that the Danish mobile market has historically been one of the more competitive markets in Europe, with four MNOs (TDC, TeliaSonera, Telenor and 3) and a relatively large number of predominantly prepaid focused MVNOs and service providers. Since 2003, there have been periods of consolidation and the two largest MVNOs, Telmore and CBB, were acquired by TDC and Telenor, respectively, in 2004. Currently, independent MVNOs have a smaller market share than they had previously. The largest independent MVNO in Denmark based on subscribers, Onfone, had a customer base of approximately 50,000 as of September 30, 2010, as estimated by TDC Market Intelligence.

Mobility services

According to TDC Market Intelligence, in the mobile voice market in Denmark, population penetration increased from 112.4% as of December 31, 2007 to 122.6% as of December 31, 2009. The compound annual growth rate of residential and business subscribers during this period was 5.3%, reflecting an increase from approximately 6,122,000 subscribers as of December 31, 2007 to approximately 6,782,000 as of December 31, 2009. Combined mobile and landline telephony traffic increased at a compound annual growth rate of 5.0% from 17,308 million minutes during 2007 to 19,066 million minutes during 2009. Mobile voice, as a proportion of total voice traffic, increased from 46.3% in 2007 to 59.0% in 2009 (source: NITA Telecom Statistics—Second Half of 2009). The proportion of mobile voice subscribers using prepaid services is relatively low by European Union standards at approximately 18% of the Danish residential market (as of December 31, 2009), as estimated by TDC Market Intelligence.

According to TDC Market Intelligence, between December 31, 2007 and December 31, 2009, the business mobile voice market experienced a compound annual growth rate of 3.2% which reflected an increase in the number of subscribers from approximately 1,070,000 as of December 31, 2007 to approximately 1,139,000 as of December 31, 2009 and the residential mobile voice market experienced a compound annual growth rate of 5.7%, reflecting an increase from approximately 5,052,000 subscribers as of December 31, 2007 to approximately 5,643,000 as of December 31, 2009.

The Danish mobile broadband market had a compound annual growth rate of 79.9% during the period between December 31, 2007 and December 31, 2009, growing from approximately 183,000 subscribers as of December 31, 2007 to approximately 592,000 as of December 31, 2009, according to TDC Market Intelligence. TDC believes that this market segment has been characterized by significant price pressure due to strong competition. The compound annual growth rate in the residential market for the period between December 31, 2007 to December 31, 2009 was 164.2%, reflecting an increase from approximately 52,000 subscribers as of December 31, 2007 to approximately 361,000 as of December 31, 2009 and the compound annual growth rate in the business segment during the period from December 31, 2007 to December 31, 2009 was 32.9%, reflecting an increase from approximately 131,000 subscribers as of December 31, 2007 to approximately 231,000 subscribers as of December 31, 2009 (source: TDC Market Intelligence).

In May 2010, TDC was allocated 2x20MHz of paired spectrum in the auction of the Danish 2.5GHz frequencies, which will be used for LTE. TDC is currently running field tests of the LTE technology and currently expects to launch commercial services in 2011.

Danish Pay-TV Market

The Pay-TV market includes all subscriber based TV in Denmark (excluding free-to-air TV) provided through cable, DTT, DTH, FTTH or xDSL. A household may have more than one Pay-TV subscription. As of December 31, 2009, the household penetration in Denmark was 89.8% (source: TDC Market Intelligence). The number of Pay-TV subscribers in Denmark increased from approximately 2,162,000 as of December 31, 2007 to approximately 2,312,000 as of December 31, 2009 which represents a compound annual growth rate of 3.4% (source: TDC Market Intelligence). The switch-off of the Danish analog terrestrial network in October 2009 resulted in some free-to-air viewers becoming Pay-TV subscribers. The compound annual growth rate for Pay-TV revenues for the period December 31, 2007 to December 31, 2009 was 8.8% (source: Screen Digest Denmark TV market, September 2010).

The Danish Pay-TV market is characterized by the migration from analog to digital TV and the development of digital TV services, such as HDTV, personal video recorder and video-on-demand services. Cable TV is the most common form of TV distribution in Denmark with 73.7% of all Pay-TV customers as of December 31, 2009. DTH distribution was used by 16.6% of all customers using Pay-TV as of December 31, 2009 (source: TDC Market Intelligence). The number of customers using TVoIP increased from approximately 35,000 as of December 31, 2007 to approximately 178,000 as of December 31, 2009, which represents a compound annual growth rate of 125.5%. During the same period, the number of customers equipped with DTH has declined from approximately 402,000 as of December 31, 2007 to approximately 384,000 as of December 31, 2009 (source: TDC Market Intelligence).

TDC's key competitors

TDC believes its key competitors in Denmark are:

- *Telenor:* Telenor is the telecommunications incumbent in Norway. It entered the Danish mobile market in 2000 through the acquisition of a majority stake in Sonofon, Denmark's second largest mobile operator, which is now wholly owned by Telenor. Telenor entered the Danish fixed broadband and VoIP market in 2005 with the acquisition of Cybercity. As of September 30, 2010 Telenor is present in most residential segments in Denmark, including landline telephony and broadband, mobile voice and broadband and Pay-TV, the latter through its 100% owned subsidiary Canal Digital (DTH TV, cable TV and landline telephony). Canal Digital also provides fixed data. Telenor is also present in the business segment of the telecommunications market.
- *TeliaSonera:* TeliaSonera is the incumbent operator in Sweden and Finland and currently operates under the brand Telia in Denmark. It has expanded its footprint in the Danish mobile market following the acquisitions of Orange Denmark and Debitel. TeliaSonera is present across most market segments, although its presence in the Pay-TV market has decreased with the sale of its 100% owned cable TV subsidiary, Stofa, to a Swedish private equity firm, Ratos, in July 2010 and its presence in the Pay-TV market is now limited to TVoIP. TeliaSonera is also present in the business market.
- *3:* 3 Scandinavia operates in Denmark through the company Hi3G Denmark ApS. 3 is owned by the Hong-Kong listed telecommunications group Hutchison Whampoa Ltd. (60%) and by the Stockholm listed industrial holding company Investor AB (40%). 3 launched its operations as the fourth mobile network operator in Denmark in 2003. 3 has been most prominent in the mobile broadband and mobile voice markets. In mobile voice and broadband, 3 also operates in the no-frills market under the brand OiSTER. 3 does not operate a landline network and as such does not offer landline broadband, VoIP or TV services. However, 3 does offer a mobile TV solution.
- *Utility companies:* Utility companies in Denmark launched the roll-out of fiber networks in 2005, with the stated aim of broadening access to very high speed internet and telecommunications services. Fourteen utility companies and Eik Banki Foroya own the service provider Nianet A/S, a company providing services to business customers. Fifteen utility companies established the service provider Waoo! by a merger of Profiber and Smile Content in 2010, with the aim of competing in landline telephony and broadband and Pay-TV in the telecommunications and Pay-TV residential markets in Denmark. Waoo! is delivering landline telephony, broadband and Pay-TV to residential customers through fiber and is sold via the local utility companies.
- *Boxer:* Boxer is a DTT gatekeeper operating under a license in Denmark and is owned by the Swedish State through Teracom AB. Boxer launched operations in Denmark in February 2009 and reached national network coverage in October 2009. Boxer currently offers a limited range of TV content.

- *Stofa:* Stofa is a cable operator delivering Pay-TV, landline telephony and broadband exclusively in Denmark. It is owned by the Stockholm-listed private equity company, Ratos, which acquired Stofa from TeliaSonera in July 2010.
- *Viasat:* Viasat distributes TV by its DTH TV platform and provides viewers with content packages which feature channels from free-to-air TV, own Pay-TV channels and a broad range of local and international third party channel brands. Viasat also re-sells its own Pay-TV to other TV distributors. Viasat is owned by Modern Times Group.

Market share of TDC's key competitors

The table below sets forth TDC's estimates of the market shares of TDC and its key competitors as of September 30, 2010:

Market segments	TDC	Telenor[(2)]	Telia[(3)]	3	Other
Residential Landline Telephony[(1)] (PSTN/ISDN/VoIP) *(Includes PSTN, ISDN and VoIP. Excludes wholesale)*	71%	10%	2%	0%	17%
Residential Landline Broadband (xDSL/cable/other) *(Includes xDSL and Cable. Excludes wholesale)*	61%	12%	2%	0%	26% (of which 9% for utilities companies)
Consumer Mobile Voice *(Includes SoHo. Excludes mobile broadband)*	38%	30%	22%	6%	4%
Consumer Mobile Broadband	28%	19%	15%	37%	1%
Pay-TV *(Excludes non Pay-TV terrestrial)*	55%	7%	<1%	0%	38% (Viasat, Stofa, Associations, Utilities)
Business Landline Telephony (PSTN/ISDN/VoIP) *(Includes PSTN, ISDN and VoIP. Excludes wholesale)*	79%	6%	5%	0%	10%
Business Landline Broadband (xDSL/cable/other) *(Includes xDSL and Cable. Excludes wholesale)*	71%	15%	2%	0%	12% (of which 1% for utilities companies)
Business Mobile Voice *(Excludes mobile broadband)*	60%	25%	10%	4%	<1% network shares leaves 0% to other
Business Mobile Broadband	46%	18%	12%	24%	<1% network shares leaves 0% to other
System Integration	29%	N/A	N/A	N/A	N/A

Source: TDC Market Intelligence

(1) The method for reporting lines for VoIP is not prescribed by NITA. TDC ascribes one line for each connection within the multi-line connection, for example, a 300 multi-line VoIP connection would be reported as 300 lines. Other operators may report multi-line VoIP as one line in total.

(2) Includes Canal Digital.

(3) Excludes Stofa.

Nordic Business Market (excluding Denmark)

The table below sets forth selected socioeconomic indicators for Sweden, Norway and Finland. All three countries have relatively high GDP/capita ratios compared with the European average ratios and benefit from relatively strong macroeconomic fundamentals. Their currencies are Euro (Finland), Norwegian Kroner (Norway) and Swedish Krona (Sweden). Both the Norwegian and Swedish currencies have exhibited volatility against the Euro and the Danish Kroner in recent years.

Indicator	Sweden	Norway	Finland
GDP per capita 2009(1)	$43,668	$78,178	$44,581
Unemployment rate 2010 estimated(2)	8.2%	3.5%	8.8%
Inflation 2010 estimated(3)	1.6%	1.6%	1.4%
Budget deficit/(surplus) 2009(4)	0.8%	(9.9%)	2.4%
Government debt/GDP 2009(5)	41.6%	54.3%	43.9%

Source: International Monetary Fund World Economic Outlook Database, October 2010

(1) GDP per capita is based on prices which have not been adjusted for inflation.

(2) Percent of total labor force as defined by harmonized International Labour Organisation (United Nations) definition. Latest actual data used are as of September 2010.

(3) Percentage change in end of period consumer prices.

(4) General government net lending/borrowing, a positive number indicates a deficit.

(5) General government gross debt.

The number of connections in the Nordic business markets (excluding Denmark) increased from 8.8 million as of December 31, 2007 to 9.3 million as of December 31, 2009, which represents a compound annual growth rate of 2.8% (source: Analysys Mason, Norway and Sweden Telecom Market Forecasts, June 2010).

The following table sets forth certain key indicators for the Nordic Business markets (excluding Denmark) as of December 31, 2009. (For Sweden and Norway markets are defined as the total business market excluding small businesses; for Finland markets defined as total business market.)

Market segments	Total market size(1)(4)	TDC's market share	TDC's key competitors
	(local currency, millions)		
IP-VPN (Sweden)(2)	1,674	23%	TeliaSonera, Telenor, DGC
Landline voice (Sweden)(2)	2,437	6%	TeliaSonera, Tele2, Verizon and Telenor
IP-VPN (Norway)(2)	795	29%	Telenor, Hafslund Telecom, Ventelo
Landline voice (Norway)(2)	1,206	22%	Telenor, Ventelo
IP-VPN (Finland)(2)	86	25%	TeliaSonera, Elisa
Landline voice (Finland)(2)	191	9%	TeliaSonera, Elisa
Hosting (Sweden)(3)	2,918	1%	Qbranch, Logica, Systeam
Hosting (Finland)(3)	150	2%	Logica, Xenetic (Elisa), Crescom (TeliaSonera)

Source: TDC Market Intelligence, IDC

(1) Presented in local currency of relevant country.

(2) Market is defined as total business market, excluding small businesses for Sweden and Norway; Finnish market defined as total business market.

(3) Hosting market is defined as hosting application management and hosting infrastructure services.

(4) Source: IDC (European Telecom Services Database Q3 2010) (updated October 31, 2010, accessed November 4, 2010) for IP-VPN and landline voice markets in Sweden, Norway and Finland, IDC (Finland Outsourcing Services 2009 Vendor Shares and 2010-2014 Forecast, September 2010, document number #FI561065S) for Finnish hosting market and IDC (Sweden Outsourcing Services 2009 Vendor Shares and 2010-2014 Forecast, August 2010, document number #SE561065S) for Swedish hosting market.

HISTORY OF TDC

TDC has been a key player in the European telecommunications industry since 1990, when it was founded by the Danish State as Tele Danmark A/S, in a transaction which combined the operations of four Danish regional telecommunications providers with Telecom A/S, the Danish international telephone service provider. Its founding was intended to create a strong Danish telecommunications company, capable of facing competition in an increasingly open international telecommunications market. In 1994, Tele Danmark A/S conducted an initial public offering of shares listed on the Copenhagen Stock Exchange (now NASDAQ OMX Copenhagen A/S) and American Depository Receipts on the New York Stock Exchange, thereby reducing the ownership of the Danish State to 51%. In 1996, the telecommunications market was liberalized in Denmark, in advance of most other European states. Following the liberalization, Tele Danmark A/S retained its position as the largest Danish telecommunications operator although competition in the market had increased.

In April 1998, Ameritech Corporation acquired a 42% interest in Tele Danmark A/S as part of a further partial privatization and strategic partnership. In 1998, Tele Danmark A/S completed its privatization by repurchasing and cancelling the Danish State's remaining shares. In 1999, Ameritech merged into SBC Communications Inc. In 2000, Tele Danmark A/S changed its name to TDC A/S. New independent subsidiaries and a new structure were formed to increase customer focus, to make the company more transparent and to promote future growth potential. In 2004, SBC Communications sold its interest in TDC A/S in the open market to TDC A/S itself.

Prior to 2005, TDC expanded geographically outside Denmark through a series of acquisitions and investments and was transformed from a Danish telecommunications business into a Danish-based European provider of telecommunications solutions. In 2001, TDC acquired the Swiss mobile operator, Sunrise, which in 2001 was also merged with the Swiss mobile service provider diAx. TDC also expanded into other parts of Europe, including the acquisition of Song Networks AB, a leading Nordic telecommunications operator, in 2004.

TDC's transformation since 2005

Acquisition of TDC by NTC ApS

On November 30, 2005, Nordic Telephone Company ApS ("NTC ApS"), a company indirectly owned by investment funds advised or managed, directly or indirectly, by Apax Partners LLP, The Blackstone Group L.P., Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited, announced a recommended tender offer for all outstanding shares of TDC. The tender offer valued the entire issued capital of TDC at approximately DKK 75,788 million. The tender offer was completed on January 20, 2006, when NTC ApS acquired 87.9% of shares in TDC. The remaining 12.1% of shares remained publicly held, with 5.5% held by ATP, a Danish pension fund.

Since the acquisition of the majority interest in TDC by NTC ApS in 2006, TDC has transformed itself into a geographically focused and more efficient and commercially astute operator, with improved networks, a diversified product portfolio and a clear strategic vision.

The table below sets forth certain key financial and operational metrics of TDC in 2005 (prior to NTC ApS's acquisition of TDC) compared with the metrics in 2009, to indicate the transformation of TDC post-acquisition:

Indicator	2009(1)(3)	2005(2)
Danish RGUs (thousands)	8,749	7,652(4)
Revenue (DKK million)	26,079	46,588
EBITDA (DKK million)	10,536	13,003
EBITDA margin (%)	40.4%	27.9%
Cash conversion (%)	61.4%	49.1%
Number of countries present	4(3)	12(4)
Number of full-time employee equivalents (end-of-period)	11,277	20,225

(1) Figures for 2009 are not directly comparable to figures for 2005 as they include discontinued and deconsolidated operations (Sunrise, Invitel, Talkline, Polkomtel, Bitė and One) and are not adjusted for acquisitions.

(2) As presented in the 2005 annual financial statements of TDC Group.

(3) Excluding Sunrise.

(4) As of December 31, 2005.

On December 30, 2009, a merger between TDC and NTC ApS was consummated with TDC as the surviving company. The merger was effective as of January 1, 2009 for accounting purposes. The purpose of the merger was to simplify the group structure and to optimize TDC's capital structure.

A focused portfolio & Nordic strategy

Although TDC's wholly or partly owned European telecommunications subsidiaries and international operations contributed approximately 50% of revenue and 29% of total EBITDA (for a reconciliation of EBITDA to operating profit, see "*Selected Historical Consolidated Financial and Operating Information*") in 2005, in TDC's view, they provided limited synergies with TDC's core Nordic business. Consequently, in 2006, TDC embarked on a strategy to concentrate on its core Nordic markets and to become a clear and focused Nordic telecommunications operator through strategic in-country consolidation and divestments of its non-Nordic international assets. Partly as a result of these divestments, TDC's revenue decreased from DKK 46,588 million in 2005 to DKK 26,079 million in 2009 (excluding Sunrise, which TDC divested in October 2010 and which is treated as a discontinued operation in its financial statements included elsewhere herein). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Disposal of Sunrise in Switzerland*".

Acquisitions and disposals

Since 2005, TDC has strengthened its leading positions in Denmark through in-market consolidation and has acquired complementary network operators and service providers in Denmark. The table below sets forth the key acquisitions in Denmark during this period:

Year	Business	Description
2010	Unotel	Mobile company
2010	M1	Mobile services provider
2009	DONG Energy's fiber network(1)	Fiber network in Copenhagen and North Zealand
2009	A+	TV and broadband services provider
2009	Fullrate	No-frills provider of internet
2008	Køge City Net	Municipal cable network
2008	Guldborgsund City Net	Municipal cable network
2007	Fredericia City Net	Municipal cable network
2006	Esbjerg Municipality's Cable TV	Cable TV

(1) Revenue sharing model is in place.

For further details regarding TDC's material acquisitions, please see "*Business—Material Contracts—Acquisitions and Divestitures*".

Since 2007, TDC has completed a number of divestments of non-core assets, to create a geographically focused portfolio. The table below sets forth the key divestitures during this period:

Year	Business	Description
2010	Sunrise	Swiss telecommunications provider
2009	Invitel	Hungarian internet and landline services provider
2008	Polkomtel	Polish telecommunications provider
2007	Talkline	German mobile services provider
2007	One	Austrian mobile services provider
2007	Bitè	Baltic mobile services provider

In addition to the sale of its non-Nordic international assets, TDC has also divested Danish non-core assets, including the directory business, TDC Directory in 2005 (prior to NTC's acquisition); the Ericsson Business Phone system for business customers in 2008; the power installation business, TDC Produktion in 2008; the mobile and fixed satellite assets of TDC in 2009; and the sale of the assets of the network business of information technology network specialist Connect Partner, Denmark in 2008. TDC has also outsourced its information technology services (2005-2007), mobile network operations (2008) and terminal and CPE (Customer Premises Equipment) sales to business customers (2008).

Re-organization and strengthening of management team

Since 2005, TDC has taken steps to change its business focus from a product/technology-centric organization to a customer-centric organization, in order to optimize sales channels and facilitate cross-selling and bundling of products. This has been facilitated in part by a re-organization of TDC's operations, which now are run as five distinct business divisions (Consumer, TDC Business, TDC Nordic, Operations & Wholesale and YouSee). In addition, TDC has strengthened its senior management team and reinforced its focus on management performance and incentive programs.

Operational excellence

As part of its strategy since 2005, TDC has implemented an internal value-creation program aimed at improving operating efficiency and reducing costs. The program has included, among other things, removing duplicate headquarters and business division functions, consolidating call centers from 14 to 4 locations as of September 30, 2010, outsourcing information technology and mobile network operations and terminal and CPE sales to business customers and reducing facility costs through physical consolidation and property disposals.

Commercial excellence

Since 2005, TDC has sought to reclaim commercial leadership in both the business and residential segments of the Danish telecommunications market, as well as to remain at the forefront of technological developments. To achieve this, TDC has undertaken several initiatives, including shifting from a single-brand (TDC) to a multi-brand strategy (TDC, YouSee, Telmore, Fullrate and M1) in order to leverage the full potential of its consumer brands as well as revitalizing the distribution channels, including fully owned dedicated retail shops, third party vendors and TDC online, with the refurbishment of TDC Shops and the re-launch of TDC online. TDC has also launched innovative products, such as the free downloads music service TDC Play, the bundled product TDC HomeTrio, and YouSee Plus with features including video-on-demand, HDTV and video archive. To improve its end-to-end customer experience, TDC implemented "TAK" (*take responsibility for the customer*), a comprehensive customer centric program (see "*Business—Key Strengths*").

Network infrastructure

As the incumbent telecommunications operator in Denmark, TDC has a legacy of building and operating the communications infrastructure in Denmark. Despite its high level of financial leverage in recent years, TDC has been able to expand and strengthen its network infrastructure across platforms, with significant network coverage in the Nordic region. During the three years ended December 31, 2007, 2008 and 2009, TDC's capital expenditure in Denmark and the other Nordic countries remained broadly stable at DKK 3,891 million to DKK 3,979 million, (between 14% and 15% of revenue), which is one of the highest levels of expenditure compared to the Core and Nordic Peers. During the nine-month period ended September 30, 2010, TDC's capital expenditures were 12.6% of revenue, a lower level than previous years, which was mainly due to difficult weather conditions in the first few months of 2010.

BUSINESS

Overview

TDC is the leading provider of telecommunications and Pay-TV in Denmark with a market-leading position in each of its major business segments—landline telephony, internet access, mobility services and Pay-TV. Outside of Denmark, TDC has a significant presence in the pan-Nordic business market.

TDC's leadership in Denmark is reflected in its strong Danish brands which cover all key segments, channels and product categories in the residential and business telecommunications markets, and in its operation of technology platforms and infrastructure across all the major telecommunications access technologies: copper, cable, fiber and mobile. TDC is one of only two European incumbent operators to fully own a leading cable TV network in its domestic market.

Through its wholly owned subsidiaries in Sweden, Norway and Finland, TDC offers pan-Nordic telecommunications solutions, including hosting services and systems integration, to businesses and organizations across the Nordic region.

TDC operates in the following five business divisions (which are also its financial reporting divisions):

- *Consumer:* Consumer is the leading supplier of telecommunications and TVoIP solutions in Denmark. The Consumer business division provides landline and mobility services (including subscription and prepaid voice services, mobile broadband and content) and bundled multi-play products and landline mobile convergent products to residential and SoHo customers in Denmark. Consumer operates across the market segments, from no-frills to premium, with the brands TDC, Telmore, Fullrate and M1.
- *TDC Business:* TDC Business has a market leading position in the Danish business market and provides telecommunications solutions for small, medium and large businesses as well as the public sector in Denmark. Its activities include broadband solutions, landline telephony, mobility services, convergence products (combined landline and mobile telephony), fiber access, terminal equipment, including systems integration services and leased lines.
- *TDC Nordic:* TDC Nordic primarily provides telecommunications solutions for businesses in the Nordic region outside of Denmark. Its products include landline telephony, IP-VPN and internet access on its pan-Nordic network. In the mobile market, TDC Nordic operates as an MVNO or service provider pursuant to agreements with local mobile network operators. TDC Nordic also offers communication integration services and, through TDC Hosting, provides hosting solutions and information technology outsourcing throughout the Nordic region. TDC Nordic and TDC Business benefit from sharing customer relationships, products and services.
- *Operations & Wholesale:* Operations & Wholesale is responsible for all of TDC's Danish activities regarding landline and mobile networks, operations, infrastructure, information technology and wholesale (excluding those operated by YouSee). Operations supports TDC's other business divisions by operating support and back-office functions, managing a number of critical support functions in the organization (such as information technology, supply chain and procurement, installation and network) and drives operational change in the group. Wholesale, as a commercial unit, provides landline telephony, mobility services, internet and network services for other operators, service providers and brand partners, as well as national and international traffic and roaming for other network operators.
- *YouSee:* YouSee is the leading Danish cable TV provider in terms of market share, offering TV, broadband and telephony services to individual households and organized customers, such as antenna and housing associations, in Denmark.

Revenue, EBITDA and RGUs by business division are specified in the table below. See also *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*.

Business Division	As of December 31, 2009	Year ended December 31, 2009			
	RGUs	**Revenue**	**% of total Revenue(1)**	**EBITDA(2)**	**% of total EBITDA(1)(2)**
	(in thousands)	(DKK in millions)		(DKK in millions)	
Consumer	4,208	9,711	35.5	3,995	37.1
TDC Business	1,836	7,926	29.0	3,721	34.6
TDC Nordic	181	3,515	12.9	497	4.6
Operations & Wholesale	941	2,582	9.4	1,413	13.1
YouSee	1,765	3,597	13.2	1,141	10.6
Other, inclusive eliminations	—	(1,252)	—	(231)	—
Total	**8,930**	**26,079**	**100**	**10,536**	**100**

(1) Excluding "Other, inclusive eliminations".

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see *"Selected Historical Consolidated Financial and Operating Information"*.

Revenue Generating Unit ("RGU") means the total number of customer relationships that generate revenue for TDC, for example, a HomeTrio customer represents three RGUs (one for each part of the package). See *"Glossary"* for more information on the definition of RGU.

Key Strengths

TDC has a leading position in Denmark across the market segments where it operates

TDC is the only telecommunications operator in Denmark that provides all the services in, and has a market-leading position across, the market segments in which it operates. As of September 30, 2010, in the residential market, TDC was number one by market share in landline telephony, mobile voice, broadband and Pay-TV and number two by market share in mobile broadband. As of September 30, 2010, in the business market, TDC was number one by market share in landline telephony, data, mobile broadband and mobile voice. Based on data as of June 30, 2010 for the Core Peers (Belgacom, KPN and Swisscom) and Nordic Peers (Elisa, Telenor and TeliaSonera) and as of September 30, 2010 for TDC, TDC's market shares in Denmark in Pay-TV and broadband were higher than those of its Core and Nordic Peers in their respective domestic markets. TDC has defended and, in some areas, grown its leading positions in its Danish residential and business markets during the three years ended December 31, 2009. See *"Industry and Competitive Environment—Market segments"*.

Through its multi-brand strategy, with brands such as TDC, Fullrate, Telmore, M1 and YouSee, TDC offers products across all key telecommunications product segments in Denmark, at price positions ranging from no-frills to premium and with strong brand recognition in each of these market segments, and distributes its products through an extensive distribution network, including TDC's own shops, dealer network, account managers, call centers and website. See *"—Overview of TDC's Activities by Business Division—Consumer—Sales and marketing" and "—Overview of TDC's Activities by Business Division—Consumer—Brands"*.

TDC's combination of highly advanced infrastructure, including cable ownership, provides TDC with a unique network position in Denmark

TDC has a unique platform of telecommunications infrastructure coverage in Denmark, both in landline access, including cable and fiber, and a range of mobile technologies, including LTE through TDC's recently acquired 2.5GHz license. By September 30, 2010, more than 99% of Danish households were able to receive TDC's broadband with download speeds at or above 512 Kbps, approximately 87% of households were covered by TDC's cable network, fiber or xDSL and were able to receive internet download speeds of up to 20 Mbps and 55% able to receive speeds of up to 50 Mbps. Using these technologies, as of September 30, 2010, TDC was capable of providing triple-play services (the bundling of telephony, internet and TV services through one access channel) to 90.4% of households in Denmark. When compared to its competitors in Denmark, as of September 30, 2010, only 3.6% of the Danish households were triple-play enabled by an infrastructure-based competitor of TDC in a location where TDC was not able to provide triple-play access. See *"—Overview of TDC's Activities by Business Division—Consumer—Network"*.

Despite its high level of financial leverage in recent years, TDC has continued to invest in its business, including its network infrastructure, during the three years ended December 31, 2009. TDC's capital expenditure in Denmark and the other Nordic countries was broadly stable, from DKK 3,979 million in 2007 to DKK 3,891 million in 2009 (between 14% and 15% of revenue), which is one of the highest levels of capital expenditure as a percentage of revenue compared to the Core and Nordic Peers.

TDC's revenue profile has been resilient in a challenging economic environment in recent years

Despite a challenging economic environment in 2010 and competitive pressures in the Danish market, TDC recorded flat revenue for the nine-month period ended September 30, 2010, compared with the same period in 2009. By comparison, TDC's revenue decreased by 3.7% during the year ended December 31, 2008 and by 3.1% during the year ended December 31, 2009 compared with the respective previous years. If reported revenue were to be adjusted for divestments and acquisitions, sale of property, plant and equipment, outsourcing, the impact of foreign exchange developments and price regulation on mobile termination rates and international roaming charges, TDC's revenue would have increased by 0.7% during the year ended December 31, 2008, would have decreased by 0.2% during the year ended December 31, 2009 and would have decreased by 0.9% during the nine-month period ended September 30, 2010.

TDC believes the key factors behind the resilience of its revenue have been the diminishing impact of declining landline revenues, which have been more than offset by increased revenue from mobility services, growth in revenue and the number of subscribers in Pay-TV and, during the nine-month period ended September 30, 2010, the improved revenue and market position of TDC Nordic.

Since December 31, 2008, TDC's domestic landline telephony revenue decline has shown a significant deceleration, from a decrease of DKK 212 million (adjusted for the impact of the sale of International Carrier Services) in the first quarter of 2009 (compared to the same period in 2008) to DKK 90 million in the third quarter of 2010 (compared to the same period in 2009). This positive development reflects a successful management of PSTN churn over this period (from 17.6% in the first quarter of 2009 to 13.2% in the third quarter of 2010), through pro-active churn control and the introduction of flat rates and bundled offers such as HomeDuo and HomeTrio. The increase in the number of RGUs sold per access line, from 1.35x in the first quarter of 2008 to 1.43x in the third quarter of 2010 reflects the churn reducing effect of multi-play products. For example, in the third quarter of 2010, churn was 16.5% for customers with only PSTN and 6.5% for multi-play product customers with PSTN, broadband and Duet. TDC believes these developments and initiatives have been key factors in the decrease of line losses to 32,000 lines in the three-month period ended September 30, 2010. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Copper Line Loss"*.

The recent growth in mobile revenue can be mainly attributed to the increased contribution of smartphones sales and associated data usage underpinned by mobile broadband. Smartphones and associated data usage appear to be becoming a key driver of revenue growth as the proportion of smartphones sold as a percentage of total mobile handset sales of TDC Group (excluding TDC Nordic) significantly increased from 26% during the three months ended March 31, 2009 to 65% during the three months ended September 30, 2010 (while TDC's sale of iPhones only commenced on August 27, 2010). In addition, during the nine-month period ended September 30, 2010, ARPU on smartphones for residential customers (including SoHo) was DKK 295 per month, while ARPU on other handsets was DKK 171 per month. TDC has also increased the number of residential mobile broadband RGUs from 3,000 as of March 31, 2008 to 139,000 as of September 30, 2010, representing an increase of TDC's share of a growing Danish residential mobile broadband market, from 0.3% as of December 31, 2007 to 28.5% as of September 30, 2010.

TDC's Pay-TV revenues have recorded a compound annual growth rate of 16.8% between the period of December 31, 2007 and December 31, 2009. One of the key strengths of this segment has been TDC's ability to deliver a TV offering available on cable, TVoIP and mobile. The ability to continue to expand the customer base through increased penetration and expansion of homes passed was reflected in a compound annual growth rate of 7.5% in the number of RGUs for TDC's Pay-TV products (YouSee and TDC TV), from approximately 1,187,000 as of December 31, 2007 to approximately 1,451,000 as of September 30, 2010. In addition, during the same period, YouSee experienced a significant increase in the sale of digital TV services, such as video-on-demand.

Despite a decrease in revenue in 2009, which TDC believes was mainly due to the recent economic downturn, TDC Nordic was able to record a revenue growth of 14.3% for the nine-month period ended September 30, 2010, compared with the same period in 2009. This positive development reflected a positive exchange rate development and increased revenue from mobile voice, IP-VPN and hosting services.

TDC has delivered EBITDA and Equity Free Cash Flow in recent years driven by continued operational improvements

Between December 31, 2007 and December 31, 2009, TDC recorded an EBITDA compound annual growth rate of 6.0%, an EBITDA margin increase from 33.5% as of December 31, 2007 to 40.4% as of December 31, 2009 and an Equity Free Cash Flow compound annual growth rate of 48.9%. TDC believes this performance is primarily a result of its ongoing focus on cost reduction which has been reflected in a decrease of total operating expenditures of DKK 1,576 million (wages and other external expenditures) between December 31, 2007 and December 31, 2009. During this period, however, the proportion of operating expenditure that TDC considered to be customer-focused (marketing and distribution) increased, while those considered to be back office functions (such as facility management and network) decreased. TDC has achieved productivity improvements, including decreased fault rates across VoIP and TVoIP, decreased call volume in Consumer customer call centers and an increased first call resolution rate in the nine-month period ended September 30, 2010. Notwithstanding cost reductions and significant employee redundancies in recent years, employee satisfaction and customer satisfaction in the Consumer division have increased. TDC believes there is further room for cost optimization and has defined a number of initiatives for ongoing cost reduction, including continued improvement of fault handling and ongoing process optimization. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Restructuring and Cost Reduction Programs"*.

TDC is committed to a highly attractive remuneration policy for its shareholders

TDC is committed to a highly attractive shareholder remuneration policy pursuant to which TDC aims to declare and distribute significant cash dividends.

For the financial year 2011, the Company's board of directors expects to recommend a dividend of DKK 4.35 per outstanding Share (following the Share Buy-back), of which 40% to 50% is expected to be distributed in the third calendar quarter of 2011 and the remainder in the first calendar quarter of 2012. Based on the Offer Price Range, DKK 4.35 per Share corresponds to a dividend yield between 7.8% and 9.3%.

The board of directors has adopted a dividend payout policy for subsequent years of 80% to 85% of its annual Equity Free Cash Flow in a given year. For a description of TDC's dividend policy, see "*Dividends and Dividend Policy*".

TDC intends to achieve and maintain a stable investment grade rating in order to implement its shareholder remuneration policy, targeting a financial leverage of 2.1x or below of net debt to annual EBITDA. For more information regarding TDC's capitalization, see "*Capitalization*".

TDC currently expects its acquisition strategy to focus on bolt-on in-country acquisitions in Denmark and other Nordic countries, in line with its recent practice. TDC's cash requirements for acquisitions are not expected to impede its ability to pay dividends or to compromise adherence to its leverage and rating policy. See "*Dividends and Dividend Policy*".

TDC's experienced management team has a proven track record of achieving TDC's strategic objectives

TDC's management team has defined a set of strategic objectives for TDC and intends to execute these in a disciplined and rigorous manner. In addition to a corporate strategy, each of TDC's business divisions has a defined set of strategic initiatives and uses detailed key performance indicators, which are tracked and monitored on daily, weekly, monthly or quarterly bases, to measure performance and enable accountability.

TDC's management team has significant experience in the telecommunications and service industries in Denmark and a track record of increasing productivity and reducing costs while, at the same time, maintaining and enhancing strong customer relationships.

TDC executive committee's post-Offering compensation will be tied to Company and share performance

With effect from January 1, 2011, subject to approval of new guidelines for incentive pay for the executive committee at a general meeting of the shareholders of the Company, executive committee members will be obliged to defer 50% of their annual bonus for three years. Conversion into shares after three years will be subject to Company performance in terms of Equity Free Cash Flow per Share, excluding corporate income tax paid. For certain levels of performance achieved, additional matching shares will be granted while, for performance below a certain threshold, the deferred share units will be lost. In addition, TDC expects to introduce a performance share scheme to replace the current long-term incentive program with effect from January 1, 2011. Under this scheme, eligible participants (including the executive committee) are to receive annual grants of performance share units. The performance share units are to be subject to a three-year vesting period after which vested performance share units will be converted into Shares in the Company. The percentage of performance share units that vest at the end of each three-year period is a function of the Company's performance measured by total shareholder return relative to a peer group of 14 telecommunications companies (excluding TDC). A mandatory perpetual stock ownership representing a value equivalent to two years annual base salary, net of taxes, is expected to be implemented for the executive committee with effect from January 1, 2011. See "*Remuneration and Benefits—Bonus programs and other incentive schemes of TDC from 2011.*"

Strategic Agenda

TDC aspires to become the best performing incumbent telecommunications operator in Europe by the end of 2012, measured by value creation, customer satisfaction and employee pride, and to remain the backbone of a highly advanced Danish telecommunications infrastructure.

TDC has defined ten corporate strategic priorities to enable it to achieve its objective. The first five strategic priorities seek to underpin TDC's ongoing corporate transformation and the remaining five strategic priorities are designed to further strengthen TDC's innovation and marketing efforts.

Corporate transformation strategic priorities

Continuous improvement of customer satisfaction

A group-wide customer satisfaction program called "TAK" (*take responsibility for the customer*) was launched in 2009. TAK was initially developed for Consumer and is now being extended to other business divisions in the Group. Since its launch, TAK has helped TDC achieve improved customer satisfaction primarily by focusing on reducing negative customer experiences in selected critical processes such as fault handling. In 2011, TDC plans to broaden the TAK project to include other aspects of the customer experience moving towards high-frequency customer touch points, such as billing and product usage.

Bottom-up revitalization of TDC to improve performance and employee satisfaction

Through the implementation of TDC 2.0, TDC is undergoing a transformation in the way the business is managed on a day-to-day basis. TDC 2.0 is a group-wide project aimed at improving performance management and operational excellence through bottom-up revitalization of organizational behavior and culture. As of the date of this offering memorandum, TDC 2.0 has been rolled out in TDC Shops and in parts of TDC Business. As part of TDC 2.0, daily morning briefings, weekly sales reviews and balanced incentive structures combined with changes to staff scheduling, reductions in administrative burden and store standardization have been introduced in TDC Shops. TDC aims to extend TDC 2.0 across the rest of the TDC Group throughout 2011 and 2012 with the objective of further improving performance, productivity and employee satisfaction by focusing on behavioral and cultural transformation.

Fundamental review of TDC's operating model to improve flexibility and increase efficiencies

TDC is currently conducting TDC Pro which is a fundamental review of the operating model aimed at increasing efficiency, simplifying production, reducing lead times and waste, improving flexibility and strengthening cross-functional collaboration. The scope of TDC Pro is the review of processes, structures and interfaces as well as decisions on "make versus buy", primarily within the Operations & Wholesale division, as well as the interactions between Operations & Wholesale and TDC Consumer and TDC Business.

Focus on improved information technology tools

TDC intends to improve and simplify its information technology architecture through a focused and selective replacement and upgrading of its information technology systems. In 2011, TDC's information technology strategy is expected to focus on six "star projects" aimed at, among other things, enabling bundling and cross sales, introducing an integrated sales and quotation process in TDC Business, improving business-to-business invoicing and bill management and improving self-service capabilities.

Maintain financial discipline to ensure strong and predictable cash flow

TDC is seeking to maintain a strong financial discipline across business lines to ensure a positive and predictable cash flow development to enable a highly attractive remuneration policy for shareholders. TDC intends to continue to seek operational expenditure efficiencies with structured and disciplined cost cutting initiatives across all business divisions.

Innovation and marketing priorities

Improve landline telephony and broadband customer retention

TDC intends to continue its focus on landline telephony and broadband customer retention in both the Danish business and residential markets. In the business market, TDC is focused on migrating customers to alternative landline-net solutions such as Scale (which is a convergent fixed-mobile telephony solution offering business customers flexible switchboard functionalities). In the residential market, TDC aims to reduce PSTN churn by increasing sales of flat rate and multi-play solutions and increasing the landline broadband customer base by increasing demand for higher bandwidth, for example with HDTV offerings and video-on-demand.

Drive mobility growth

TDC aims to continue to grow mobility services in both residential and business markets. In these markets, TDC seeks to further strengthen its mobile broadband and mobile data position by capitalizing on mobile value-added services and the new LTE network that TDC is deploying after obtaining its 2.5 GHz license in May 2010. In addition, TDC is developing the M1 brand in the residential, low price, no frills SIM-only market, making it TDC's third differentiated mobility consumer brand. In the wholesale market, TDC intends to capitalize on its strong mobile network through increasing content provider services (such as mobile payment) and machine-to-machine offerings (such as alarm communication), while increasing MVNO and service provider use of TDC's infrastructure.

Expansion of TDC's TV offering through "TV Everywhere"

YouSee has agreements in place to distribute all key Danish TV channels, as well as agreements with more than 20 movie and entertainment suppliers, including major U.S. and Nordic studios, which provide TDC with a strong content position. This position underpins TDC's aim to expand its TV product to various distribution platforms, such as Web-TV, continue to deliver premium content, promote up-selling and cross-selling of digital TV services. TDC seeks to continue to innovate YouSee's TV offering and to meet customer demands by increasing availability of "a la carte" offerings and improving digital services, for example through improved agreements with major content providers.

Pursue growth from business solutions

TDC intends to gradually transform its product and service offering in the business segment by continuing its move towards integrated solutions and value-added services, including unified communication, need-based product bundles and CaaS (communication as a service). In the Nordic business markets, TDC aims to accelerate growth from mobile voice through renegotiated, improved MVNO and service provider agreements and from IP-VPN by capitalizing on its framework agreements with public sector entities in Sweden and Finland and fiber infrastructure throughout the Nordic region. TDC is focused on further growing its Hosting business by expanding its product portfolio with value-added services, expanding its segment focus to target enterprise and public sector customers and expanding its geographical focus in the Nordic countries.

Continuous improvement of distribution to enhance market and customer access

TDC seeks to improve market and customer access both online and offline with a focus on four key areas: improving the functionality of the online distribution channel, expanding the retail footprint by opening additional TDC Shops, improving the setup process for small and medium accounts through a new incentive system and closer sales follow-up, and accelerating market driven Wholesale business through a strong portfolio of service provider and MVNO brands, maximizing BSA business and proactively building Nordic business capacity services.

Overview of TDC's Activities by Business Division

Consumer

Overview

TDC's Consumer division, through a portfolio of brands, provides landline and mobility services for residential and SoHo customers in Denmark. The Consumer division addresses the mass to premuim market through the TDC brand and offers landline services including PSTN/ISDN and VoIP telephony, xDSL broadband, TVoIP, CPE and other value-added services, such as music and security services. Mobility services consist of subscription and prepaid voice and data services, mobile broadband and content. The TDC brand also offers bundled multi-play products, TDC HomeDuo and TDC HomeTrio, as well as the landline mobile convergent product, Duet. Consumer addresses the market spectrum, from no frills to premium, with its brands: TDC, Telmore, Fullrate and M1.

In the year ended December 31, 2009, Consumer's revenue was DKK 9,711 million (a decrease of 1.9% compared with 2008) which accounted for 35.5% of TDC's overall revenue for that period (excluding "Other, including eliminations"). In 2009, the TDC brand contributed 81.4% of total revenues, Telmore 16.2% and Fullrate 2.4%. As of September 30, 2010, Consumer had 4,129,000 RGUs.

As of September 30, 2010, Consumer had 2,094 full-time employee equivalents.

Strategy

Consumer intends to build on TDC's position as the leading provider of telecommunications and Pay-TV solutions in Denmark. Consumer also seeks to develop long-lasting customer relationships through an integrated Customer Lifetime Management program (which involves proactive management of the customer relationship across all sales channels) across all product categories, and attractive and innovative product combinations, such as triple-play, and a sustained, broad and diversified brand appeal to retail customers in Denmark, through a comprehensive network of own stores, an online shop, call centers and other distribution capabilities. In the no-frills market, the Consumer division seeks to continue to grow its existing market share by further developing Fullrate, Telmore and M1 brands and continuing to use the TDC brand to address the mass market to premium market.

Consumer's key strategic initiatives include:

- ***Securing the relevance of PSTN and increasing its usage.*** TDC aims to minimize PSTN landline loss using proactive customer dialogue based on an analysis of churn triggers; value-differentiating offers, such as HomeDuo and HomeTrio packages, or flat rate voice products; and optimization of "save teams" (a team of employees in charge of handling customers who are considering canceling their subscriptions). The combination of these measures, and the introduction of a new price plan, has contributed to TDC's ability to reduce significantly PSTN churn to 14.5% (excluding migrations to other TDC products) and 21.2% (including migrations to other TDC products) in the nine-month period ended September 30, 2010, from 16.5% and 28.8%, respectively, during the same period in 2009.

- ***Focus on service excellence.*** TDC aims to improve customer service by expanding its "TAK" (*take responsibility for the customer*) program to all business divisions and adding automated follow-ups to customer interactions. The strategic objective of TAK is to improve the customer's experience through a comprehensive monitoring process, from welcome calls to interim review of contracts and pro-active retention. TAK intends to increase customer satisfaction by minimizing the number of complaints, continuing the reduction of the number of faults and seeking first-call-resolution for calls to the call centers. Customer satisfaction in the Consumer division increased from 61% as of March 31, 2008 to 67% as of September 30, 2010, as measured by ECSI. TDC intends to expand the focus of TAK to higher frequency touch points, such as customer communication, billing and product usage.
- ***Increase value differentiation by offering new services and providing access to content and Pay-TV.*** With product offerings including full convergence in functionality within TDC bundled products (landline and mobile telephony, broadband, TVoIP), such as triple- or quadruple-play packages, TDC aims to provide access to content and entertainment and to leverage its multiple offering capability. TDC currently expects Consumer to be the first operator in Denmark to offer quadruple-play in Denmark in early 2011. By providing a superior telecommunications and Pay-TV experience to its customers, TDC aims to strengthen its RGU base and reduce churn.
- ***TDC aims to establish itself as the leading provider of mobile data and mobile broadband services in Denmark.*** Consumer has an extensive range of smartphones and expects to boost further its mobile data revenues through increased RGUs and data activity.
- ***Optimize cross-channel customer experience.*** Consumer uses a number of distribution channels including online, call centers, external channels (such as points of sale primarily for prepaid) and newly refurbished TDC Shops. The distribution channel mixture seeks to improve the customer experience, maintain customer loyalty, allow the customer to change between sales channels, and facilitate cross-selling and up-selling opportunities to contribute to a coherent customer experience across distribution channels.

Other strategic priorities include the availability of value-added services and products across platforms, such as M-payment and TDC Play, the emphasis placed on the SoHo market and the continued focus on cost reductions while maintaining satisfactory employee satisfaction levels.

Services and products

Mobility services

Consumer's mobile telephony business consists largely of traditional voice for the residential and SoHo market, and also includes the landline mobile convergence product, Duet, and mobile broadband. With revenue of DKK 4,418 million in the year ended December 31, 2009, mobility services represented the largest percentage of Consumer's revenue at 45.5%. Consumer's mobility service RGUs were 2,151,000 as of September 30, 2010.

TDC expects mobile data to be an important growth area in the future, due primarily to increased sales of smartphones and associated data usage. During 2010, Consumer launched a number of semi and full-flat rate voice and data products (MixMedia and MaxMedia) in order to attract smartphone users. TDC believes that its extensive offering of smartphone related services has strengthened its competitive positioning on the mobile market and allowing it to capture additional mobile data revenues.

Consumer first offered mobile broadband services in 2008. As of September 30, 2010, Consumer had 136,000 mobile broadband RGUs.

Landline telephony

Consumer's landline telephony business consists largely of traditional landline telephony and VoIP for the residential and SoHo market. With revenue of DKK 2,675 million in the year ended December 31, 2009, landline telephony represented the second largest percentage of Consumer's revenue at 27.5%.

Consumer's landline RGUs were 1,162,000 as of September 30, 2010. TDC succeeded in reducing churn within the traditional landline telephony base from 17.6% in the first quarter of 2009 to 13.2% in the third quarter of 2010 (excluding migrations to other TDC products) through a number of initiatives, such as targeting customers on an individual basis with telemarketing and direct mail and through its "save team" and by introducing new flat rate PSTN and multi-play products and continuing its proactive dialogue with customers in relation to churn triggers. For example, in the third quarter of 2010, TDC substantially repositioned its landline telephony pricing.

Internet and network

Consumer's internet and network activities consist mainly of TDC brand broadband subscription packages. Consumer's total internet RGUs (including Telmore and Fullrate) were 701,000 as of September 30, 2010. In the year ended December 31, 2009, revenue from internet and network amounted to DKK 1,734 million (17.9% of Consumer's total revenue for that period).

Most of Consumer's landline internet connections are sold as bundles including PSTN/VoIP either through the TDC brand (TDC HomeDuo) or the no-frills brand, Fullrate (Telmore has ceased to offer broadband but has continued to provide broadband to its pre-existing broadband customers). More than 20% of the TDC brand's xDSL customers also subscribe to TV services from TDC via the multi-play bundle TDC HomeTrio. The bundle packages HomeDuo and HomeTrio were launched in 2009. Since then, TDC has increased its share of the dual- and triple-play market, reaching 84.9% of the total dual-play market in Denmark and 62.3% of the total triple-play market in Denmark as of September 30, 2010. In July 2009, TDC launched a service, "Connect it", to allow customers to change between networks.

As part of its objective to enhance customer experience, TDC has been at the forefront of convergence between telecommunications and entertainment, providing a series of functional and value-added services such as music access and downloading, mainly through its broadband subscription packages (see *"—Functional and value-added services"*).

TDC TV

TDC TV, which is a TVoIP offering through TDC broadband, was re-launched in 2009 as part of the HomeTrio package. In the year ended December 31, 2009, revenue from TV amounted to DKK 166 million (1.7% of Consumer's total revenue for that period). Since TDC TV's re-launch, TVoIP sales have increased significantly to 115,000 RGUs (including 4,000 RGUs through TDC Business division) as of September 30, 2010. In addition to 37 of the most popular Danish and foreign channels included in the basic package, and the option to add up to 33 additional channels, TDC TV offers functionalities such as video-on-demand, pause and reeling functions and a recording function making it possible to record a program or even a whole series.

TDC TV directly benefits from YouSee's agreements with content providers and distributes all major Danish commercial broadcasters' TV channels. Consumer can provide its customers with a wide range of films, sports and other popular content (see *"—YouSee—Content rights"*).

Functional and value-added services

TDC strives to offer customers services that integrate products and improve customer retention. For this reason, TDC has launched a music service, TDC Play, which is accessible across broadband and mobile technologies. With this service, TDC was the first provider in Denmark to offer free and unlimited music downloading, including more than 6 million music tracks, to its broadband and mobile subscription customers. TDC Play won the Danish Best Broadband Service Award in 2008 which was announced at the Broadband Day 2008 conference based on the votes of the almost 1,000 participants from the broadband industry.

In addition to convergent products, TDC has developed innovative functionalities for its mobile and broadband customers, such as remote surveillance, which allows customers to monitor their home using their computer or mobile, Homedisk, which provides customers with safe storage and remote access to music, photos and videos.

Other

Consumer also offers services, such as conference call services and terminal equipment such as handsets and other accessories. Other revenue amounted to DKK 718 million in the year ended December 31, 2009 (7.4% of Consumer's total revenue for that period).

Sales and marketing

Consumer uses different distribution channels to address its residential and SoHo customers:

- Online: The online platform was re-launched in the second quarter of 2010 with a new e-commerce platform. As of September 30, 2010, online sales made up 7% of Consumer's TDC brand sales, 75% of its Fullrate sales, 100% of Telmore sale and 75% of M1 sales. Telmore, Fullrate and M1's products and services are each sold through independent homepages.
- Call centers: TDC has call centers at four locations with 1,055 full-time employee equivalents as of September 30, 2010. In the nine-month period ended September 30, 2010, sales through the call centers made up 44% of Consumer's TDC brand transactions and 25% of Consumer's Fullrate brand transactions.
- TDC Shops: TDC has 63 newly refurbished stores through which Consumer's products and services can be purchased. In the nine-month period ended September 30, 2010, sales through TDC Shops accounted for 42% of Consumer's TDC brand sales.
- External channels: In the nine-month period ended September 30, 2010, Consumer had approximately 7,000 points of sale for pre-paid through its external channels which accounted for 6% of its transactions in the nine-month period ended September 30, 2010. Sales through extended channels accounted for 6% of Consumer's TDC brand sales.

TDC's marketing platform addresses the entire residential telecommunications market in Denmark. Integrated marketing and communication are key elements in TDC sales and marketing efforts. The foundations of the marketing strategy include developing mass marketing efforts to address both existing and new customers, as well as developing a dialogue with existing customers to optimize their experience and increase the perceived value of being a TDC customer.

Brands

Consumer has moved from a single-brand culture to being a multi-brand division. Each of the TDC, Telmore, Fullrate and M1 brands plays a distinct role in covering key sub-segments of the residential and SoHo market in telecommunications, TV and entertainment. Consumer leverages each of its brands, promoting the individual brand characteristics and using differentiated strategies to reach customers.

Consumer has some of the best known brands in Denmark, for example the TDC brand had an aided brand awareness of 98% for mobile, 94% for internet, 91% for mobile broadband and 84% for TV according to a survey conducted on behalf of TDC and based on data collected between January 2010 and August 2010. TDC believes that it is well positioned to respond to market changes between the no-frills and premium segments due to its multi-brand strategy and YouSee ownership.

TDC

TDC is the mass market to premium brand. Its "one stop shop" positioning means that it can offer a wide range of telecommunications and entertainment products to its customers, from traditional landline or mobile telephony to innovative multi-play products such as HomeDuo and HomeTrio. The breadth of its distribution platform, which includes direct sales, online services and stores, plays a key part in this positioning.

The TDC brand offers landline and mobile telephony, landline and mobile broadband and TVoIP to residential and SoHo customers in Denmark. Revenues from landline telephony and mobile voice constitute the largest portion of Consumer's revenue generated under the TDC brand.

The TDC brand had revenues of DKK 7,905 million (and accounted for 81.4% of total Consumer revenues) for the year ended December 31, 2009. As of December 31, 2009, the TDC brand had 3,296 million RGUs, and as of September 30, 2010 it had 3,091 million RGUs.

Telmore

Telmore was acquired by TDC in 2004 (following the acquisition of an initial 20% interest in Telmore in 2003) and offers mobile telephony and broadband services. Telmore is positioned as a no-frills, low cost brand with an easy-to-understand product and service offering. The Telmore brand is only distributed online, as part of its "online self-service" positioning.

The Telmore brand had revenues of DKK 1,574 million (and accounted for 16.2% of total Consumer revenues) for the year ended December 31, 2009. Telmore had 736,000 RGUs as of December 31, 2009 and 740,000 RGUs as of September 30, 2010.

Fullrate

TDC acquired Fullrate in March 2009, following its national launch in July 2008. Fullrate is positioned as TDC's simple, low cost landline broadband and landline telephony (through VoIP) brand. It focuses on competitive price plans and seeks to benefit from an image of "fast speed broadband" in the residential market. It is predominantly distributed online, but is also sold through Fullrate's call center.

Fullrate brand had revenues of DKK 233 million (and accounted for 2.4% of total Consumer revenues) for the year ended December 31, 2009. RGUs were 176,000 as of December 31, 2009 and 195,000 RGUs as of September 30, 2010. As it was acquired in March 2009, financial information for the year ended December 31, 2009 does not reflect a full year of consolidation of Fullrate.

M1

M1 was acquired by TDC in January 2010 in order to strengthen TDC's presence in the mobile discount residential segment. It offers SIM-only products and its commercial strategy is based on competitive price plans. M1's primary sales channel is online and, since 2008, M1 has also used "field marketing" (i.e., outdoor selling). As it was acquired in January 2010, it is not included in Consumer's revenue for the previous periods.

M1 had revenues of DKK 121 million for the nine-month period ended September 30, 2010 which accounted for 1.7% of Consumer's revenue for that period. As of September 30, 2010, M1's RGUs were 103,000.

TDC Business

Overview

TDC Business offers a wide range of telecommunications solutions to businesses and organizations, including internet and network services, landline telephony, mobility services and terminal equipment. TDC Business also provides systems integration services through its subsidiary NetDesign, which is a Danish systems integrator of IP-based communications solutions offering networks, security, video conferencing and telephony systems tailored to business customers and other organizations.

TDC Business benefits from its extensive distribution network which includes a large direct business-to-business sales force (394 full-time employee equivalents as of October 1, 2010), a strong exclusive retailer network with 36 outlets offering nationwide coverage and a strong partner network with approximately 235 partners as of October 1, 2010.

TDC Business has structured its operations to focus on the following segments to increase overall RGUs:

- *Enterprises accounts, public sector accounts and large accounts (high end).* TDC Business offers tailored, industry specific solutions to its customers. TDC Business also offers pan-Nordic solutions for its enterprise accounts. TDC estimates that 98% of high end businesses in Denmark had a relationship with TDC as of October 1, 2010.
- *Medium accounts and small accounts (low end).* TDC Business offers standard package solutions and integrated solutions covering the main telecommunications requirements of smaller businesses in Denmark. TDC estimates that 64% of low end businesses in Denmark had a relationship with TDC as of October 1, 2010.

TDC Business believes that it has significant opportunity for upselling additional products to its existing customers. For example, as of December 31, 2009, 16% of enterprise, public and large account customers subscribed to one product group, whereas 69% subscribed to three to five product groups.

TDC Business generated revenue of DKK 7,926 million for the year ended December 31, 2009 (accounting for 29.0% of TDC's total revenue for that period, excluding "Other, including eliminations"), of which NetDesign contributed DKK 1,013 million. Internet and network services accounted for 31.9% of revenue, while mobility services, landline telephony and systems integration accounted for 28.4%, 24.8% and 13.2%, respectively. As of September 30, 2010, TDC Business had 1,838,000 RGUs. TDC Business' revenue in the nine-month period ended September 30, 2010 was DKK 5,665 million.

As of September 30, 2010, TDC Business had 1,540 full-time employee equivalents.

Strategy

TDC Business has a number of strategic initiatives, including TDC 2.0, which is aimed at improving efficiency within TDC Business by focusing on performance management, more transparent organization and clear roles within the division. Combined with TAK, TDC 2.0 aims to increase customer satisfaction while reducing costs. TDC Business also seeks to increase its presence in the low-end market by offering improved customer service through its new account team set up (which includes an account manager (or partner), sales assistance and customer care). TDC Business plans to improve its performance in the high-end market with new pricing strategies aimed at increasing the perceived value of being a TDC Business customer while providing opportunities for increased take-up of value-added services. In addition, TDC Business intends to introduce new products, such as Communication as a Service (CaaS) by combining domestic operator and systems integration offerings.

Services and products

Internet and network services

TDC Business' internet and network services consist largely of broadband subscription packages, private IP-based networks, fiber data communications services and leased line services, as well as service level agreements and security packages. With revenue of DKK 2,526 million for the year ended December 31, 2009, internet and network services represented the largest percentage of total revenue of TDC Business (31.9%).

TDC Business' internet RGUs were 260,000 as of September 30, 2010. Internet accounted for 15.9% of TDC Business' total revenue in the year ended December 31, 2009.

Mobility services

TDC Business' mobility services consist mainly of subscription mobile voice, mobile broadband and telemetric solutions. With revenue of DKK 2,251 million in 2009, mobility services contributed the second largest share (28.4%) of total revenues of TDC Business.

As of September 30, 2010, TDC Business had 107,000 mobile broadband RGUs and 631,000 mobile voice RGUs.

In 2006, TDC Business started offering mobile broadband access and TDC wireless hotspots in airports, trains, cafés, petrol stations and rest areas along main roads throughout Denmark. The migration from traditional landline to mobile voice has led to further expansion of mobile business subscriptions in 2009, although the increase in RGUs has recently stagnated due to the high penetration rates in Denmark.

Landline telephony

TDC Business' landline telephony services consists of traditional landline telephony, convergence products (which are products that combine landline (including VoIP) and mobile telephony products offered in one package) and stand-alone VoIP solutions. With revenue of DKK 1,968 million, landline telephony accounted for 24.8% of TDC Business' revenue in 2009. As of September 30, 2010, landline telephony had 414,000 RGUs.

Terminal equipment and system integration

The terminal equipment and systems integration activities of TDC Business for enterprise and public sector customers are carried out by TDC's subsidiary NetDesign. The solutions are typically complex, customer-specific and based at customers' premises. NetDesign offers technology consultancy, hard-ware/software and long-term service contracts. In 2009, TDC Business' revenue from terminal equipment and systems integration was DKK 1,047 million, corresponding to 13.2% of TDC Business' revenue.

TDC Nordic

Overview

TDC Nordic provides landline telephony, mobile telephony (through MVNO and service provider agreements), internet and network (including IP-VPN services) and system integration services to the public sector and large and mid-size enterprises in Sweden, Norway and Finland primarily based on a direct sales model. Through TDC Hosting, TDC Nordic also offers hosting and information technology operations solutions in Denmark, Sweden and Finland, with a primary focus on providing managed, co-location and shared hosting to small and medium sized businesses. TDC Nordic's local presence in all Nordic countries combined with a high-quality integrated pan-Nordic network enables TDC Nordic to offer pan-Nordic, competitive telecommunications solutions to businesses and public sector customers across the Nordic countries.

TDC Nordic and TDC Business benefit from sharing customer relationships, products and services. At a local level, each of the four entities that make up TDC Nordic (TDC Sweden, TDC Norway, TDC Finland and TDC Hosting) translates pan-Nordic strategy into local strategy with a focus on operational execution. TDC Nordic's network primarily covers large and medium sized towns in the Nordic region. In the mobile market, TDC Nordic operates as an MVNO or service provider through MVNO agreements in Sweden and Norway with local operators and in Finland through a service provider agreement with a local operator.

TDC Nordic had revenue of DKK 3,515 million in the year ended December 31, 2009. TDC Sweden accounted for 47.7% of TDC Nordic's revenue in the year ended December 31, 2009, excluding "Other, including eliminations", while TDC Norway generated 24.3%, TDC Finland 18.9%, and TDC Hosting 9.1%, in each case, excluding "Other, including eliminations". As of September 30, 2010, TDC Nordic had 224,000 RGUs.

As of September 30, 2010, TDC Nordic had 1,389 full-time employee equivalents.

Strategy

TDC Nordic's strategy is to leverage its challenger positions in Sweden, Norway and Finland and TDC's leading position in Denmark to offer competitive products and services on its pan-Nordic infrastructure. Further, the strategy is to leverage and share common product development, product know-how, and best practices across the countries where it is present. TDC Nordic aims to increase its presence in the public sector market in particular, and its overall market share and revenue in general, by leveraging its pan-Nordic business relationships and cross-selling opportunities within each country in which it is present, and by raising sales productivity via territorial alignment, a high performance sales culture and enhanced pipeline management. Further, TDC Nordic also aims to expand TDC Hosting's addressable market by increasing its presence in the enterprise and public sector.

An important element in TDC Nordic's strategy is to leverage its network infrastructure, which is upgraded on an ongoing basis and includes fiber based backbone (fiber cable and a pan-Nordic SDH network delivering landline point-to-point capacity), PSTN/ISDN and IP/Ethernet networks, to raise sales productivity and utilize cross-selling opportunities.

TDC Nordic's business divisions

TDC Sweden

TDC Sweden is an operator and a systems integrator business offering solutions integrating voice (mobile and landline), data and video conferencing to companies and public sector customers. TDC Sweden is the only single-brand provider of operator and integrator capabilities in Sweden and seeks to establish itself as a leading supplier of communications solutions for business customers.

In 2009, TDC Sweden's revenue was DKK 1,726 million and the operator and integrator businesses contributed almost equal shares of TDC Sweden's revenue. In 2009, in the operator business, 65.1% of revenue came from landline and mobile data and 34.2% from landline and mobile telephony. As of September 30, 2010, TDC Sweden had 134,000 RGUs.

TDC Sweden had 759 full-time employee equivalents as of September 30, 2010.

TDC Norway

TDC Norway is an operator business offering total solutions integrating voice (mobile and landline) and data communications services to companies and public sector customers, with a focus on providing bundled landline and mobile services and flat rate products within mobile voice and mobile data. In 2009, TDC Norway generated revenue of DKK 879 million with data (including IP-VPN) and voice contributing almost equal shares of TDC Norway's revenue. As of September 30, 2010 TDC Norway had 58,000 RGUs.

TDC Norway aims to grow its market share of mobile voice and VoIP services to retain RGUs and revenue, leveraging its position within data products and cross-selling voice products to existing customers.

TDC Norway had 182 full-time employee equivalents as of September 30, 2010.

TDC Finland

TDC Finland has a similar business focus and product portfolio to TDC Norway. TDC Finland strives to offer superior high end mobile extension solutions for large enterprises and public accounts as well as self-service initiatives such as customer encounter experience, quality and accuracy tools. In 2009, TDC Finland generated revenue of DKK 686 million. As of September 30, 2010, TDC Finland had 32,000 RGUs.

As of September 30, 2010, TDC Finland had 261 full-time employee equivalents.

In 2010, TDC Finland was selected as preferred provider and obtained the right to bid for public sector contracts with Finnish governmental authorities. TDC Finland aims to leverage its success with mobile flat rate offerings to large customers and lower price points in the IP-VPN market to develop its product and service offering.

TDC Hosting

TDC Hosting provides hosting and information technology operations solutions for the Nordic market with a presence in Denmark, Sweden and Finland. As of September 30, 2010, TDC Hosting had three main facilities and a total of approximately 5,000 square meters of data center space across the Nordic region and, as of that date, these facilities were not fully utilized. The solutions provided by TDC Hosting comprise primarily managed hosting, co-location and shared hosting:

- Managed hosting solutions involve tailor-made information technology operation and application management. As a provider of these solutions, TDC Hosting is fully or partially responsible for individual business customers' information technology usage.
- Through co-location, TDC Hosting sells space and connectivity leaving most of the operational responsibility to the customer.
- Shared hosting (branded as Webmore) consists of defining and selling standard cloud-based information technology solutions such as domains, email, web space and software.

In 2009, TDC Hosting generated revenue of DKK 330 million with activities in Denmark accounting for 83.0% of revenue and Sweden and Finland accounting for 11.2% and 5.8%, respectively. In 2009, 61.8% of the revenue in TDC Hosting came from managed hosting. TDC Hosting aims to build on its position in the Danish market and to strive to be a recognized challenger in Sweden and Finland in the market segments in which it operates.

As of September 30, 2010, TDC Hosting had 183 full-time employee equivalents.

TDC Hosting has been included as provider of hosting services in the SKI frame agreement (Danish government and municipalities procurement services) and has also established a strategic partnership agreement with Microsoft for dealership of Microsoft's suite of products.

Operations & Wholesale

Overview

Operations & Wholesale is responsible for all of TDC's Danish activities regarding landline and mobile networks, operations, infrastructure, information technology and wholesale. Operations supports TDC's other business divisions by operating support and back-office functions (such as information technology management), whereas Wholesale, as a commercial unit, provides landline telephony, mobility services, internet and network services for external service providers and brand partners, as well as national and international traffic and roaming for other network operators.

In the year ended December 31, 2009, Operations & Wholesale's revenue was DKK 2,582 million, of which 86.6% was generated by Wholesale. Internet and network services and mobility services contributed the largest share of revenue in 2009, with 36.6% and 25.5%, respectively. In addition to its regulatory obligations, Operations & Wholesale is focused on attracting high volume customers and providing advanced services. As of September 30, 2010, RGUs were 791,000.

As of September 30, 2010, Operations and Wholesale had 3,981 full-time employee equivalents.

Operations

Operations manages a number of critical support functions in the organization (such as fault handling, information technology, supply chain and procurement, installation and network) and drives operational change in the group, focusing on continuous efficiency and productivity improvements. It undertakes the following activities:

- Network operates and maintains the Danish telecommunications network for mobile and landline. Network is also responsible for facility services including space management within TDC.
- Installation is responsible for customer installations, on-site delivery and fault handling for external customers, as well as the construction and maintenance of TDC's access network.
- Information Technology provides maintenance and development of information technology systems, desk-top support, systems operation, product development and billing. All information technology infrastructure operations and application development and maintenance have been outsourced pursuant to outsourcing agreements with CSC.
- Other activities are comprised of the strategic sourcing (procurement), business development and logistics (supply chain management and supply of support facilities) sub-divisions and also the central finance functions (accounts receivable and payables, payroll etc.).

The networks and information technology platforms used by TDC Business, Consumer and Wholesale and their operations, maintenance and investments are managed by Operations. Accordingly, Operations represents a material part of the capital expenditures spent in TDC's Danish business. Capital expenditure is therefore recognized in full in Operations & Wholesale and not allocated to any particular business division.

Operating expenses in Operations related to other business divisions' use of the infrastructure and supply functions are allocated to the relevant business divisions. For more information regarding the allocation of operating expenses to other business divisions, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations by Business Division—Operations & Wholesale—Operations*".

In recent years, Operations has implemented a series of changes that have enabled Operations to significantly reduce its cost base and to increase its EBITDA margin despite continuing pricing pressure. Operational expenses decreased by DKK 517 million, from DKK 3,943 million, in the year ended December 31, 2008 to DKK 3,426 million in the year ended December 31, 2009. Operational expenses for the nine-month period ended September 30, 2010 were DKK 2,472 million, compared with DKK 2,603 million in the same period in 2009. The main drivers of this reduction were a reduction in fault rates, the geographical consolidation of TDC's operations, renegotiation of information technology contracts and reductions in personnel. For further information, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Restructuring and Cost Reduction Programs*" and *"Management's Discussion and Analysis of*

Financial Condition and Results of Operations—Key Factors Affecting Results of Operations by Business Division—Operations and Wholesale".

Operations had 3,732 full-time employee equivalents as of September 30, 2010.

Strategy

Operations continuously seeks to improve TDC's cost base and is focused on a number of programs aimed at building on its recent successes in achieving cost reductions across the organization. Examples of such key initiatives include:

- Continued focus on achieving efficiency gains from further improvements in fault handling to improve customer experience while reducing costs;
- Launch of the TDC Pro initiative, which is a review of the operating model aimed at increasing efficiency, simplifying production, reducing lead times and waste, improving flexibility and strengthening cross-functional collaboration. The scope of TDC Pro is the review of processes, structures and interfaces as well as decisions on "make versus buy", primarily within the Operations & Wholesale division, as well as the interactions between Operations & Wholesale and TDC Consumer and TDC Business; and
- Use information technology as a market differentiator. TDC aims to optimize its information technology cost and capital expenditure, through a reduction in complexity in information technology architecture and to improve customer experience.

Operations has been focused on reducing fault rates and associated costs and this is reflected in, for example, the decrease in cable faults from approximately 77,000 during the nine-month period ended September 30, 2009 to approximately 69,000 during the same period in 2010. Fault handling costs per RGU in Operations and Wholesale decreased, from DKK 205 per RGU during the nine-month period ended September 30, 2008 to DKK 160 during the same period in 2010. Annualized fault rates per product decreased, from 61% and 27% for TV and VoIP (excluding YouSee and TDC Nordic), respectively, during the three-month period ended March 31, 2009 to 29% and 6%, respectively, during the three-month period ended September 30, 2010.

In terms of network infrastructure, investment in TDC's telecommunications network is mainly driven by consumer demand and developments in technology. While continuing its commitment to expand its fiber network and its mobile network investment to achieve increased capacity and speed, TDC is seeking to optimize capital expenditure management with the aim of reducing costs.

Services and products

Business development and logistics

Operations' business development and logistics unit includes strategy and business development in Operations, capacity planning across TDC and supply chain management. As of September 30, 2010, business development and logistics had 186 full-time employee equivalents.

Information technology

Operations is responsible for TDC's information technology which is a core function for TDC. Through Operations, TDC is focused on reducing information technology costs and increasing the efficiency of its capital expenditure, while improving the overall quality of its information technology and customer experience. A key element of this is TDC's evolution towards a consolidated and simplified architecture for its information technology system. To do this, Operations is consolidating the number of software applications required by TDC (and, to date, has decommissioned 75 of TDC's 579 software applications and, in 2009, had no capital expenditure with respect to 265 of those applications). Information technology costs for the year ended December 31, 2009 were DKK 1,300 million, compared with DKK 1,662 million for the year ended December 31, 2008 and DKK 885 million for the nine-month period ended September 30, 2010. As of September 30, 2010, information technology had 287 full-time employee equivalents.

Strategic sourcing

Operations is responsible for planning, sourcing and outsourcing, negotiating supplier agreements and implementing procurement contracts. In 2007, Operations outsourced information technology infrastructure related activities to CSC, including data processing and distributed computing services. In 2008, another outsourcing agreement was entered with CSC regarding maintenance and development. In relation to the outsourcings, 145 and 208 of TDC's maintenance, development, testing and project management employees were transferred to CSC in April 2007 and July 2008, respectively. TDC has also outsourced the planning, roll-out and operation of its mobile network to Ericsson (February 2008). On the procurement side, Operations aims to increase the efficiency of capital expenditure by introducing lower cost alternatives and rigorous performance management. As of September 30, 2010, strategic sourcing had 41 full-time employee equivalents.

Installation

Operations' installation function involves RGU installation and on-site delivery, fault handling and construction and maintenance of TDC's access network. Operations is focused on the reduction of fault rates through its comprehensive monitoring model which uses a combination of a fault hotline, remote fault correction and on-site fault correction to address faults. TDC has seen a reduction in its costs of fault handling by approximately DKK 105 million from the year ended December 31, 2008 to the year ended December 31, 2009. As of September 30, 2010, installation had 1,684 full-time employee equivalents.

Network

TDC owns and operates the most extensive telecommunications network in Denmark, including a high capacity backbone network based on optical fibers, access network based on copper cables, 2G and 3G mobile access networks and service platforms, delivering a full range of services to residential and business customers. The network is fully digitized. As of September 30, 2010, 67% of Danish households (excluding summer homes) are not covered, or are only covered to a limited extent, by fixed infrastructure of a competitor of TDC. As of September 30, 2010, Network had 1,308 full-time employee equivalents.

Landline network

Backbone. The fiber based backbone network is a key element of Operations' landline network. The backbone network carries voice, data services (IP, Ethernet, ATM, leased lines) and TV signals between exchanges. All TDC's exchanges and nodes are connected by backbone fiber cables with a total length of 21,000 kilometers as of September 30, 2010. Transmission technologies employed include wavelength division multiplex systems and SDH which delivers fixed capacity connection bandwidth up to 2.5 Gbps. Ring structures are widely used in the transmission network in order to increase resilience to cable cuts and other network failures.

Access. The landline access network consists of copper pairs and optical fiber. The copper network, with a total of 228,000 kilometers as of December, 31, 2009, covers almost 100% of the population in Denmark. The network is essential for providing basic and advanced telephony services, low bandwidth leased lines and xDSL services. Optical cables in the access network, with a total length of 12,500 kilometers (excluding DONG Energy fiber network) as of September 30, 2010, provide high capacity links to business customers and mobile base stations. Furthermore, for the past four years, TDC has prepared the access network for a future switch-over to fiber-based services through the deployment of hybrid (copper/fiber) cables in all new projects.

In the fourth quarter of 2009, TDC acquired DONG Energy's fiber network covering the greater Copenhagen area and North Zealand, which is an area of high population density in Denmark with significant purchasing power. As of June 30, 2009, this network consisted of 5,500 kilometers optical cables in the access network, connected to 246 access sites. As of December 31, 2009, the aggregation and core network consisted of 42 PoPs with IP/Ethernet equipment connected by 1,671 kilometers of optical cables (of which approximately 50% was acquired on a long-term IRU basis). TDC is in the process of integrating the DONG Energy fiber network into the overall TDC network and migrating all electronics in the network to TDC standards. The integration is currently expected to be finalized by the end of 2010, followed by the migration of business and residential customers to TDC products during the first half of 2011.

Service platforms. TDC owns and operates a full range of service platforms providing basic as well as advanced voice and data services. The telephony platform includes a PSTN/ISDN switching platform with 1,183 exchanges as of September 30, 2010. The platform has been characterized by high stability and low operating costs. The data platforms in Denmark and the Nordic region include TDC's ATM, Ethernet and IP networks.

The ATM network extended to 149 PoPs in Denmark as of September 30, 2010 and delivers a range of data connection services including frame relay and ATM services. The ATM network's PoPs provide full coverage in Denmark and the ATM network is still a major platform for aggregated xDSL-based broadband access services, though xDSL customers are being gradually migrated to an Ethernet-based platform. The Ethernet aggregation network extended to 1,070 PoPs in Denmark as of September 30, 2010 and provided xDSL-based services as well as Ethernet access services up to 10 Gbps for the IP network.

The IP network delivers internet access services, pan-Nordic MPLS based IP-VPN services, VoIP services and content services such as TVoIP. MPLS plays a key role in delivering the necessary quality of service for VoIP. In order to prevent interruptions in the flow of traffic on the network, all PoPs are connected to the IP core network by at least two redundant connections, and with the exception of a few minor PoPs, each PoP is supported by redundant routers. The redundant connections/routers take over if the primary connection/router fails.

The current xDSL deployment in Operations focuses on Ethernet DSLAMs offering high bandwidths as well as TVoIP. As of September 30, 2010, Operations had more than 1,900 PoPs with Ethernet DSLAMs in the network. In 2009, rolling out DSLAMs in road side cabinets, close to customers, was the main initiative for enhancing xDSL coverage. This process will continue in the years ahead. TDC plans to start deploying services based on fiber access in December 2010.

As of September 30, 2010, TDC's network provided xDSL coverage with downstream bandwidth of 20 Mbps and 50 Mbps of 75% and 26% of households respectively. As of September 30, 2010, 99% of households were covered at or above 512 kbps of downstream speed.

Mobile network

As of September 30, 2010, Operations owned a combined GSM 1800 and GSM 900 nationwide network in Denmark. The network included more than 2,500 base stations (including equipment at large customers' premises) and 24 base station controllers. As of September 30, 2010, 99% of the Danish population and geography were covered by GSM (outdoor) and 86% of the population also had GSM indoor coverage. The whole GSM network has been upgraded with EDGE providing data speeds of up to 200 Kbps for all EDGE enabled user terminals.

Operations' UMTS network was launched in 2005. As of September 30, 2010, it included a total of approximately 2,350 base stations (including approximately 60 indoor solutions at customers' premises) and 10 radio network controllers. With population coverage of 93%, the UMTS network exceeds the requirements of TDC's Danish UMTS license. All TDC customers with 3G handsets or mobile broadband cards have automatic access to the UMTS network and any speed upgrades on the network. All UMTS networks are being upgraded to Turbo 3G, which is based on HSDPA technology and provides customers with high bandwidth broadband access via the mobile network both for downlink (HSDPA) and uplink (EUL). Turbo 3G and EDGE on the GSM network provide customers with a seamless nationwide mobile broadband experience with data speeds of up to 5 Mbps.

In May 2010, TDC was allocated 2x20MHz of paired spectrum in the auction of the Danish 2.5GHz frequencies, which will be used for LTE. TDC is currently running field tests of the LTE technology and currently expects to launch commercial services in 2011.

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

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

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

Wholesale

Wholesale provides landline telephony, mobility services and internet and network services for service providers and brand partners, as well as national and international traffic and roaming for other network operators. In the year ended December 31, 2009, Wholesale's revenue was DKK 2,235 million (86.6% of Operations & Wholesales' total revenue for 2009).

In the wholesale markets where TDC has Significant Market Power, TDC is subject to legal regulation of its services and has obligations imposed on it primarily regarding price regulation, non-discrimination, publication of reference offers, meeting all reasonable requests for access to interconnection, transparency and accounting separation. As a result of its Significant Market Power status, the majority of TDC's prices in the wholesale markets are regulated.

Wholesale had 249 full-time employee equivalents as of September 30, 2010.

Strategy

Wholesale's strategy is to enable further growth of its position as the preferred network provider for Danish and international telecommunications, particularly within mobility services and capacity. TDC has increased its customer focus by implementing processes to improve the customer experience. Wholesale supports the increased focus on maintaining PSTN customers through reselling access to other landline companies and by actively controlling migration to BSA and VoIP. In addition, Wholesale intends to pursue growth opportunities by leveraging its network through the provisioning of content provider service. Wholesale can also provide landline and mobile convergence solutions due to TDC's dual network advantage (as TDC has both a fixed and mobile network). Wholesale's sales approach has also been realigned to be more commercially oriented and focused on proactive sales. Its sales force has been upgraded and proactive sales planning implemented and Wholesale now aims for closer cooperation with customers on products, systems and process development.

Services and products

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

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

Wholesale provides national and international roaming, MVNO, resale of mobile voice and mobile broadband and landline.

Wholesale also offers a brand partner concept which allows customers with the potential for significant value-added services, such as providing access to a distribution network or media channels, to offer complete and targeted telecommunications solutions (which include products or services from Wholesale), including billing and customer service, to their customers under their own brand names.

Content provider services handle sales, consulting and business development within mobile data services, for example mobile payment, barcodes, location services, telemetrics, mobile marketing and near field communication.

YouSee

Overview

YouSee is the leading Danish Pay-TV provider in terms of market share offering its customers TV, broadband and telephony services. As of September 30, 2010, YouSee had passed approximately 1,451,000 homes with coax cable and, via TDC's fiber network, potential to access a further approximately 42,000 homes and, via Fasttv.net A/S, access to approximately 5,000.

YouSee's revenue was DKK 3,597 million for the year ended December 31, 2009 (13.2% of TDC's total revenue for the period, excluding "Other, including eliminations"). As of September 30, 2010, YouSee had 1,821,000 RGUs and 1,227 full-time employee equivalents.

As of September 30, 2010, YouSee had 1,180,000 YouSee Clear RGUs and 155,000 YouSee Plus RGUs. YouSee Plus provides, among other things, an advanced TV guide, comprehensive video-on-demand and access to more channels. As of September 30, 2010, YouSee had 405,000 broadband RGUs, 3,000 mobile broadband RGUs and 78,000 telephony services RGUs. The 1,180,000 cable TV RGUs consist of both individual and organized customers. Individual customers are traditionally single-family homes who enter into agreements directly with YouSee for the provision of YouSee Clear, YouSee Plus, broadband and telephony services. Organized customers consist of mainly antenna and housing associations with whom YouSee enters into agreements for the provision of basic cable TV services to member households and then gives them the opportunity to subscribe to add-on on-demand/additional digital-TV, broadband and telephony services on an individual basis. YouSee is the market leader in the organized customer market with a market share of 58% as of September 30, 2010.

YouSee is distributed through its sales force for organized customers, YouSee's online shop, YouSee call centers, TDC Shops and other selected retailers.

YouSee is a separate legal entity within the TDC Group in order to comply with the Danish legal requirement that cable TV networks owned by the landline operator must be held in a separate legal entity. YouSee is managed at arm's length and conducts its business operationally independently from TDC, within a framework of governance rules. For example, TDC and YouSee coordinate strategic planning, brand segmentation and capital expenditure allocation and have a range of common headquarter functions such as legal and regulatory services, human resources and strategic purchases. TDC delivers backbone capacity and IP connectivity to YouSee through its backbone and also provides access to TDC Shops and telephony service. YouSee provides TDC with content for TDC TV and mobile TV, head-end functionalities for all TV services in the TDC group and on-demand services such as movies. The YouSee brand is differentiated from the TDC brand and is aimed at the mass market to premium market. YouSee brand was separated from TDC in 2007, prior to which it operated using the TDC Cable TV brand name.

Dansk Kabel TV A/S, a wholly-owned subsidiary of YouSee, is YouSee's main contractor for establishing new local networks and connecting new customers. Dansk Kabel TV also serves its own customer base of privately owned local antenna networks with cable products (TV, broadband and VoIP) and installation services. Dansk Kabel TV accounted for DKK 353 million in revenue in 2009 or 9.8% of YouSee's total revenue for that period, excluding intra-group sales (Dansk Kabel TV revenue and RGUs are consolidated in YouSee's revenue and RGUs).

Strategy

YouSee's strategy is to seek further financial and operational growth and to increase customer satisfaction. A key element in the strategy is to consolidate the current market position by offering the best TV content, functionality and broadband bandwidth, and to increase the number of services used by YouSee customers. The strategy is built around ten key strategic initiatives, including:

- Focus on providing the best TV offering, for example, by including HD channels in YouSee Clear packages and the planned introduction of a free choice concept (allowing customers to select their own channels on top of their package), and by capturing the growth in on-demand services by utilizing existing agreements with U.S. and Nordic major studios to increase video-on-demand business;
- Expand the addressable market, for example by increasing penetration of homes passed and building out new homes, and to deliver services over all network types such as copper, LAN and fiber;
- Increase ARPU and RGUs per customer through upsale of broadband, additional TV products and telephony services;
- Establish YouSee as the gateway to customers' entertainment needs by using YouSee's extensive portfolio of content rights, for example through TV on demand (TV archive), video-on-demand (Cinema), music on demand (YouSee Play) and TV channels to computers (YouSee Web TV);
- Utilize YouSee's almost fully DOCSIS 3.0 upgraded hybrid fiber coaxial cable network to differentiate from competitors in terms of delivering YouSee Clear TV packages, high speed broadband and increased capacity for on-demand services (unicast); and

- Improve the focus on the individual customers and deliver quality through focusing on the whole customer service experience while increasing sales and reducing churn through pro-active customer dialogue.

Content rights

Due to its extensive network and number of customers, YouSee is a key distribution partner to all Danish commercial broadcasters as well as for international broadcasters wishing to distribute their channels in the Danish market. YouSee also sources entertainment content for TDC. Due to its scale, YouSee has been able to negotiate advantageous agreements with content providers. These agreements also allow YouSee to operate on several distribution platforms (cable, TDC-TV and web-TV) and provide rights to a range of interactive functionalities, for example, TV archive for DR (the public broadcaster) and pause, start-over and reeling functions. YouSee also has agreements with more than 20 movie and entertainment suppliers including major U.S. and Nordic studios, providing it with high quality content for video-on-demand service.

Services and products

YouSee offers cable TV, landline and mobile broadband and landline telephony through a fully digitalized hybrid fiber coaxial cable network, almost fully upgraded with DOCSIS 3.0. YouSee also offers similar products on TDC's fiber network via D-PON technology.

TV

YouSee, with TV as its core business, offers digital and analogue cable TV in three standard packages (basic, medium and full) for individual households and organized customers (antenna and housing associations), representing 36% and 64% of YouSee's TV RGUs, respectively. In the year ended December 31, 2009, YouSee's revenue from TV was DKK 2,665 million (74.1% of YouSee's total revenue) including intra-group sales to Consumer regarding TDC TV (excluding such intra-group sales, revenue was DKK 2,583 million). In September 2009, YouSee introduced YouSee Clear which is the basis subscription where all channels contained in the subscription are unencrypted in digital. YouSee Clear offers customers unencrypted TV (40 channels in analogue and 50 channels in digital) in all rooms with no extra equipment or fees.

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

- The basic package, which had 227,000 RGUs as of September 30, 2010, contains 24 channels, primarily free-to-air channels from the Danish and neighboring countries' public-service TV stations, and also three Danish commercial channels.
- The medium package, which had 142,000 RGUs as of September 30, 2010, contains some of the most popular Danish pay channels as well as the channels from the basic package.
- The full package, which had 658,000 RGUs as of September 30, 2010, includes 19 Danish and foreign channels in addition to those offered in the basic and medium packages.
- Some organized customers, for example large antenna associations that represent 11.5% of total TV customers as of September 30, 2010, individually receive customized content packages from YouSee. In addition, as of September 30, 2010, 17,000 RGUs were reached through YouSee's subsidiaries Dansk Kabel TV A/S and Fasttv.net A/S.

The YouSee Plus add-on product provides additional digital TV consisting of HD TV, extra TV packages and on-demand services. On-demand services are video-on-demand with movie rental, TV archive of the previous 30 days broadcasting on selected channels, start-over, pause and reeling functions as well as a comprehensive TV guide.

YouSee develops new product functionalities and strives for an enhanced customer experience. For example, TDC's purchase of DONG Energy's fiber network in Copenhagen and North Zealand was intended, in part, to enhance YouSee's offering of cable TV to more than 40,000 households in areas that YouSee did not previously cover. In September 2009, in order to enhance its position as the leading Pay-TV distributor, YouSee removed encryption of the 50 digital TV channels in its three TV packages. This took place one month before the Danish terrestrial analogue switch off on November 1, 2009. As of December 1, 2010, ten of the channels in YouSee Clear will be in HD. To further improve the customer experience, in 2011, YouSee currently expects to introduce a free choice concept in its cable TV packages, allowing customers to select their own packages on top of the basic package.

Internet services

YouSee's broadband products are priced at a flat rate which varies based on the broadband speed provided and customers are billed for a fixed monthly subscription with unlimited data usage. YouSee's broadband is a "buy-through" product, that is, it is only available to YouSee's TV customers. In an effort to reduce churn and to be seen as a premium brand, YouSee is focused on value-added services such as YouSee Web TV (which gives broadband customers access to more than 30 TV channels on their computers) and YouSee Play (which is a music service giving access to more than 6 million tracks at no cost) as the main differentiator from its competitors.

In the year ended December 31, 2009, internet services generated revenues of DKK 725 million (20.2% of YouSee's total revenue for that period). As of September 30, 2010, YouSee had 405,000 internet RGUs (including RGUs of acquired broadband provider A+), and 3,000 mobile broadband RGUs. YouSee also increased the internet penetration rate among customers with YouSee cable TV subscription from 29.0% as of December 31, 2008 to 34.1% as of December 31, 2009, and to 34.3% as of September 30, 2010. The triple-play penetration (VoIP as a percentage of broadband) increased from 8.4% of YouSee broadband customers as of December 31, 2007 to 15.8% as of December 31, 2009. As of September 30, 2010, triple-play penetration for YouSee broadband customers was 17.5%.

YouSee has recently undertaken a number of initiatives to improve its internet services. For example, in 2009, 4 Mbps was the minimum bandwidth offered to YouSee's customers which was increased to 8 Mbps as of September 2010. On May 15, 2009, YouSee launched 50 Mbps downstream broadband and a 100 Mbps product is ready for introduction but has not yet been launched. More recently, broadband speeds of 300 Mbps have been successfully tested. All broadband services include email, web-disk (online storage) and, since 2008, YouSee Play and, since 2009, YouSee Web-TV.

Landline telephony

YouSee offers VoIP with a quality of service that ensures a voice flow of the same quality as traditional landline. There are two products offered: a combined prepaid flat rate subscription and a consumption-based product. Some of the telephony customers are PSTN/ISDN as a result of TDC's acquisition, in 2005, of a small company specializing in delivering telephony products to organized customers. In the year ended December 31, 2009, landline telephony generated DKK 72 million in revenue (2.0% of YouSee's total revenue for that period). As of September 30, 2010, YouSee had 78,000 landline RGUs.

The cable network

YouSee has a fully digitalized network operated from one central head-end station in Copenhagen that provides play-out for the entire network. As of September 30, 2010, it covered 56.4% of Danish households.

The head-end station also serves as a base for TDC's offerings of HomeTrio and TV on mobile handsets and provides cable-modem provisioning and network management control servers for all TV based IP products. TV is transmitted digitally through TDC's Danish backbone network to 32 remote hubs where digital video streams and 40 analogue streams are distributed via the HFC network to end customers. Except where encryption is removed, set-top boxes with digital cable receivers are needed to receive the digital services. Where encryption is removed, customers need a TV set with an integrated cable receiver or a set-top box. In many cases, the last few hundred meters of the HFC network are owned by landlords or organized customers.

High-speed broadband services are terminated and delivered to TDC's IP core network from the same 32 hubs mentioned above. The HFC networks owned by YouSee are nearly completely return-path (DOCSIS 3.0) upgraded, and most of the customer-owned networks, where YouSee has the right to deliver broadband, have also been upgraded. In total almost three quarters of the YouSee-owned and customer-owned network has been upgraded as of September 30, 2010. HFC networks can, in theory, carry up to 5 Gbps of digital content. The current allocation is 1 Gbps for digital TV, 0.5 Gbps for TV on demand and video-on-demand and 0.5 Gbps for DOCSIS. On average, a local network is able to serve approximately 2,000 households. YouSee has rolled out the additional downstream capacity required for DOCSIS 3.0 modems. Since December 1, 2009, DOCSIS 3.0 modems have been the standard for new customers with 12 Mbps or more. As of September 30, 2010, 7% of YouSee's customers use DOCSIS 3.0 modems. Almost all modems operate according to the DOCSIS 2.0 standard. During 2009, YouSee expanded its upstream capacity by utilizing the full frequency spectrum up to 65 MHz. On downstream, 300 Mbps has been trialed with currently deployed CMTSs and DOCSIS 3.0 modems.

Property, Plant and Equipment

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 communication, the majority of which are located in Denmark. TDC also has numerous computer installations, which are primarily located in Copenhagen and Aarhus.

Operations & Wholesale manages the majority of TDC's office premises and floor space in Denmark. However, certain Danish operations, such as Telmore, manage their own premises. TDC believes it has sufficient leased space and real property to conduct its business activities effectively.

The total area of TDC's Danish properties was approximately 846,600 gross square meters as of September 30, 2010, of which approximately 8.5% was owned by TDC and approximately 91.5% was leased. As of September 30, 2010, telecommunications installations (exchanges and base stations) represented 54% of TDC's total property area and other installations represented 46%. All properties are classified as either exchange/base station or "other". This classification is applied even though there are several properties containing areas for both purposes.

The following table shows TDC's Danish properties by purpose of use and ownership as of September 30, 2010:

Purpose of use	Owned	Leased	Total	Owned/leased ratio		Share of total gross square meters
	(gross square meters)					
Administration	0	370,100	370,000	0%	100%	44%
Exchanges	55,900	354,300	410,200	14%	86%	48%
Shops	0	17,400	17,400	0%	100%	2%
Base stations	4,900	12,200	17,100	29%	71%	2%
Radio sites	8,000	22,400	30,400	26%	74%	4%
Other	0	1,500	1,500	0%	100%	0%
Total	**68,800**	**777,800**	**846,600**			**100%**

The following table shows TDC's ten largest Danish properties as of September 30, 2010:

Principal properties	Gross square meters	Owned or leased	Lease expiry	Use
Teglholmen, Copenhagen	81,614	Leased	2029	Administration
Sletvej 30, Aarhus	79,643	Leased	2037	Administration
Borups Allé, Copenhagen	42,072	Leased	2037	Town switch (partly administration)
Telegade, Taastrup	36,544	Leased	2017	Unused
Telehøjen, Odense	32,652	Leased	2017	Administration
Slet Parkvej, Aarhus	17,104	Leased	2015	Unused
Klingenberg, Odense	16,074	Leased	6 months notice	Town switch (partly administration)
Lautruphøj 2-6 Ballerup	15,402	Leased	2011	Unused
Gunnar Clausens Vej 34, Viby J.	11,041	Leased	2012	Unused
Hillerød Central/ Teleområdecenter	9,391	Leased	2037	Town switch (partly administration)
Total	**341,537**			
Share of total gross square meters	40%			

TDC's corporate headquarters in Copenhagen are leased pursuant to an agreement with Teglholm Park A/S dated January 20, 2010. For more information regarding this agreement, see "*—Material Contracts—Other Material Contracts—Lease of Headquarters*".

TDC's main properties outside Denmark are:

- Stockholm, Sweden; 15,423 square meters; leased; lease expiry date March 2012;

- Helsinki, Finland; 16,600 square meters; leased; lease expiry date December 31, 2010; and
- Oslo, Norway; 5,298 square meters; leased; lease expiry date July 2011.

Corporate responsibility

TDC continuously seeks to be a responsible company and has been engaged with corporate responsibility for several years.

TDC has a focused corporate responsibility strategy, which supports TDC's overall business strategy. Implementation of the corporate responsibility strategy is closely monitored by TDC's corporate responsibility board, which is comprised of top managers across the business. The corporate responsibility strategy is focused around five key areas:

- Digitalization;
- Customer trust & safety;
- Employee diversity & health;
- Climate & environment; and
- Social partnering.

Digitalization

TDC continues to support the digitalization of Denmark through increasing high-speed network coverage and pilot projects within healthcare and education. In 2009, TDC participated in a pilot project with the purpose of reducing the number of days in hospital for COLD (Chronic Obstructive Lung Disease) patients, through long-distance monitoring of patients through tele-medical terminals and broadband delivered by TDC.

Customer trust & safety

The customers are the main focus of TDC, and TDC continuously seeks to make its customers safe and secure when using its products and services. TDC has a range of products that increase security and safety for its customers, including a special subscription package for children, called Mobile Junior, which includes a price cap on usage as well as a parent control functionality, and the TDC safety package, which includes an antivirus program, a firewall and parent control functions for broadband subscribers.

Employee diversity & health

TDC seeks to create good conditions for its employees and ensuring good opportunities for personal and professional development, training and a safe working place. For many years, TDC has actively worked with diversity management, and in 2009 TDC was awarded the "Female Leadership Focus" award for equal rights as a result of its effort to include women in management. It is TDC's ambition that 33% of top 250 managers within the Company and YouSee are women in 2015. The Company and YouSee also offer new fathers 11 weeks paid paternity leave in addition to the two weeks that are required by law.

Climate & Environment

TDC is continuously striving to reduce its environmental impact and has signed an agreement with the Danish Electricity Savings Trust pursuant to which TDC is committed to increase its energy efficiency by 15% annually and to reduce its carbon emissions by 5% by 2014 compared to the 2007 emission level. TDC is also one of the first signatories to the EU code of conduct for energy use in broadband equipment and as of 2010 also a signatory of the code of conduct for data centres. Since 2008, TDC has reduced its carbon emissions by 15% through energy reductions on power and fuel.

Social partnering

Through long term partnerships, TDC seeks to make a difference for the society that surrounds it by utilizing its core competences and know-how. In 2009, TDC started cooperation with the Danish Red Cross to provide know-how and resources for establishing information technology and telecommunications facilities in disaster scenarios and rebuilding infrastructure in disaster struck areas.

Since 2000, TDC has published an annual environmental report, which since 2007, has been incorporated in the annual corporate social responsibility report outlining all TDC's activities within the area. In addition, TDC has committed itself to report on a range of national and international forums and studies, including UN Global Compact (ten international reporting principles within the areas of human rights, labor, environment and anti-corruption) and Carbon Disclosure Project (a not-for-profit organization, that annually collects information from the World's 3,000 largest companies regarding their greenhouse gas emissions).

Legal Proceedings

TDC is a party to, and has within the last 12 months been a party to, certain governmental, legal and arbitral proceedings. The most significant of these proceedings are described below.

Current material disputes with the Danish tax authorities

In connection with NTCA's acquisition of a majority of the shares in the Company in 2006, the Company obtained assistance from financial and legal advisors at the cost of approximately DKK 366 million. Also in connection with NTCA's acquisition of a majority of the shares in the Company, NTCA incurred costs in the amount of approximately DKK 591 million. On December 30, 2009, NTCA merged with the Company. For 2005 the tax deductions for these costs have been denied and the Company has appealed to the National Tax Tribunal. For 2006 it is likely that the tax deduction will also be denied and the Company expects to appeal such refusal to the National Tax Tribunal. As the case concerns costs that have not been deducted for tax purposes therefore a successful outcome will result in a tax refund to TDC of up to DKK 250 million (before interest).

Current material disputes with the Danish Competition Authority

On January 22, 2010, Telenor filed a complaint to the Danish Competition Agency in which it submitted that TDC had priced below variable costs in an offer in December 2009 for xDSL to employees of the Danish Government (broadband for home working stations), which Telenor argues constitutes predatory pricing in non-compliance with the Danish Competition Act. TDC was awarded the contract for a two year period with the option to extend for further two years. The contract was a result of a public procurement procedure in which Telia, Telenor and Hi3G also participated. On March 23, 2010, TDC filed a response to the complaint in which it rejected Telenor's claim and called for a dismissal of the complaint. The Danish Competition Agency has not yet issued a statement of objections or informed TDC whether it will proceed with the case. If the Danish Competition Agency concludes that TDC acted in non-compliance with the Danish Competition Act, TDC may lose the contract with the Danish Government and could be liable for a fine and civil damages.

On November 8, 2010, TeliaSonera filed a complaint to the Danish Competition and Consumer Authority arguing that TDC has abused its dominant position in the market for wholesale bit stream access and the end-user market for distribution of TVoIP through margin squeeze pricing and discrimination whereby alternative providers, such as TeliaSonera, are effectively prevented from competing on the end-user market for distribution of TVoIP. TDC is of the opinion that it has not abused its dominant position, and the pricing of the relevant end-user products, including TDC HomeTrio, have been approved in accordance with the internal competition law compliance procedures. The Danish Competition and Consumer Authority has not yet officially informed TDC about the case or how it intends to proceed with the case.

Disputes with NITA and the Telecommunications Complaints Board

Market 5 appeal

For a description of TDC's appeal of NITA and the Telecommunications Complaints Board's decision about the obligation to offer wholesale BSA to broadband via coax networks not owned by TDC, see "*Regulation—Markets where TDC has Significant Market Power and is subject to Significant Market Power obligations—the new market 5*" and "*Risk Factors—Risks Related to TDC's Regulatory Environment and Litigation*".

Legal and arbitral proceedings

Lawsuit by TeliaSonera against TDC in Sweden—termination fees

In 2008, TeliaSonera filed a lawsuit against TDC in Sweden claiming payment of SEK 49 million (excluding interest), submitting that TDC had overcharged interconnection fees. On September 28, 2010, the court ruled that TDC must pay SEK 47.6 million (excluding interest) plus legal costs of SEK 2.1 million to TeliaSonera, and TeliaSonera must pay SEK 7.7 million (excluding interest) to TDC. Due to other operators' claims against TDC and as a consequence of the judgment, TDC estimates its total exposure arising out of the dispute to be approximately SEK 106 million (including interest) as of September 30, 2010. The amount is fully provided for in TDC's Condensed Interim Financial Statements for the nine-month period ended September 30, 2010. TDC has appealed the judgment to the Civil Appeal Court, and a judgment is expected in 2011.

Arbitration proceedings against Telekomunikacja Polska S.A.

In June 2001, the Danish partnership DPTG I/S ("DPTG"), which is owned by GN Store Nord A/S (with 75%) and TDC (with 25%), initiated arbitration proceedings against Telekomunikacja Polska S.A. ("TPSA") claiming that DPTG is entitled to receive a revenue share of 14.8% of all traffic routed via the North South Link (NSL), an optical fiber cable delivered to TPSA in 1994. DPTG was claiming approximately DKK 5,000 million including interest for unaccounted traffic revenue from February 1994 through mid June 2004. On September 3, 2010, DPTG was awarded DKK 2,900 million including interest by an arbitration court in Vienna, and TDC is entitled to 25% of that amount (approximately DKK 725 million) less taxes. TPSA has not yet paid the amount awarded and therefore, on November 15, 2010 DPTG filed an application for declaration of acknowledgement of the arbitration award with the District Court in Warsaw. TDC has not recognized the potential income as of September 30, 2010 as the realization of the income is currently not considered virtually certain.

In addition to the claim for unaccounted traffic revenue from February 1994 through mid June 2004, DPTG is preparing a claim against TPSA for unaccounted traffic revenue in the period from June 2004 to January 2009. Due to the complexity of the calculation of the claim in accordance with the principles of the arbitration award, this additional claim cannot currently be measured with any certainty. TDC expects that it could take several years before the dispute over the unaccounted traffic revenue in the period from June 2004 to January 2009 is finalized.

Insurance and Operational Risk Management

Insurance

The Company and its Danish and foreign subsidiaries maintain insurance covering property/business interruption, professional liability/general and product liability, terrorism insurance, directors and officers liability and crime insurance. Furthermore, the Company and its Danish subsidiaries maintain insurances covering workers compensation, group accident insurance, motor vehicle insurance, business travel insurance and expatriate insurance. Based on its risk analysis, TDC's policy has been to not insure its underground, air and sea cables.

TDC believes that its current insurance policies provide adequate coverage for its business, including protection for the nature and amount of risks TDC faces. The Company's foreign subsidiaries have motor vehicle and personnel-related insurance in place locally. These are not controlled by the Company's central risk management function.

Operational Risk Management

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

The aim of the central risk management and corporate security functions is to systematically 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 conducted 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 of risk in TDC's insurance programs has been determined based on the risk assessment related to each individual area and the subsequent level of insurance premiums.

Material Contracts

Acquisitions and Divestitures

Disposal of Sunrise in Switzerland

On October 28, 2010, TDC completed the sale of Sunrise, its Swiss subsidiary, to investment funds advised by CVC Capital Partners for a consideration of CHF 3,308 million on a debt and cash free basis. Pursuant to the share purchase agreement entered into in connection with the disposal, TDC made representations and warranties to the purchaser in respect of various matters relating to Sunrise, which TDC believes are in line with market practice. TDC's maximum liability for breach of these warranties is CHF 500 million and its liability generally expires on September 15, 2011. TDC has agreed not to compete with Sunrise in Switzerland, subject to certain exceptions. TDC has also agreed to indemnify the purchaser against certain tax matters and certain potential liabilities arising from certain claims that have been made by the Swiss Competition Commission (WEKO) against Sunrise. No provision has been made for contingent liabilities relating to the disposal of Sunrise, in accordance with IFRS. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations of TDC Group—Acquisitions and Divestitures—Discontinued Operations*".

Acquisition of AinaCom's network assets in the Helsinki Metropolitan Area

On January 15, 2010, TDC entered into a business sale and purchase agreement with AinaCom Oy regarding the acquisition of AinaCom's network assets in Helsinki, Finland, and certain customers related to it. On the same date, the parties also entered into a service agreement under which TDC will be the primary network service provider for AinaCom. The parties agreed to a fixed purchase price, part of which was paid on closing. There are two installments of less than EUR 10 million in total to be paid in 2011 and 2012. The business sale and purchase agreement includes warranties and other terms customary for similar transactions.

Acquisition of Unotel A/S

On December 10, 2009, the Company entered into a share sale and purchase agreement with ZitCom Holding ApS to acquire 80% of the shares of the Danish company Unotel A/S, a mobile telecommunications company in which TDC already held 20% of the shares, for a fixed purchase price payable in cash. The share sale and purchase agreement includes warranties and other terms customary for similar transactions.

Acquisition of M1 A/S

In December 2009, Telmore entered into a share sale and purchase agreement to acquire 100% of the shares of the Danish company M1 A/S, a mobile service provider. The purchase price was comprised of a fixed purchase price payable in cash as well as a performance-based purchase price determined on the basis of M1's turnover in 2010 (up to a maximum of approximately 12% of the fixed purchase price). The share sale and purchase agreement includes warranties and other terms customary for similar transactions.

Acquisition of DONG Energy's fiber network

In November 2009, the Company entered into a share sale and purchase agreement to acquire 100% of the shares of the Danish company Aktieselskabet af 1. december 2009 A/S, a company to which DONG Energy Sales & Distribution A/S, a subsidiary of DONG Energy, had simultaneously transferred its activities relating to its fiber network business in the densely populated areas of Greater Copenhagen and North Zealand. The acquired network complements TDC's network and further enhances TDC's ability to offer premium next-generation products and services.

DONG Energy Sales & Distribution A/S has retained ownership of part of the fiber network backbone used to monitor the operation of the electricity grid. As part of the transaction, TDC has been granted access to use the excess capacity of the retained part of the network free of additional charge.

The fixed purchase price was DKK 325 million (on a cash and debt free basis payable in cash) plus a variable purchase price based on the future performance of the acquired fiber network activities in the retail market, which the parties determined had a net present value of DKK 100 million at the time of the transaction.

Divestment of Invitel Holdings A/S

In November 2009, the Company entered into a share sale and purchase agreement to divest all of its 64.6% shareholding in Invitel Holdings A/S to Mid Europa Partners ("MEP").

Invitel (formerly known as Hungarian Telephone and Cable Corporation or "HTCC") is a Hungarian-based landline operator with wholesale operations in Eastern Europe. The total consideration for TDC's shares was USD 10.8 million payable in cash. Further, TDC sold to MEP its shareholder loan to Invitel at the nominal value of EUR 34.135 million. Following the merger between TDC and NTC (see "*History of TDC—TDC's transformation since 2005—Acquisition of TDC by NTC*" for details of the merger), the transaction resulted in a loss of approximately DKK 119 million after tax. This loss has been recognized in the income statement for the year ended December 31, 2009 under Special Items related to discontinued operations. The transaction had a positive deleveraging effect on TDC. As a result of this disposal, TDC's consolidated debt was reduced by approximately DKK 5,000 million.

Acquisition of the A+ group

In May 2009, YouSee entered into a share sale and purchase agreement to acquire 100% of the share capital of the companies comprising the A+ group (A+ Finance ApS, A+ Networks A/S, A+ Telecom A/S, A+ Arrownet A/S, Fascom A/S and Fasttv.net A/S), which is primarily a TV and broadband service provider, from A+ Holding A/S for a fixed purchase price payable in cash. The share sale and purchase agreement includes warranties and other terms customary for similar transactions.

Acquisition of Fullrate A/S

In March 2009, the Company entered into a share sale and purchase agreement to acquire, for a fixed purchase price payable in cash, 100% of the shares of the Danish company Fullrate A/S from its founders and a number of investors. Fullrate is a leading low-price broadband and VoIP provider that also offers mobile broadband. Fullrate was founded in 2005 with the purpose of providing simple, low-price broadband solutions to Danish customers and had reached a market share of approximately 4% of the Danish xDSL market as of the end of 2008. The share sale and purchase agreement includes warranties and other terms customary for similar transactions.

Outsourcing Arrangements

Outsourcing of operation, maintenance and build out of TDC's mobile network to Ericsson

In February 2008, the Company entered into a strategic partnership agreement with Ericsson Danmark A/S ("Ericsson"). The agreement comprises TDC's outsourcing of the total operation, maintenance and build out of its mobile network to Ericsson. The outsourcing covers the vast majority of services related to TDC's mobile network, except for strategic planning. In connection with Ericsson taking over delivery of the services, approximately 220 full-time employee equivalents transferred from TDC to Ericsson. In November 2010, the agreement has been extended to cover Ericsson's provision of the new LTE technology (4G), which is expected to be launched commercially in 2011 on the basis of the 2x20MHz of paired spectrum that TDC was allocated in May 2010, see "*—Overview of TDC's Activities by Business Division—Operations & Wholesale—Network—Mobile Network*". TDC continues to own its mobile network and infrastructure. The agreement with Ericsson expires in 2015.

Outsourcing of information technology-infrastructure to CSC Consulting Group A/S

In March 2007, the Company entered into an outsourcing agreement with CSC Consulting Group A/S ("CSC") in relation to the delivery of information technology-infrastructure services. The services to be delivered by CSC under the agreement comprise information technology-infrastructure operations in Denmark and delivery of personal computers and support in Sweden, Norway and Finland. The delivered services include datacenter activities, mid-range, desk top equipment and software as well as helpdesk services. In connection with CSC taking over delivery of the services, 145 employees (by head count) have been transferred from TDC to CSC. The agreement expires in 2014, but may be renegotiated in 2013.

Outsourcing of application maintenance and development to CSC Consulting Group A/S

In May 2008, the Company entered into an outsourcing agreement with CSC in relation to development and maintenance of TDC's existing application portfolio. The services to be delivered by CSC under the agreement comprise application development and maintenance of applications that are used internally within TDC. In connection with CSC taking over delivery of the services, approximately 208 employees (by head count) transferred from TDC to CSC. The agreement expires in 2015.

Financing Arrangements

For a description of TDC's Senior Facilities Agreement and Euro Medium Term Notes program, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Financing Arrangements*".

Other Material Contracts

Sale and Leaseback of Properties

In July 2007, as part of a sale and leaseback transaction, TDC entered into share sale and purchase agreements with ATPFA P/S, whose main investors are ATP Ejendomme A/S and PFA Ejendomme A/S, regarding the sale of all shares in two limited partnerships which jointly owned 224 properties used by TDC. The properties cover about 480,000 square meters and are mainly used by TDC for technical and administrative purposes. The total sale price was DKK 4,125 million on a debt and cash free basis.

As part of the transaction, TDC has entered into a number of leases, most of which include a non-termination period of 30 years and the remainder with shorter non-termination periods. The agreed rent is adjusted annually on the basis of Danish Net Price Index (with an agreed cap) and with no right by either party to claim market rent adjustment during the initial non-termination period.

Lease of Headquarters

In January 2010, the Company entered into a lease agreement with Teglholm Park A/S, which replaces an original lease agreement from 1985, which was part of a sale and lease back transaction of the TDC headquarters located at Teglholmsgade 1 & 3, 2450 Copenhagen SV. Teglholm Park A/S is fully owned by TDC Pensionskasse. The premises cover 83,529 square meters. The lease agreement is non-terminable for both parties until July 1, 2029, after which date the Company can terminate on one year's notice. The annual rent amounts to DKK 65 million in 2010, excluding VAT, and is adjusted on a yearly basis according to the Danish Net Price Index. Prior to handing over the premises to the lessor, the Company is obliged to decontaminate any form of pollution that has arisen since the lease was entered into in 1985 in order for the premises to be suitable for office buildings according to the environmental regulations. As for pollution that has arisen before 1985, the Company must compensate the lessor for half of the relevant expenses regardless of the source of pollution.

Co-Operation Agreement

For a description of the Cooperation Agreement between the Company and the Selling Shareholders, see "*Related Party Transactions—Cooperation Agreement*".

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING INFORMATION

The following tables set forth selected historical consolidated financial and operating information of the TDC Group. The selected financial information for the year ended December 31, 2009 with comparative figures for the years ended 2008 and 2007 is derived from the Audited Annual Financial Statements, which have been audited by PwC, independent accountants, and the selected financial information for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009 is derived from the Unaudited Condensed Interim Financial Statements. The Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2010 have been reviewed by PwC. The Unaudited Condensed Interim financial Statements for the nine-month period ended September 30, 2009 have not been reviewed by PwC. The Audited Annual Financial Statements have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies and are presented in Danish Kroner. The Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 ("Interim Financial Reporting") as adopted by the EU and additional Danish disclosure requirements for interim financial statements of listed companies. Investors should read the following data together with the Audited Annual Financial Statements and the Unaudited Condensed Interim Financial Statements, including the notes to those financial statements, included in this offering memorandum and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009(18)	2009	2008	2007
	(unaudited)				
	(DKK millions, unless otherwise indicated)				
Income Statement Data					
Revenue(1)	19,558	19,514	26,079	26,917	27,951
Gross profit(19)	14,553	14,651	19,635	19,678	20,006
Profit before depreciation, amortization and Special Items (EBITDA)(2)	**8,046**	**7,854**	**10,536**	**10,054**	**9,376**
Depreciation, amortization and impairment losses	(4,046)	(3,401)	(4,659)	(4,547)	(5,776)
Operating profit (EBIT),(3) excluding Special Items	**4,000**	**4,453**	**5,877**	**5,507**	**3,600**
Special Items(6)	(918)	(641)	(1,119)	(3,212)	664
Operating profit (EBIT)	**3,082**	**3,812**	**4,758**	**2,295**	**4,264**
Profit or loss from joint ventures and associates	6	86	76	200	266
Net financials(4)	(1,332)	(1,689)	(2,064)	(2,048)	(2,763)
Profit before income taxes	**1,756**	**2,209**	**2,770**	**447**	**1,767**
Income taxes	(578)	(689)	(809)	(438)	519
Profit for the period from continuing operations	**1,178**	**1,520**	**1,961**	**9**	**2,286**
Profit for the period from discontinued operations(5)	386	372	422	548	1,346
Profit for the period	**1,564**	**1,892**	**2,383**	**557**	**3,632**

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009[18]	2009	2008	2007
	(unaudited)				
	(DKK millions, unless otherwise indicated)				
Attributable to:					
Owners of the Parent Company	1,564	1,934	2,424	708	3,912
Minority interests	—	(42)	(41)	(151)	(280)
Profit for the period, excluding Special Items[6]					
Operating Profit (EBIT)	**4,000**	**4,453**	**5,877**	**5,507**	**3,600**
Profit and loss from joint ventures and associates	(4)	7	(1)	222	342
Net financials[4]	(1,332)	(1,689)	(2,064)	(2,048)	(2,763)
Profit before income taxes	**2,664**	**2,771**	**3,812**	**3,681**	**1,179**
Income taxes	(768)	(838)	(1,085)	(722)	321
Profit from continuing operations	**1,896**	**1,933**	**2,727**	**2,959**	**1,500**
Profit for the period from discontinued operations	405	394	575	352	198
Profit for the period	**2,301**	**2,327**	**3,302**	**3,311**	**1,698**
Balance Sheet Data[17]	(DKK billions)				
Total assets (end-of-period)	85.8	94.9	86.4	100.0	106.1
Net interest-bearing debt (end-of-period)	(31.1)	(28.6)	(33.5)	(34.9)	(41.5)
Total equity (end-of-period)	28.7	31.9	27.1	31.7	32.2
Average number of shares outstanding (million)[7]	990.5	990.5	990.5	990.5	990.5
Statement of Cash Flow Data	(DKK millions)				
Continuing operations:					
Operating activities	5,561	5,575	7,440	5,743	5,785
Investing activities	(2,820)	(3,383)	(4,811)	2,096	5,492
Financing activities	(2,676)	(6,446)	(10,261)	(9,506)	(13,770)
Total Cash Flow from continuing operations	**65**	**(4,254)**	**(7,632)**	**(1,667)**	**(2,493)**
Total Cash Flow from discontinued operations	268	1,113	1,677	88	7,051
Total Cash Flow	**333**	**(3,141)**	**(5,955)**	**(1,579)**	**4,558**
Free cash flow					
Operating free cash flow[8]	4,810	4,500	6,469	6,324	5,958
Equity free cash flow[9]	3,676	3,406	4,426	2,424	1,995
Capital expenditure[10]	(2,459)	(2,852)	(3,891)	(3,975)	(3,979)
Key financial ratios					
Earnings Per Share (EPS) (DKK)[7]	1.6	2.0	2.4	0.7	4.0
EPS from continuing operations, excl. Special Items (DKK)[7]	1.9	2.0	2.8	3.0	1.5
EBITDA margin[11]	41.1%	40.2%	40.4%	37.4%	33.5%
Capital expenditure to revenue ratio	12.6%	14.6%	14.9%	14.8%	14.2%
EBITDA-Capex (DKK millions)	5,587	5,002	6,645	6,079	5,397
Cash conversion[12]	59.8%	57.3%	61.4%	62.9%	63.5%
Net debt[13]/EBITDA	2.9x	2.8x	3.2x	3.0x	4.0x
EBITDA/interest	7.0x	7.0x	6.8x	4.7x	2.8x

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009[18]	2009	2008	2007
	(unaudited)				
			(thousands)		
Operational Data					
RGUs (end-of-period)[14]					
Landline	1,944	2,089	2,045	2,160	2,387
Mobile	3,519	3,415	3,609	3,126	2,882
Internet	1,602	1,579	1,590	1,465	1,499
Other networks and data connections	286	291	291	365	298
TV	1,451	1,359	1,395	1,245	1,187
Total RGUs[15]	**8,802**	**8,733**	**8,930**	**8,361**	**8,253**
Danish Dual play bundles (HomeDuo and Fullrate)	288	184	213	0	0
Danish Triple play bundles (HomeTrio)	108	65	86	0	0
Employees					
Full-time employee equivalents (end-of-period)	10,665	11,385	11,277	11,772	13,939
Average full-time employee equivalents	10,965	11,591	11,519	13,020	14,531
Exchange Rate Data[16]					
DKK/USD exchange rate	5.4601	5.0839	5.1901	5.2849	5.0753
DKK/EUR exchange rate	7.4519	7.4443	7.4415	7.4506	7.4566
DKK/CHF exchange rate	5.6084	4.9372	5.0017	4.9793	4.4908

(1) The following table (unaudited) sets forth the TDC Group's revenue for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges and mobile termination rates:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
		(DKK millions, unless otherwise indicated)			
Revenue					
Reported revenue	19,558	19,514	26,079	26,917	27,951
Acquisitions/Divestments	—	226	181	(2)	(635)
Sale of property, plant and equipment	—	—	—	—	—
Outsourcing	—	—	—	(64)	(153)
Currency effects	—	210	—	(261)	(377)
Effect of regulation of mobile termination rates	—	(98)	—	(130)	(280)
Effect of regulation of international roaming	—	(120)	—	(153)	(369)
Adjusted revenue(*)	19,558	19,732	26,260	26,308	26,137
Reported growth	0.2%	—	(3.1)%	(3.7)%	
Adjusted growth	(0.9)%	—	(0.2)%	0.7%	

(*) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

(2) The following table (unaudited) sets forth the TDC Group's EBITDA for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(DKK millions, unless otherwise indicated)				
EBITDA(*)					
Reported EBITDA	8,046	7,854	10,536	10,054	9,376
Acquisitions/Divestments	—	(8)	(24)	(111)	(52)
Sale of property, plant and equipment	(2)	(21)	(32)	(56)	(219)
Outsourcing	—	—	—	—	—
Currency effects	—	33	—	(26)	(38)
Effect of regulation of international roaming charges	—	(40)	—	(59)	(147)
Adjusted EBITDA(#)	8,044	7,818	10,480	9,802	8,920
Reported growth	2.4%	—	4.8%	7.2%	
Adjusted growth	2.9%	—	6.9%	9.9%	

(*) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(#) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

(3) "Operating profit (EBIT), excluding Special Items" means earnings before interest and tax, excluding Special Items. "Operating profit (EBIT), excluding Special Items" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies. For a reconciliation of Operating profit (EBIT), excluding Special Items to Operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(4) "Net Financials" primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

(5) The following businesses are presented as discontinued operations for the financial years 2007 through 2010: Sunrise (divested in 2010), Invitel (divested in 2009), and Talkline (divested in 2007). Other businesses that were divested during the period under review were deconsolidated as of the time of divestment.

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

(7) Adjusted for the change of nominal value per Share as of May 10, 2010 from DKK 5 to DKK 1. Earnings per Share calculation is based on 990,456,780 Shares.

(8) "Operating free cash flow" means EBITDA from continuing operations adjusted for items with no cash flow effect, pension contributions, payments related to provisions, changes in net working capital and cash flow related to Capital expenditure. All items exclude Special Items. "Operating free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(9) "Equity free cash flow" means EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to Capital expenditures (in all cases excluding Special Items). "Equity free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(10) "Capital expenditures" means capital expenditures excluding acquisitions of shares, business activities and mobile licenses. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital expenditures*".

(11) "EBITDA margin" means the ratio between EBITDA and revenue. "EBITDA margin" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(12) "Cash conversion" means operating free cash flow divided by EBITDA excluding Special Items. "Cash conversion" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(13) "Net debt/EBITDA" means net interest bearing debt divided by EBITDA. Net interest-bearing debt at year-end 2007-2009 and at September 30, 2010 is adjusted as if Sunrise and Invitel had been treated as assets and liabilities held for sale, respectively. Net interest-bearing debt means loans and other interest-bearing debt less cash and interest-bearing receivables EBITDA is converted to full-year basis.

(14) The term "RGU" is described in further detail in "*Glossary*".

(15) Total RGUs includes Danish dual play and triple play bundles. A dual play bundle is included in total RGUs as two RGUs (broadband and landline telephony) and a triple play bundle is included in total RGUs as three RGUs (broadband, landline telephony and TV).

(16) Exchange rates published by the Central Bank on December 31 of the relevant financial year and, with respect to the nine-month periods ended September 30, 2010 and 2009, on September 30 of the relevant financial year.

(17) Historical numbers including Sunrise, except with respect to the nine-month period ended September 30, 2010, where Sunrise is recorded as an asset held for sale.

(18) PwC has not performed the procedures specified by International Standard on Review Engagements (ISRE) ISRE 2410 ("Review of Interim Financial Information Performed by the Independent accountant of the Entity") on the Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2009.

(19) Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic, and leasing of transmission or access capacity. Cost of goods sold includes costs relating to resale of terminal equipment and costs of content (mainly TV programs), excluding wages, salaries and pension costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the TDC Group's financial condition and results of operations as of and for the years ended December 31, 2009, 2008 and 2007 and as of and for the nine-month periods ended September 30, 2010 and 2009. The following discussion and analysis should be read together with the Audited Annual Financial Statements and the Unaudited Condensed Interim Financial Statements, including the notes to such financial statements, included elsewhere in this offering memorandum. Certain statements in this section are forward-looking statements that involve risks and uncertainties and should be read together with the section entitled "Information Regarding Forward—Looking Statements". Investors should also read the section entitled "Risk Factors" for a discussion of certain risk factors that may affect TDC's business, financial condition or results of operations.

Overview

TDC is the leading provider of telecommunications and Pay-TV in Denmark, with a market-leading position in each of its major business segments: landline telephony, internet access, mobility services and Pay-TV. Outside of Denmark, TDC has a significant presence in the pan-Nordic business market. See "*Business—Overview*".

Segment Reporting

TDC operates in the following five business divisions (which are also its financial reporting segments):

- *Consumer:* Consumer is the leading supplier of telecommunications and TVoIP solutions in Denmark. The Consumer business division provides landline and mobility services (including subscription and prepaid voice services, mobile broadband and content) and bundled multi-play products and landline mobile convergent products to residential and SoHo customers in Denmark. Consumer operates across the market segments, from no-frills to premium, with the brands TDC, Telmore, Fullrate and M1.
- *TDC Business:* TDC Business has a market leading position in the Danish business market and provides telecommunications solutions for small, medium and large businesses as well as the public sector in Denmark. Its activities include broadband solutions, landline telephony, mobility services, convergence products (combined landline and mobile telephony), fiber access, terminal equipment, including systems integration services and leased lines.
- *TDC Nordic:* TDC Nordic primarily provides telecommunications solutions for businesses in the Nordic region outside of Denmark. Its products include landline telephony, IP-VPN and internet access on its pan-Nordic network. In the mobile market, TDC Nordic operates as an MVNO or service provider pursuant to agreements with local mobile network operators. TDC Nordic also offers communication integration services and, through TDC Hosting, provides hosting solutions and information technology outsourcing throughout the Nordic region. TDC Nordic and TDC Business benefit from sharing customer relationships, products and services.
- *Operations & Wholesale:* Operations & Wholesale is responsible for all of TDC's Danish activities regarding landline and mobile networks, operations, infrastructure, information technology and wholesale (excluding those operated by YouSee). Operations supports TDC's other business divisions by operating support and back-office functions, managing a number of critical support functions in the organization (such as information technology, supply chain and procurement, installation and network) and drives operational change in the group. Wholesale, as a commercial unit, provides landline telephony, mobility services, internet and network services for other operators, service providers and brand partners, as well as national and international traffic and roaming for other network operators.
- *YouSee:* YouSee is the leading Danish cable TV provider in terms of market share, offering its customers TV, broadband and telephony services to individual households and organized customers, such as antenna and housing associations, in Denmark.

For more information regarding TDC's financial segment reporting, see note 4 to the Audited Annual Financial Statements.

Recent Developments

Disposal of Sunrise in Switzerland

In October 2010, the Company completed the sale of its wholly owned Swiss subsidiary Sunrise to funds advised by CVC Capital Partners. For the periods under review, Sunrise is presented in this offering memorandum as a discontinued operation with restated comparative figures. For more information regarding the disposal of Sunrise, see "*—Key Factors Affecting Results of Operations of TDC Group—Acquisitions and Divestitures—Discontinued Operations*".

Partial Repayment under the Senior Facilities Agreement

On November 12, 2010, TDC used a portion of the proceeds from the sale of Sunrise to repay an amount of DKK 8,185 million outstanding under the Senior Facilities Agreement. For more information regarding the Senior Facilities Agreement, see "*—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

Share Buy-back

On the date hereof, TDC has announced a share buy-back offer, on the terms and subject to the conditions of which (including pricing of the Offering), TDC has offered to purchase Shares from its shareholders, pro rata, for an aggregate amount of DKK 9,000 million at the Offer Price (the "Share Buy-back"). For a description of the Share Buy-back and the restrictions related thereto, see "*TDC's Share Buy-back*" and "*TDC's Share Buy-back—Restrictions Relating to the Share Buy-back*".

Significant Changes to TDC's Financial or Trading Position

Save as described in this offering memorandum, no events have occurred since September 30, 2010 that may have a significant impact on TDC's business, financial condition and results of operations.

Key Factors Affecting Results of Operations of TDC Group

TDC's results of operations have been affected in the periods under review, and are expected to continue to be affected, by the following principal factors:

Economic Conditions, Competition and TDC's Market Position

TDC's business depends on the market environment, levels of economic activity and general economic developments in Denmark and, to a lesser extent, in Sweden, Norway and Finland. In recent years, negative developments in, and a general weakness of, the Danish economy, including a period of increasing levels of unemployment, have negatively impacted the spending patterns of TDC's business customers and, to a lesser extent, residential customers in Denmark, both in terms of the products they subscribe for and usage levels. In the business markets, some of TDC's current and potential customers have reduced investment levels during the period under review. Residential markets have been affected by a higher unemployment rate and a general decrease in consumer spending, while bad debts have increased. For more information regarding the impact of general economic conditions by business division or product group, see "*—Key Factors Affecting Results of Operations by Business Division*".

The table below sets forth certain key economic indicators for Denmark for the years 2007, 2008 and 2009:

	2009	2008	2007
Unemployment rate	3.6%	1.9%	2.8%
Consumer confidence indicator[1]	(3.6)	(13.5)	2.9
Inflation[2]	1.5%	2.4%	2.3%
GDP growth (percentage growth year-on-year)	(4.7%)	(0.9%)	1.7%
GDP per capita (USD thousands)	56.3	62.2	57.0
General government net lending/borrowing % of GDP[3]	(2.8%)	3.4%	4.6%
General government gross debt % of GDP[4]	41.4%	42.3%	34.1%
DKK/USD rate[5]	5.1901	5.2849	5.0753

Source: International Monetary Fund World Economic Outlook Database, October 2010. Accessed October 11, 2010, unless otherwise indicated.

(1) Source: Statistics Denmark (*Danmarks Statistik*). The consumer confidence indicator is calculated based on a survey analyzing consumer sentiment through questions about both the general economic situation in Denmark and the financial situation of the family as perceived by consumers at a given time. The indicator is calculated as a simple average of weights from −100 to 100 assigned to questions included in the survey.

(2) Inflation, end of period consumer prices (percent change). Data for inflation are end of the period, not annual average data.

(3) Net lending/borrowing is calculated as revenue minus total expenditure.

(4) Gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future. This includes debt liabilities in the form of SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable. Thus, all liabilities in the GFSM 2001 system are debt, except for equity and investment fund shares and financial derivatives and employee stock options. Debt can be valued at current market, nominal, or face values.

(5) Exchange rates published by the Central Bank on December 31 of the relevant financial year.

The Danish telecommunications sector is highly competitive, and a number of the main product markets in which TDC is present are either approaching maturity (broadband and mobile voice) or declining (landline telephony) while certain other market segments, such as Pay-TV and mobile data, are growing. See "*Industry and Competitive Environment*". TDC faces significant competition from well-established pan-Nordic and national telecommunications companies, including utilities companies that offer fiber based solutions in a number of product categories, and TV distributors. For more information regarding the impact of the competitive environment by business divisions and product group, see "*—Key Factors Affecting Results of Operations by Business Division*".

During the period under review, TDC's market position in all major segments of the telecommunications market in Denmark (landline telephony, internet access, mobility services and Pay-TV) across all key technologies (copper, coax, fiber, GSM and UMTS) has allowed it to largely offset declining revenue and profit in one business segment with increasing revenue and profit in other business segments. In particular, and despite the recent economic downturn and significant competitive pressures, during the year ended December 31, 2009 and the nine-month period ended September 30, 2010, the revenue decline from landline telephony was offset by a greater increase, in aggregate, in domestic revenue from Pay-TV and mobility services and, to a lesser extent, revenue from business solutions in TDC Nordic (excluding currency effects and the integration services business in TDC Sweden). For more information regarding the revenue decline in TDC's landline telephony business, see "*—Copper Line Loss*".

TDC's revenue from its businesses in Sweden, Norway and Finland has been affected by negative developments in, and a general weakness of, economic conditions in those countries in recent years. In addition, the results of operation of the businesses in Sweden and Norway have been affected, and will continue to be affected, by foreign currency exchange developments that are impacted by changes in economic conditions.

Copper Line Loss

TDC's ability to retain RGUs on its copper platform has been an important factor in its results of operations and TDC continually monitors the loss of copper lines on its network. The term "copper line loss" refers to the net loss of copper lines in a given period for TDC Group (including wholesale lines). The number of copper lines is calculated as the sum of RGUs provided with PSTN, ISDN, VoIP, naked BSA/xDSL and full ULL products and services. See "*Glossary*". Since 2000, TDC has experienced a continued copper line loss. This has resulted primarily from the migration from traditional landline telephony to mobile, as well as fiber and coax. In this offering memorandum, the term "traditional landline telephony" is used to refer to telephony over PSTN/ISDN lines, and the term "landline telephony" is used to refer to PSTN/ISDN telephony and VoIP, unless otherwise indicated.

The table below sets forth TDC's quarterly copper line loss (in thousands) for the periods indicated:

2008				2009				2010		
First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
31	32	44	50	53	45	36	42	44	34	32

TDC's quarterly copper line loss increased from 31,000 in the first quarter of 2008 to 53,000 in the first quarter of 2009. Quarterly copper line loss decreased to 32,000 in the third quarter of 2010. TDC believes that the recent decrease in the copper line loss was achieved through a strengthened focus on customer retention in PSTN/ISDN lines, including through the introduction of flat rates and bundled products such as HomeDuo and HomeTrio, which are specifically designed to increase customer retention. In addition, TDC has captured a portion of the subscribers who disconnected their PSTN/ISDN lines through its mobile and VoIP offering. Since December 31, 2007, TDC's domestic traditional landline telephony revenue as a portion of its group revenue decreased from 22.3% in the first quarter of 2008 (excluding revenue of DKK 116 million from International Carrier Services, which was divested in April 2008) to 15.7% in the third quarter of 2010. TDC expects this trend to continue in the near future.

Regulation

TDC operates in the liberalized and competitive European telecommunications markets. To promote competition, Danish regulation, in the same manner as EU regulation, imposes special requirements on operators with Significant Market Power status. In Denmark, TDC has been designated by NITA as having Significant Market Power status with respect to several elements of the products and services it provides. As a result of these special requirements, TDC's results of operations have been, and will continue to be, affected by the regulatory environment in Denmark. In particular, during the period under review, Danish regulation of mobile termination rates and EU regulation of international roaming charges have resulted in reduced rates for these services, which has negatively affected revenue, and TDC expects these rates to decline further in the near future. During the period under review, TDC has not experienced a significant negative impact as a result of telecommunications regulation in the Nordic countries outside of Denmark. For more information regarding TDC's regulatory environment, see "*Regulation—The Regulatory Framework*" and, in particular, "*Regulation—Markets where TDC has Significant Market Power and is subject to Significant Market Power obligations—The new market 5*". For more information regarding the impact of regulation on mobile termination rates and international roaming charges, see "*—Key Factors Affecting Results of Operations by Business Division—Consumer—Mobility services*". For more information regarding the impact of price regulation in the wholesale telecommunications market, see "*—Key Factors Affecting Results of Operations by Business Division—Operations & Wholesale—Wholesale*".

Restructuring and Cost Reduction Programs

TDC's operating expenses (wages, salaries, and pension costs and other external expenses, excluding transmission costs and cost of goods sold) have decreased by DKK 1,576 million, or a negative compound annual growth rate of 7.5%, over the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, operating expenses decreased by DKK 347 million, or 5.0%, compared with the same period in 2009. The reduction in operating expenses was mainly due to the implementation of various initiatives aimed at reducing operating costs and improving operating efficiency. While these initiatives were intended to create efficiencies for the longer term, TDC has recorded Special Items associated with some of these initiatives. Special Items relating to restructuring programs amounted to DKK 982 million in 2009, DKK 1,238 million in 2008 and DKK 420 million in 2007 and related to one-off P&L costs expected to result in future cost savings, such as provisions for redundancies. Cash restructuring costs have been historically lower than profit and loss costs (approximately 35% difference in the nine month period ended September 30, 2010), due to, among other factors, the partly non-cash funding of civil servants' redundancies that is recorded against pension fund assets and the practice of spreading out severance and other related payments over multiple periods.

TDC intends to continue to improve operational efficiency and reduce costs in the near future. The cost cutting efforts are driven throughout the organisation primarily by implementing the programs described below. TDC cannot give any assurances that its efforts to increase efficiencies and reduce costs will be successful. In addition, future cost savings and efficiency initiatives may require TDC to record Special Items, such as provisions for redundancies.

- *TDC Pro.* TDC Pro, launched in October 2010, is an in-depth review of TDC's operations with a view to creating sustained operational efficiencies, including by, among other things, improving core processes (such as its processes for product development and fault handling), simplifying key interfaces with customer facing units and increasing flexibility through outsourcing ("make versus buy").

- *TDC 2.0.* TDC 2.0 was launched to improve performance management, standardization of processes and operational efficiency. This initiative has been implemented in TDC Shops and is being implemented in parts of TDC Business. For a more detailed discussion of TDC 2.0, see "*Business—Strategic Agenda—Corporate transformation strategies—Bottom-up revitalization of TDC to improve performance and employee satisfaction*".

For financial reporting purposes, TDC distinguishes between two categories of operating expenses: other external expenses and wages, salaries and pension costs. The paragraphs below describe the main items relating to each category.

Other external expenses.

Customer services and fault handling. During the three years ended December 31, 2009, the costs relating to customer services and fault handling have decreased by DKK 76 million, or a negative compound annual growth rate of 6.4%. These decreases reflected improved fault handling processes, which have significantly reduced fault rates and related costs in call centers and the field force. During the nine-month period ended September 30, 2010, costs relating to customer services have increased by 2.9% compared with the same period in 2009, mainly due to increased costs related to NetDesign. Fault handling costs per RGU incurred in Operations & Wholesale, the business divisions under which the large majority of these costs are recorded, decreased by an annual compound growth rate of 11.6% between September 30, 2008 and September 30, 2010. TDC's efforts to reduce its cost-to-serve are continuing, mainly by focusing on better billing procedures, further reducing fault rates and improving fault handling. TDC intends to seek to further improve fault handling by handling more faults remotely, a focus on first time resolution in call centers and further standardization of procedures.

Facility management. During the three years ended December 31, 2009, TDC's costs relating to facility management have increased by DKK 77 million, or a compound annual growth rate of 3.9%, impacted by a sale and leaseback of properties used for technical and administrative purposes in July 2007. Excluding this sale and leaseback operation, TDC has reduced expenses relating to facility management during the same period at a negative compound annual growth rate of 2.6%. During the nine-month period ended September 30, 2010, costs relating to facility management have decreased by 2.2% compared with the same period in 2009. These decreases reflected a reduction in the number of full-time employee equivalents, consolidation of physical locations (including headquarters and call centers) and the sale of properties. TDC intends to further reduce its number of physical locations in Denmark.

Information technology. During the three years ended December 31, 2009, TDC has reduced costs relating to information technology systems by DKK 104 million, or a negative compound annual growth rate of 7.6%. During the nine-month period ended September 30, 2010, information technology costs have decreased by 7.3% compared with the same period in 2009. These decreases reflected outsourcing the maintenance and development of a substantial portion of information technology infrastructure to CSC (pursuant to an agreement of March 2007), simplifying its existing infrastructure and a "one PC per employee" policy. TDC aims to deliver a reduction of operating expenses relating to information technology by 5% per year from 2010 onwards, by further reducing and stabilizing its legacy application portfolio, simplifying its information technology infrastructure, significantly reducing service disruptions and optimizing CSC's services. For more information regarding the outsourcing of information technology systems to CSC, see "*Business—Material Contracts—Outsourcing Arrangements—Outsourcing of information technology infrastructure to CSC Consulting Group A/S*".

Marketing and distribution. During the three years ended December 31, 2009, TDC's costs relating to marketing and distribution decreased by DKK 48 million, or a negative compound annual growth rate of 6.0%. This decrease reflected reduced media spending and sponsoring costs in TDC Business, the increased marketing subsidy received by Consumer from certain suppliers of terminal equipment and savings on media spending in Consumer. During the nine-month period ended September 30, 2010, costs relating to marketing and distribution have increased by 11.8% compared with the same period in 2009. This increase reflected higher marketing spending in Consumer.

Shops and sales channels. During the three years ended December 31, 2009, TDC's costs relating to shops and sales channels decreased by DKK 12 million, or a negative compound annual growth rate of 15.6%. During the nine-month period ended September 30, 2010, such costs decreased by 15.1%, reflecting a more focused product range in TDC Shops.

Network. During the three years ended December 31, 2009, TDC's network costs decreased by DKK 14 million, or a negative compound annual growth rate of 2.1%. During the nine-month period ended September 30, 2010, network costs decreased by 3.6% compared with the same period in 2009. These cost reductions reflected lower costs on service contracts and efficiency improvements.

Subscriber acquisition ("SAC") and retention ("SRC") costs. SAC includes terminal subsidies, dealer commissions, freight costs and fees and bonuses related to attracting new customers. SRC includes terminal subsidies, dealer commissions, freight costs and fees related to maintaining existing customers. During the three years ended December 31, 2009, TDC's SAC and SRC increased by DKK 66 million, or a compound annual growth rate of 4.6%. The increase reflected increased sales of smartphones and associated data usage. During the nine-month period ended September 30, 2010, SAC and SRC have decreased by 8.1%, each compared with the same period in 2009. This decrease reflected a new offer to customers introduced in 2010 whereby customers can pay for smartphones in installments and in the form of increased subscription fees. This offer has made it possible to reduce the level of handset subsidies.

Other expenses, including staff related costs. TDC records expenses that are not related to any of the categories described above under "Other expenses, including staff related costs" (wages, salaries and pension costs are not included). These expenses include, among other things, other external expenses relating to staff in headquarters and TDC Nordic and certain departments of TDC's business divisions (such as business development and logistics in Operations, management and human resources in YouSee and management and finance in Consumer), business development costs and license costs relating to TDC Play. "Other expenses, including staff related costs" have decreased by DKK 404 million, or a negative compound annual growth rate of 15.0%, during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, such costs have decreased by 5.5% compared with the same period in 2009. These decreases reflect the optimization of staff functions and efficiency improvements.

Wages, salaries and pension costs.

Wages, salaries and pension costs are a significant component of TDC's operating expenses, and the focus of its recent cost reduction programs has been on reducing the number of full-time employee equivalents. Wages, salaries and pension costs declined at a negative compound annual growth rate of 9.9% over the same period. During the three years ended December 31, 2009, TDC reduced its Danish full-time employee equivalents from 13,122 to 9,986. The allocation of this reduction was as follows: 2,114 full-time employee equivalents through redundancy programs, 605 through outsourcing, and 478 as a result of the net effect of hiring and voluntary resignations. This reduction was partly offset by the addition of 61 full-time employee equivalents as the net result of acquisitions and divestments. During the nine-month period ended September 30, 2010, TDC reduced the number of its domestic full-time employee equivalents by 554. During the nine-month period ended September 30, 2010, wages, salaries and pension costs related to domestic full-time employee equivalents decreased by 7.6%. TDC expects to continue to reduce headcount in the future. While these staff reductions have contributed to a decrease in operating expenses, TDC has recorded Special Items associated with related redundancy costs. During the two quarters ended June 30, 2010, the average redundancy cost per full-time employee equivalent was DKK 404,000 for non-civil servants and DKK 1,379,000 for civil servants or a weighted average of DKK 831,000 per full-time employee equivalent. The average redundancy cost is calculated as the total cost in the two quarters ended June 30, 2010 divided by the number of full-time employee equivalents included in the redundancy programs during this period. The total redundancy cost includes wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, special termination benefits (in accordance with IAS 19 ("Employee Benefits") as adopted in the EU), social security contributions and outplacement costs. TDC expects to implement further redundancies in 2011, at a lower rate (both in absolute numbers and in relative terms), however, than during the period under review.

In recent years, TDC recognized income related to its domestic defined benefits pension fund. The income comprises the net effect of service costs, interest cost and expected return on plan assets. Service cost is the cost of the additional pension rights accruing to members during the year and is driven mainly by the number of employees in service who are members of the pension fund. Interest costs are determined by the pension liability and the discount rate. Expected return on plan assets is determined by the market value of plan assets and the expected rate of return, which depends on the pension fund's long-term strategic asset allocation and the average long-term yields on individual asset classes in such allocation. The pension income from domestic defined benefit plans in 2009 was DKK 141 million and during the nine-month period ended September 30, 2010, the pension income from such plans was DKK 218 million.

Capital expenditures

During the three years ended December 31, 2009, TDC has maintained its capital expenditure in Denmark and the other Nordic countries at between 14% and 15% of revenue (capital expenditure was broadly stable from DKK 3,979 million in 2007 to DKK 3,891 million in 2009). For the nine-month period ended September 30, 2010, capital expenditure was 12.6% of revenue. The lower expenditure during this period was a result of lower investment in information technology and network infrastructure, the latter due mainly to postponement of works as a result of difficult weather conditions in the first few months of 2010. During the period under review, TDC focused on increasing coverage on its platforms (copper, coax, fiber, GSM and UMTS) and upgrading capacity of its networks to meet customers' increasing demand for data speed and more advanced services, resulting in a highly invested network across all major technologies. For a description of TDC's network, see "*Business—Overview of TDC's Activities by Business Division—Operations & Wholesale—Network*". TDC also sought to reduce the cost relating to its capital expenditure, by prioritizing its spending on the basis of periodic reviews, setting targets for the capital expenditure-to-revenue ratio and competitive sourcing. This reduction was accompanied by an increase in the proportion of sales-driven capital expenditure. TDC intends to continue to invest in its network, in particular to further increase capacity (primarily through the roll-out of LTE in areas with high population density), further increase UMTS coverage and enhance DSLAM and fiber access. For more information regarding TDC's capital expenditures, see "*—Liquidity and Capital Resources—Capital expenditures*".

Taxation

TDC's results of operations and cash flows are impacted by its tax rates. Tax laws and rules and their interpretation are subject to frequent change in each jurisdiction and such changes may be implemented retroactively. TDC's tax position and effective tax rate may change based on any such changes.

TDC's effective corporate tax rate fluctuated significantly during the three years ended December 31, 2009, primarily as a result of the introduction of a limitation on the deductibility of interest expense in 2007. See "*—Comparison of the Years Ended December 31, 2009, 2008 and 2007 for TDC Group—Income Taxes*". TDC expects its effective corporate tax rate to gradually converge towards the statutory corporate rate (which is currently 25% in Denmark).

Following the merger between TDC and NTC in 2009, TDC recorded an increase in certain intangible assets, including the value of customer relationships of DKK 11,339 million and related deferred tax liabilities of DKK 2,805 million. The value of the customer relationships will be amortized over time for financial accounting purposes but the amortizations are not tax deductible. Consequently, until the value of the customer relationships is entirely amortized in the financial accounts, cash taxes payable are calculated on a higher taxable profit before tax and differ from the tax expense in the profit and loss statement. TDC currently expects the majority of the value of the customer relationships to be amortized over the next ten years. For the year ended December 31, 2010, TDC expects depreciation and amortization to amount to approximately DKK 5,400 million, with approximately DKK 1,600 million relating to non-tax deductible amortization of customer relationships. TDC expects cash taxes paid in 2010 to be approximately DKK 1,500 million.

TDC's deferred tax liabilities as of September 30, 2010 were DKK 6,500 million, including DKK 4,539 million of deferred tax liabilities relating to intangible assets (primarily purchase price allocations of customer relationships and trademarks that are not amortized and not tax deductible) and a deferred tax liability related to pensions of DKK 1,554 million. TDC expects the deferred tax liabilities to be relatively stable going forward. However, there may be certain fluctuations in the deferred tax liability relating to pensions resulting from actuarial gains and losses calculated in accordance with IFRS. Such fluctuations should not have any impact on cash taxes.

Effective as of July 1, 2007, Danish tax legislation changed to impose certain limitations on the deductibility of interest expenses, which has affected TDC's results of operations. TDC aims to achieve a net debt-to-EBITDA ratio at or below 2.1x. As a result, TDC expects the impact of the limitation on deductibility of interest expenses to be lower than during the periods under review. "Net debt/ EBITDA" is defined in "*Selected Historical Consolidated Financial and Operating Information*".

Interest expenses and foreign currency adjustments

TDC's Senior Facilities bear interest at variable rates. During the three years ended December 31, 2009, the applicable interest rate relating to the Senior Facilities decreased mainly due to LIBOR decreasing during this period. TDC expects its results of operations to be affected in the future by changes in interest rates. As of September 30, 2010, the interest rate risk relating to 65% of TDC's gross debt was covered by hedging arrangements. The portion of gross debt that is hedged may vary in the future. For more information about the Senior Facilities, see "*—Liquidity and Capital Resources— Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

During the three years ended December 31, 2009, a portion of TDC's intercompany balances was denominated in Swedish Krona and Norwegian Kroner. See "*—Comparison of Results of Operations— Comparison of the Years Ended December 31, 2009, 2008 and 2007 for TDC Group—Net financials*". As a result, TDC's results of operations have been affected by fluctuations in exchange rates resulting in adjustments to its net financials. A significant portion of intercompany balances denominated in Swedish Krona and Norwegian Kroner were settled at the end of 2009. TDC currently does not expect intercompany balances denominated in Swedish Krona or Norwegian Kroner to have a significant effect on its results of operations in future periods.

Acquisitions and Divestitures

Discontinued Operations

Discontinued operations consist of 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 Group, 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. Profit (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 to the Audited Annual Financial Statements. 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 to the Audited Annual Financial Statements. Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the cash flow statements with restated comparative figures.

In October 2010, TDC completed the sale of Sunrise, its Swiss subsidiary, to investment funds advised by CVC Capital Partners, for a consideration of CHF 3,308 million on a debt and cash free basis. For more information regarding this disposal, see "*Business—Material Contracts—Acquisitions and Divestitures—Disposal of Sunrise in Switzerland*".

In November 2009, TDC divested its 64.6% holding in Invitel Holdings A/S (formerly known as Hungarian Telephone and Cable Corp.), a Hungarian-based landline operator with wholesale operations in Eastern Europe. In June 2007, TDC divested its shares in Talkline Management and Finance Holding GmbH, a German mobile services provider. Invitel and Talkline are presented as discontinued operations in the Audited Annual Financial Statements for 2009. See note 11 to the Audited Annual Financial Statements.

Consolidated and Deconsolidated Businesses

TDC applies the purchase method of accounting to the acquisition of subsidiaries, joint ventures and associates. Acquired assets, liabilities and contingent liabilities are measured on initial recognition at fair value 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.

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

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. See "*—Discontinued Operations*".

Since 2007, TDC has acquired a number of complementary network operators and service providers in Denmark, such as broadband applications provider Nordit, municipal cable-TV operator Nakskov Fællesantenne, no-frills broadband provider Fullrate, mobile service providers M1 and Unotel, TV and broadband services provider A+, and DONG Energy's fiber network in Greater Copenhagen and North Zealand. TDC has also undertaken a number of divestments of non-core assets, such as Austrian mobile service provider One and Baltic mobile services provider Bité.

TDC currently expects its acquisition strategy to focus on bolt-on, in-country acquisitions in Denmark and other Nordic countries, in line with its recent practice, in order not to compromise its shareholder remuneration policy or its leverage and rating policy.

The table below sets forth certain key acquisitions and divestitures between January 1, 2007 and September 30, 2010 (other than discontinued operations, which are described in "*—Discontinued Operations*") and their respective dates of consolidation or deconsolidation:

Acquisitions

Entity	Consolidated since
Nakskov Fællesantenne	April 2010
Nordit	March 2010
AinaCom's fiber network	February 2010
Unotel	January 2010
M1	January 2010
DONG Energy's fiber network	December 2009
A+	June 2009
Fullrate	March 2009
Uni2 Hosting	September 2007

Divestitures

Entity	Deconsolidated from
Satellite business	June 2009
Rejsekort	January 2009
Business customer centers	December 2008
Polkomtel(1)	December 2008
Connect Partner	November 2008
Digital Signatur	July 2008
TDC Produktion	July 2008
Uppsala Stadsnät	June 2008
Business Phone	June 2008
International Carrier Services	April 2008
LG-Nortel	January 2008
One(1)	October 2007
Bité	February 2007

(1) Joint ventures and associates recognized under the equity method.

Key Factors Affecting Results of Operations by Business Division

During the periods under review, the results of operations of each of TDC's business divisions have been affected by the following principal factors:

Consumer

Mobility services

Consumer's revenue from mobility services is dependent on the number of RGUs and ARPU. The number of RGUs depends on a number of factors, such as pricing, handset acquisition subsidies, customer service, network quality, ability to provide value-added services and competition. ARPU is driven mainly by traffic volume (voice and data), mobile termination rates and end-user tariffs.

During the period under review, Danish regulation of mobile termination rates and EU regulation of international roaming charges have resulted in reduced rates for these services, which has negatively affected revenue, and TDC expects these rates to decline further in the near future. For example, TDC's mobile termination rates were DKK 0.72 per minute as of May 1, 2007 and DKK 0.44 per minute as of May 1, 2010. As a result of a decision by NITA dated October 28, 2010, mobile termination rates will decrease to DKK 0.33 per minute as of May 1, 2011. In the periods under review, lower revenue from inbound calls due to lower mobile termination rates has been largely offset by savings in transmission costs for outbound calls from TDC's network to other operators. As a result, TDC expects that the continuing decline in mobile terminates rates, including expected future regulation of SMS, will not significantly impact its gross profit.

The level of subscription acquisition subsidies, such as mobile handsets subsidies, used to acquire RGUs from TDC's competitors and to retain existing customers has had and is expected to have a significant effect on TDC's results of operations. In Denmark, the lock-in period in retail mobile contracts is limited by regulation to six months in duration. This limits the amount of mobile handset subsidy that TDC is able to recoup through a contract.

Consumer's revenue from mobility services (DKK 4,418 million in 2009) has increased at a compound annual growth rate of 4.0% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, Consumer's revenue from mobility services increased by 1.5% compared with the same period in 2009.

Mobile voice. In recent years, the Danish residential mobile voice market experienced an increase in the number of subscribers and traffic volumes. See "*Industry and Competitive Environment—Market segments—Danish Mobile Market—Mobility Services*". This increase was accompanied by strong competition, which had a negative effect on prices and resulted in the increased demand for flat rate mobile voice products. During the three years ended December 31, 2009, TDC increased the number of subscription mobile voice RGUs, which had a positive effect on ARPU (as subscription RGUs tend to generate a higher ARPU than prepaid card RGUs). In particular, TDC's mobile brand Telmore has experienced significant RGU growth during the three years ended December 31, 2009, as an increasing portion of mobile subscribers opted for its no-frills product. As of September 30, 2010, Consumer had 2,015,000 mobile voice RGUs (1,837,000 of which were mobile subscription RGUs), an increase of 2.1% compared with September 30, 2009. Blended ARPU decreased by 3.2% in 2009, compared with 2008, and during the nine-month period ended September 30, 2010, Consumer's blended ARPU was DKK 171, or 7.6% lower than during the same period in 2009.

TDC believes that revenue growth in the mobility services market will be driven mainly by increased voice usage and demand for mobile data and value-added services, and that its success in increasing revenue from such services will depend to a large extent on its ability to offer competitive handsets, in particular smartphones. The number of smartphones as a percentage of total handsets sold by Consumer (including Telmore) increased from 47% in the first quarter of 2010 to 65% in the third quarter of 2010. In addition, during the nine-month period ended September 30, 2010, ARPU on smartphones for residential customers (including SoHo) fluctuated between DKK 270 per month and DKK 302 per month, while ARPU on other handsets fluctuated between DKK 158 per month and DKK 179 per month. TDC expects continued downward pressure on end-user tariffs for mobile voice, mainly as a result of price competition and a further decline of mobile termination rates.

Mobile broadband. The mobile broadband market has been characterized by high growth in RGUs in recent years and decreasing prices due to significant competition. Between the launch of its mobile broadband product in the first quarter of 2008 and September 30, 2010, Consumer experienced an increase in the number of mobile broadband RGUs from zero to 136,000, combined with higher revenue from mobile data. TDC expects further growth in the mobile broadband market to be accompanied by continued price competition.

Landline telephony

Consumer's landline telephony revenues are principally affected by the number of RGUs, traffic volumes and prices. Both the number of RGUs in Denmark and traffic volumes have declined in recent years. See "*Industry and Competitive Environment—Market segments—Danish Landline Market—Landline telephony*". For a description of TDC's copper line loss, see "*—Key Factors Affecting Results of Operations of TDC Group—Copper Line Loss*". Consumer's revenue from landline telephony, including VoIP, (DKK 2,675 million in 2009) decreased at a negative compound annual growth rate of 11.5% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, Consumer's revenue from landline telephony, including VoIP, decreased by 11.5% compared with the same period in 2009. As of September 30, 2010, Consumer had 1,162,000 landline telephony RGUs (including VoIP), a decrease of 8.2% compared with September 30, 2009. The number of VoIP RGUs has increased from 92,000 in the first quarter of 2009 to 306,000 in the third quarter of 2010. Consumer's PSTN/ISDN ARPU remained stable during the nine-month period ended September 30, 2010, at DKK 184 per month.

Internet and network

The main drivers of Consumer's revenue from its internet business are the number of RGUs and ARPU. The number of RGUs depends on a number of factors, such as network performance and coverage, tariff plans, customer demand for new services (e.g., VoIP and TVoIP) and competition. ARPU is primarily determined by the mix of bandwidths. During the period under review, competition has resulted in increased bandwidth at unchanged, or even reduced, prices. See "*Industry and Competitive Environment—Market segments—Danish Landline Market—Landline telephony*".

Consumer's revenue from internet and network was DKK 1,734 million in 2009 and increased at a compound annual growth rate of 4.5% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, Consumer's revenue from internet and network decreased by 6.0% compared with the same period in 2009, due mainly to price competition. As of September 30, 2010, Consumer had 636,000 fixed broadband RGUs, compared to 626,000 as of September 30, 2009. Consumer's xDSL ARPU decreased from DKK 234 per month in the first quarter of 2009 to DKK 202 per month in the third quarter of 2010. TDC believes that the migration of subscribers to higher speed bandwidths and demand for value-added services has helped to limit such revenue decline. For example, Consumer's blended ARPU (fixed broadband, TVoIP and VoIP per broadband RGU) increased by 7.7% during the nine-month period ended September 30, 2010, to DKK 306 per month.

TDC believes that it must continue to migrate broadband customers towards higher bandwidth connections in order to mitigate ongoing price pressure. The success of this strategy will depend on the continued development of internet-based applications that require increased bandwidth, such as TVoIP and other value-added services. In addition, TDC expects the deployment of additional mobile capacity and reduced costs of mobile broadband usage to lead to a reduction of revenue from xDSL services.

TDC TV

Revenue from TDC TV is driven mainly by the number of subscribers, ARPU and demand for content. In recent years, the market for TVoIP has experienced increased demand for value-added services, such as video-on-demand. Revenue from TDC TV (excluding YouSee) increased significantly since its launch in 2008, to DKK 166 million in 2009. During the nine-month period ended September 30, 2010, Consumer's revenue from TDC TV increased by 178.1% compared with the same period in 2009, mainly as a result of the popularity of HomeTrio. As of September 30, 2010, Consumer had 115,000 TV RGUs, an increase of 49.4% compared with September 30, 2009. TDC expects further growth in this market segment, mainly driven by demand for content and value-added services.

TDC Business

Internet and network services

TDC Business' revenue from internet and network services is driven primarily by the number of RGUs and ARPU. The number of RGUs depends primarily on factors such as network performance and coverage, tariff plans, customer demand for new services, unemployment rates and competition. ARPU in the business market segment is primarily driven by the mix of bandwidths and demand for add-on services, such as security services and remote access technology. In addition, TDC Business' revenue depends on business customers' investment levels, which have decreased due to the recent economic downturn. As in the residential segment, competition has resulted in increased bandwidth at unchanged, or even reduced, prices. See "*Industry and Competitive Environment—Market segments—Danish Landline Market—Landline telephony*".

TDC Business' revenue from internet and network (DKK 2,526 million in 2009) decreased at a negative compound annual growth rate of 1.5% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, TDC Business' revenue from internet and network decreased by 8.6% compared with the same period in 2009. The decline in both periods primarily reflected the recent economic downturn and price competition. As of September 30, 2010, TDC Business had 260,000 internet RGUs, a decrease of 8.5% compared with September 30, 2009. In the first half of 2010, churn increased in this market segment due to the recent economic downturn and the introduction of a new Danish multimedia tax, as a result of which employees with a broadband or telephony connection paid for by the employer are required to report an increased income for tax purposes of DKK 3,000. TDC estimates that, for the six months ended June 30, 2010, this has resulted in a decrease of 18,000 RGUs in TDC Business. Although a portion of this RGU churn may be captured by Consumer, TDC expects that the net effect of this tax on its results of operations will be negative. TDC Business' landline broadband subscriber base remained stable during the second and third quarter of 2010, at 258,000 RGUs.

During the nine-month period ended September 30, 2010, TDC Business' broadband ARPU decreased to DKK 359 per month, from DKK 364 per month for the same period in 2009.

Mobility services

TDC Business' revenue from mobility services is driven mainly by the number of RGUs and ARPU. RGU numbers depend primarily on pricing, ability to provide value-added services, the number of SIM cards per user (driven by the introduction of new devices such as smartphones) and competition. ARPU is driven mainly by traffic volume (data traffic being of particular importance in the business market segment), mobile termination rates and end-user tariffs. The markets for mobile voice and mobile broadband in the business segment have experienced growth in recent years, accompanied by price competition. See "*Industry and Competitive Environment—Market segments—Danish Mobile Market*".

TDC Business' revenue from mobility services was DKK 2,251 million in 2009 and decreased at a negative compound annual growth rate of 1.2% during the three years ended December 31, 2009. The revenue decline was mainly due to lower mobile termination rates and an increased number of business customers opting for flat rate mobile voice products. For a description of the effect of mobile termination rates and international roaming charges on TDC's results of operations, see "*—Consumer—Mobility services*". During the nine-month period ended September 30, 2010, TDC Business' revenue from mobility services increased by 1.9% compared with the same period in 2009. This revenue increase was mainly due to the number of mobile broadband RGUs, which increased by 16.3% between September 30, 2009 and September 30, 2010, to 107,000. In addition, the number of telemetric RGUs increased by 23.6% between September 30, 2009 and September 30, 2010, to 372,000. During the nine-month period ended September 30, 2010, mobile voice blended ARPU decreased by 1.4%, to DKK 272 per month, compared to the same period in 2009. TDC Business' mobile broadband ARPU (excluding data cards) decreased from DKK 286 per month in the first quarter of 2009 to DKK 195 per month in the third quarter of 2010, due mainly to price competition.

TDC believes that revenue growth in the mobility services market will be driven mainly by increased voice usage and demand for mobile data and value-added services. TDC expects further growth in the telemetric and mobile broadband market segments, accompanied by continued price competition.

Landline telephony

TDC Business' revenue from landline telephony has declined in recent years. For a discussion of the key factors affecting TDC's landline telephony revenue in the residential and business segments, see "*—Copper Line Loss*" and "*Industry and Competitive Environment—Market segments—Danish Landline Market—Landline telephony*". Compared to the residential market segment, during the nine-month period ended September 30, 2010, business customers have increasingly migrated from traditional landline telephony to VoIP, rather than mobile.

TDC Business' revenue from landline telephony, including VoIP (DKK 1,968 million in 2009) has decreased at a negative compound annual growth rate of 5.8% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, TDC Business' revenue from landline telephony, including VoIP, decreased by 7.7% compared with the same period in 2009. As of September 30, 2010, TDC Business had 414,000 landline telephony RGUs (including VoIP), a decrease of 8.0% compared with September 30, 2009. The number of VoIP RGUs has increased from 18,000 in the first quarter of 2009 to 32,000 in the third quarter of 2010. TDC Business' PSTN/ISDN ARPU has remained relatively stable during the nine-month period ended September 30, 2010, at DKK 367 per month.

Terminal equipment and systems integration

TDC Business' revenue from CPE sales and systems integration is driven mainly by business customers' investment levels, which affects sales volume, and pricing. In recent years, the Danish market for systems integration services has contracted, mainly due to the recent economic downturn. This has also been reflected in lower sales volume in TDC's system integration business (NetDesign). TDC Business' revenue from terminal equipment and systems integration was DKK 1,047 million in 2009 and decreased at a negative compound annual growth rate of 17.6% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, TDC Business' revenue from this market segment decreased by 6.7% compared with the same period in 2009. The revenue decline in both periods primarily reflected the recent economic downturn. TDC expects future revenue growth in this market segment to be dependent on customers' investment levels.

TDC Nordic

Revenue from TDC Nordic is primarily impacted by the number of RGUs, pricing and sales volumes, which depend on the investment levels of its existing and potential business and public sector customers in Sweden, Norway and Finland. The market in which TDC Nordic operates has similar characteristics to the Danish landline telephony, mobility services and internet markets for business customers. See "*—TDC Business*". In addition, TDC Nordic's results of operations, expressed in Danish Kroner, are impacted by exchange rate developments with respect to the Swedish Krona and Norwegian Kroner.

Revenue from TDC Nordic was DKK 3,515 million in 2009 and decreased at a negative compound annual growth rate of 4.6% during the three years ended December 31, 2009. Its business generally, and revenue from the integration services business in TDC Sweden in particular, was adversely affected by the recent economic downturn. TDC Nordic experienced increased revenue from IP-VPN and hosting services during 2008 and 2009 and from mobility services in 2009. Negative exchange rate developments in relation to the Swedish Krona and Norwegian Kroner resulted in a decline in revenue during the three years ended December 31, 2009. TDC Nordic's revenue during the nine-month period ended September 30, 2010 increased by 14.3% compared with the same period in 2009, primarily driven by increased revenue from mobile voice, IP-VPN and hosting services, an increase in revenue from the Swedish integrator business and a positive exchange rate development. TDC expects further revenue growth in TDC Nordic to be driven mainly by the expansion of its product portfolio into value-added services and sales to medium sized companies and public sector accounts.

Operations & Wholesale

Operations

TDC's revenue from Operations is mainly driven by intra-group sales to TDC Nordic and YouSee and sales to third parties. Operations' revenue generated from third parties mainly relates to police assignments, operation of mobile sites and supply chain management. Operations' revenue has been impacted by the level of cost allocations to other business divisions of TDC. Operating expenses in Operations related to other business divisions' use of the infrastructure and supply functions are allocated to the relevant business divisions (except for YouSee and TDC Nordic, which are billed at arms' length). The largest part of the allocation is network settlements (68.2% in the year ended December 31, 2009), which is divided into a fixed and a variable monthly fee. The variable fee is based on volume (subscribers and traffic) multiplied by a fixed price. Information technology costs (15.7% in the year ended December 31, 2009) are allocated to the divisions based on a fixed monthly fee, and billing costs (4.5% in the year ended December 31, 2009) are allocated based on a monthly fee which is set each quarter based on the actual usage (i.e., mailing). Facility management costs (5.9% in the year ended December 31, 2009) are allocated based on a fixed monthly fee for the administrative locations and a variable fee based on square meters for the remaining locations (shops, basements, technical buildings). The remaining costs (5.7% in the year ended December 31, 2009) are comprised of cars, supply chain management, sourcing, and the basis for the allocation of these costs varies between fixed and variable fees. During the three years ended December 31, 2009, revenue from Operations decreased at a negative compound annual growth rate of 10.2%, mainly as a result of declining demand for services from TDC's other business divisions (mainly reflecting efficiency improvements in those business divisions). Revenue from Operations was DKK 347 million in 2009 and DKK 222 million during the nine-month period ended September 30, 2010.

Wholesale

TDC's revenue from Wholesale is impacted primarily by the number of wholesale RGUs and pricing. Regulation of international roaming charges and, to a lesser extent, mobile termination rates has negatively affected revenue in recent years. For a description of the effect of mobile termination rates and international roaming charges on TDC's results of operations, see "*—Consumer—Mobility services*". Unlike TDC's other business divisions, decreases in international roaming charges have impacted, and are expected to continue to impact, Wholesale's gross profit as well as its revenue, in particular with respect to international roaming on TDC's network. TDC Wholesale's revenue was DKK 2,235 million in 2009 and decreased at a compound annual growth rate of 16.0% during the three years ended December 31, 2009, due mainly to the acquisition of other smaller telecommunications companies by TDC.

As a result of TDC's Significant Market Power status in Denmark, the majority of prices in the wholesale market are regulated. NITA uses two LRAIC models. A landline LRAIC model is used to set prices for switched interconnection traffic, interconnection capacity, shared access and ULL (also known as raw copper) as well as related co-location. The landline LRAIC model was revised in 2009 and resulted in significant reductions of LRAIC regulated prices from January 1, 2010, primarily regarding interconnection prices that were reduced by almost 50%. Further reductions in LRAIC prices for 2011 were announced on October 29, 2010 (with reductions on interconnection rates of up to 50%). TDC expects that NITA will announce a revised landline LRAIC model with reduced landline termination rates during the first six months of 2011, which will have a negative effect on revenue from the time such rates take effect. TDC expects these new rates, once announced, to take effect on January 1, 2012. A mobile LRAIC model is used to set prices for mobile termination (voice and, as TDC expects, in the future also SMS). The LRAIC mobile model resulted in decreasing prices in 2010 and further price reductions have been announced for 2011. These price reductions will negatively affect TDC's revenue.

During the three years ended December 31, 2009, consolidation in the Danish mobility services market has reduced the number of service providers, which had a negative effect on Wholesale's revenue. TDC's acquisition of M1 in January 2010 resulted in a transfer of RGUs, and consequently revenue, from Wholesale to Consumer. The acquisition of M1 in January 2010 had a negative revenue effect on Wholesale of DKK 95 million for the nine-month period until September 30, 2010, compared with the nine-month period ended September 30, 2009.

TDC believes that its future wholesale revenue will to a certain extent depend on its ability to continue to increase sales of value-added solutions through broadband by migrating customers from ULL to BSA. Although the wholesale prices for both BSA and ULL are regulated, BSA sales tend to generate a higher ARPU than ULL. For example, during the nine-month period ended September 30, 2010, the monthly ULL rental fee charged by TDC was DKK 69 while the monthly price of 20 Mbps BSA (including additional charge for line rental) over the same period was DKK 136. The proportion of BSA and resold xDSL revenue to total revenue in Wholesale increased from 10.6% during the nine-month period ended September 30, 2009 to 11.6% during the nine-month period ended

September 30, 2010 and now represents a larger portion of Wholesale's revenue than ULL. In addition, TDC expects future growth from sales of capacity and mobile products to service providers, brand partners and MVNOs.

YouSee

YouSee's revenue is primarily driven by the number of homes passed by the cable network of YouSee and antenna and housing associations, the number of subscribers on such cable network, the content offering and take up of TV packages and broadband and competition. The number of subscribers in the Danish Pay-TV market has increased in recent years and the market has been characterized by the migration from analog to digital TV and the development of digital TV services, such as personal video recording, video-on-demand and high definition TV. YouSee faces competition from other cable TV providers and from providers of Pay-TV services on platforms such as DTH, DTT and TVoIP. See "*Industry and Competitive Environment—Market segments—Danish Pay-TV Market*".

YouSee's revenue was DKK 3,597 million in 2009 and increased at a compound annual growth rate of 12.8% during the three years ended December 31, 2009. During the nine-month period ended September 30, 2010, YouSee's revenue increased by 12.7% compared with the same period in 2009. The number of YouSee RGUs increased at a compound annual growth rate of 8.2% since December 31, 2008, to 1,821,000 as of September 30, 2010. During the same period, YouSee's blended ARPU increased from DKK 240 per month in the first quarter of 2009 to DKK 266 per month in the third quarter of 2010. The number of homes passed by YouSee's cable network as of September 30, 2010 was approximately 1,451,000, with another 5,000 homes passed via its fiber network.

TDC expects further revenue growth in YouSee to be driven mainly by increased demand for YouSee Plus and broadband. YouSee's future profitability will also depend on its ability to obtain a broad range of content at competitive prices.

In 2009, NITA issued a decision requiring TDC to offer wholesale BSA over the coax network. TDC has appealed this decision with respect to cable-TV networks that are served but not owned by TDC. On September 17, 2010, the Danish Telecommunications Complaints Board upheld NITA's decision. TDC has appealed against this decision to the High Court. In the meantime, the relevant LRAIC model is under review in order to determine prices for such wholesale access and is currently expected to be finalized in March 2011. See "*Risk Factors—Risks Related to TDC's Regulatory Environment and Litigation*".

Comparison of Results of Operations

Comparison of the Nine-month period ended September 30, 2010 and 2009 for TDC Group

The following table sets forth certain financial and operating information regarding the TDC Group for the periods indicated:

	Nine-month period ended September 30,	
	2010	**2009[18]**
	(unaudited) (DKK millions)	
Income Statement Data		
Revenue[1]	19,558	19,514
Gross profit[19]	14,553	14,651
Profit before depreciation, amortization and Special Items (EBITDA)[2]	**8,046**	**7,854**
Depreciation, amortization and impairment losses	(4,046)	(3,401)
Operating profit (EBIT),[3] excluding Special Items	**4,000**	**4,453**
Special Items	(918)	(641)
Operating profit (EBIT)	**3,082**	**3,812**
Profit and loss from joint ventures and associates	6	86
Net financials[4]	(1,332)	(1,689)
Profit before income taxes	**1,756**	**2,209**
Income taxes	(578)	(689)
Profit for the period from continuing operations	**1,178**	**1,520**
Profit for the period from discontinued operations[5]	386	372
Profit for the period	**1,564**	**1,892**
Attributable to:		
Owners of the Parent Company	1,564	1,934
Minority interests	—	(42)
Profit for the period, excluding Special Items[6]		
Operating Profit (EBIT)	**4,000**	**4,453**
Profit and loss from joint ventures and associates	(4)	7
Net financials[4]	(1,332)	(1,689)
Profit before income taxes	**2,664**	**2,771**
Income taxes	(768)	(838)
Profit from continuing operations	**1,896**	**1,933**
Profit for the period from discontinued operations	405	394
Profit for the period	**2,301**	**2,327**

	Nine-month period ended September 30,	
	2010	**2009[18]**
	(unaudited) (DKK billions)	
Balance Sheet Data[17]		
Total assets (end-of-period)	85.8	94.9
Net interest-bearing debt (end-of-period)	(31.1)	(28.6)
Total equity (end-of-period)	28.7	31.9
Average number of shares outstanding (million)[7]	990.5	990.5

	Nine-month period ended September 30,	
	2010	2009[18]
	(unaudited) (DKK millions)	
Statement of Cash Flow Data		
Continuing operations:		
Operating activities	5,561	5,575
Investing activities	(2,820)	(3,383)
Financing activities	(2,676)	(6,446)
Total Cash Flow from continuing operations	**65**	**(4,254)**
Total Cash Flow from discontinued operations	268	1,113
Total Cash Flow	**333**	**(3,141)**
Free cash flow		
Operating free cash flow[8]	4,810	4,500
Equity free cash flow[9]	3,676	3,406
Capital expenditure[10]	**(2,459)**	**(2,852)**
Key financial ratios		
Earnings Per Share (EPS) (DKK)[7]	1.6	2.0
EPS from continuing operations, excl. Special Items (DKK)[7]	1.9	2.0
EBITDA margin[11]	41.1%	40.2%
Capital expenditure to revenue ratio	12.6%	14.6%
EBITDA-Capex (DKK millions)	5,587	5,002
Cash conversion[12]	59.8%	57.3%
Net debt/EBITDA[13]	2.9x	2.8x
EBITDA/interest	7.0x	7.0x

	Nine-month period ended September 30,	
	2010	2009[18]
	(unaudited) (thousands)	
Operational Data		
RGUs (end-of-period)[14]		
Landline	1,944	2,089
Mobile	3,519	3,414
Internet	1,602	1,579
Other networks and data connections	286	291
TV	1,451	1,359
Total RGUs[15]	**8,802**	**8,731**
Danish Dual play bundles (HomeDuo and Fullrate)	288	184
Danish Triple play bundles (HomeTrio)	108	65
Employees		
Full-time employee equivalents (end-of-period)	10,665	11,385
Average full-time employee equivalents	10,965	11,591

	Nine-month period ended September 30,	
	2010	2009[18]
	(unaudited)	
Exchange Rate Data[16]		
DKK/USD exchange rate	5.4601	5.0839
DKK/EUR exchange rate	7.4519	7.4443
DKK/CHF exchange rate	5.6084	4.9372

(1) The following table sets forth the TDC Group's revenue for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges and mobile termination rates:

	Nine-month period ended September 30,	
	2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	19,558	19,514
Acquisitions/Divestments	—	226
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	210
Effect of regulation of mobile termination rates	—	(98)
Effect of regulation of international roaming charges	—	(120)
Adjusted revenue(*)	19,558	19,732
Reported growth	0.2%	—
Adjusted growth	(0.9)%	—

(*) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

(2) The following table sets forth the TDC Group's EBITDA for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges:

	Nine-month period ended September 30,	
	2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
EBITDA(*)		
Reported EBITDA	8,046	7,854
Acquisitions/Divestments	—	(8)
Sale of property, plant and equipment	(2)	(21)
Outsourcing	—	—
Currency effects	—	33
Effect of regulation of international roaming charges	—	(40)
Adjusted EBITDA(#)	8,044	7,818
Reported growth	2.4%	—
Adjusted growth	2.9%	—

(*) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(#) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

(3) "Operating profit (EBIT), excluding Special Items" means earnings before interest and tax, excluding Special Items. "Operating profit (EBIT), excluding Special Items" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies. For a reconciliation of Operating profit (EBIT), excluding Special Items to Operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(4) "Net Financials" primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

(5) The following businesses are presented as discontinued operations for the financial years 2009 through 2010: Sunrise (divested in 2010) and Invitel (divested in 2009). Other businesses that were divested during the period under review were deconsolidated as of the time of divestment.

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

(7) Adjusted for the change of nominal value per Share as of May 10, 2010 from DKK 5 to DKK 1. Earnings per Share calculation based on 990,456,780 Shares.

(8) "Operating free cash flow" means EBITDA from continuing operations adjusted for items with no cash flow effect, pension contributions, payments related to provisions, changes in net working capital and cash flow related to Capital expenditure. All items exclude Special Items. "Operating free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(9) "Equity free cash flow" means EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows related to Capital expenditures (in all cases excluding Special Items). "Equity free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(10) "Capital expenditures" means capital expenditures excluding acquisitions of shares, business activities and mobile licenses. See *"Management's Discussion and Analysis of Financial Condition and Results of Operation—Capital Expenditures*".

(11) "EBITDA margin" means the ratio between EBITDA and revenue. "EBITDA margin" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(12) "Cash conversion" means the operating free cash flow divided by EBITDA excluding Special Items. "Cash conversion" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(13) "Net debt/EBITDA" means net interest bearing debt divided by EBITDA. Net interest-bearing debt at September 30, 2010 is adjusted as if Sunrise and Invitel had been treated as assets and liabilities held for sale, respectively. Net interest-bearing debt means loans and other interest-bearing debt less cash and interest-bearing receivables. EBITDA is converted to full-year basis.

(14) The term "RGU" is described in further detail in "*Glossary*".

(15) Total RGUs includes Danish dual play and triple play bundles. A dual play bundle is included in total RGUs as two RGUs (broadband and landline telephony) and a triple play bundle is included in total RGUs as three RGUs (broadband, landline telephony and TV).

(16) Exchange rates published by the Central Bank on September 30 of the relevant financial year.

(17) Historical numbers including Sunrise, except with respect to the nine-month period ended September 30, 2010, where Sunrise is recorded as an asset held for sale.

(18) PwC has not performed the procedures specified by International Standard on Review Engagements (ISRE) 2410 ("Review of Interim Financial Information Performed by the Independent Auditor of the Entity") on the Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2009.

(19) Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic, and leasing of transmission or access capacity. Cost of goods sold includes costs relating to resale of terminal equipment and costs of content (mainly TV programs), excluding wages, salaries and pension costs.

Revenue

The following table sets forth the TDC Group's revenue for the periods indicated:

	Nine-month period ended September 30, 2010	Nine-month period ended September 30, 2009	Change in % 2010 vs 2009
	(unaudited) (DKK millions)		
Consumer	7,071	7,324	(3.5)
TDC Business	5,665	5,965	(5.0)
TDC Nordic	2,966	2,595	14.3
Operations & Wholesale	1,902	1,902	0.0
YouSee	2,990	2,652	12.7
Other activities[1]	(1,036)	(924)	(12.1)
TDC Group	**19,558**	**19,514**	**0.2**

(1) Includes primarily intra-group eliminations.

TDC Group's revenue was DKK 19,558 million, an increase of 0.2% compared with the nine-month period ended September 30, 2009.

Revenue was positively affected by the acquisitions of Fullrate, A+, M1, AinaCom's fiber network, DONG Energy's fiber network and Nordit, and positive currency movements relating to the Swedish Krona and the Norwegian Kroner. The divestment of the satellite business and mobile termination rate and international roaming charge reductions had a negative impact on revenue. Adjusted revenue[1] decreased by approximately 0.9% compared with the nine-month period ended September 30, 2009.

Increases in revenue in TDC Nordic and YouSee were partly offset by a revenue decrease in TDC Business, Consumer and Other activities. Revenue from Operations & Wholesale remained stable compared with the nine-month period ended September 30, 2009.

The revenue decrease in Consumer was related primarily to the decline in the number of PSTN/ISDN RGUs due mainly to continued migration from traditional landline telephony to mobile voice and VoIP (which generates lower ARPU), lower terminal equipment sales, reduced ARPU on broadband due mainly to price competition, and reductions in international roaming charges and mobile termination rates. TDC's mobile termination rate was reduced from DKK 0.62 to DKK 0.54 as of May 1, 2009, and further reduced to DKK 0.44 as of May 1, 2010. As of July 1, 2009, international roaming charges were reduced as a result of EU regulation (retail and wholesale prices for voice decreased by 20% to 30%, SMS and data prices decreased by 60% to 80%, in each case in comparison with the prices applicable prior to July 1, 2009). Further price reductions of international roaming charges were implemented on July 1, 2010. This decrease was partly offset by increased TV revenue, in part due to the popularity of HomeTrio, the acquisitions of Fullrate and M1 and a higher number of mobile broadband RGUs, mainly as a result of increased demand for this product.

The revenue decrease in TDC Business was primarily related to the decline in revenue from internet and network following a reduction in RGUs and ARPU on broadband due mainly to the introduction of a new Danish multimedia tax and reflected the impact of the recent economic downturn. A decrease in traditional landline telephony revenue resulted primarily from a reduced number of RGUs due mainly to migration to mobile and VoIP. Revenue from terminal equipment sales also decreased compared with the nine-month period ended September 30, 2009, reflecting the impact of the recent economic downturn. This decrease was partly offset by increased revenue from a higher number of mobile broadband and VoIP RGUs, both related to increased demand for those products, and the acquisition of DONG Energy's fiber network.

The revenue increase in TDC Nordic resulted primarily from a positive exchange rate movements and increased revenue from mobility services, due mainly to increased sales of mobility services to

(1) Adjusted for the acquisition of Fullrate, A+, AinaCom's fiber network, DONG Energy's fiber network, M1 and Nordit, the divestments of the satellite business, currency effects and the impact of regulation of international roaming charges and mobile termination rates. For a reconciliation of adjusted revenue to revenue, see the table in footnote 1 to the Selected Historical Consolidated Financial and Operating Information.

existing landline and data customers, and higher revenue from the integrator business, which partly recovered from the recent economic downturn.

Revenue in Operations & Wholesale was unchanged from the nine-month period ended September 30, 2009 to the nine-month period ended September 30, 2010, which was primarily the result of increased revenue from mobility services (adjusted for the acquisition of M1 and the impact of regulation of mobile termination rates and international roaming charges) due mainly to more traffic in TDC's mobile network. The revenue increase was partly offset by the acquisition of Fullrate and M1 (which moved RGUs from Wholesale to Consumer), reduced mobile termination and international roaming charges and the decline in the number of wholesale PSTN/ISDN RGUs, due mainly to the migration from traditional landline telephony to mobile and VoIP.

YouSee's increased revenue in the nine-month period ended September 30, 2010 compared with the nine-month period ended September 30, 2009 was driven mainly by increased revenue from YouSee Clear and YouSee Plus, as well as increased revenue from broadband also reflecting the acquisition of A+. The revenue increase was partly offset by lower revenue from installations.

The revenue decrease in Other activities compared with the nine-month period ended September 30, 2009 resulted primarily from increased eliminations reflecting increased intra-group sales relating to higher mobility services sales among TDC Sweden, TDC Finland and TDC Norway and higher revenue attributable to program content sales from YouSee to Consumer.

Gross profit

The following table sets forth the TDC Group's gross profits and gross profit margin for the period indicated:

	Nine-month period ended September 30,		Change in %
	2010	2009	2010 vs 2009
	(unaudited) (DKK millions, except as otherwise indicated)		
Gross profit			
Consumer	4,918	5,038	(2.4)
TDC Business	3,908	4,014	(2.6)
TDC Nordic	1,231	1,199	2.7
Operations & Wholesale	1,494	1,516	(1.5)
YouSee	1,746	1,528	14.3
Other activities(1)	1,256	1,356	(7.4)
TDC Group	**14,553**	**14,651**	**(0.7)**
Gross profit margin			
Consumer	69.6%	68.8%	
TDC Business	69.0%	67.3%	
TDC Nordic	41.5%	46.2%	
Operations & Wholesale	78.5%	79.7%	
YouSee	58.4%	57.6%	
Other activities(1)	—	—	
TDC Group	**74.4%**	**75.1%**	

(1) Includes primarily intra-group eliminations.

Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic, and leasing of transmission or access capacity. Cost of goods sold includes costs relating to resale of terminal equipment and costs of content (mainly TV programs), excluding wages, salaries and pension costs.

TDC's gross profit was DKK 14,553 million, a decrease of DKK 98 million, or 0.7%, compared with the nine-month period ended September 30, 2009. The decrease resulted mainly from an increase in transmission costs and cost of goods sold of DKK 142 million, or 2.9%, which more than offset the increase in revenue during that period. TDC's transmission costs and costs of goods sold are described in further detail in the period comparisons relating to the relevant business division. See "*—Comparison of the nine-month period ended September 30, 2010 and 2009 by Business Division*".

TDC's gross profit margin decreased from 75.1% in the nine-month period ended September 30, 2009 to 74.4% in the nine-month period ended September 30, 2010, which was primarily related to a lower profit margin in TDC Nordic.

Lower gross profits from Consumer, TDC Business, Operations & Wholesale and Other activities were only partly offset by a gross profit increase in YouSee and TDC Nordic.

The gross profit decrease in Consumer was 2.4% compared with the nine-month period ended September 30, 2009. The decrease in Consumer's revenue was only partly offset by a decrease in transmission costs and cost of goods sold. The gross profit margin in Consumer increased from 68.8% in the nine-month period ended September 30, 2009 to 69.6% in the nine-month period ended September 30, 2010. The increase was primarily due to lower sales of low margin terminal equipment and a reduction in mobile termination and international roaming charges.

TDC Business' gross profit decreased by 2.6% compared with the nine-month period ended September 30, 2009. The decrease in revenue was only partly offset by a decrease in transmission costs and costs of goods sold. The gross profit margin increased from 67.3% in the nine-month period ended September 30, 2009 to 69.0% in the nine-month period ended September 30, 2010, due mainly to the reduction in mobile termination and international roaming charges.

Gross profit in TDC Nordic increased by 2.7% compared with the nine-month period ended September 30, 2009. The increase resulted primarily from the increase in revenue which was only partly offset by an increase in transmission costs and costs of goods sold. The gross profit margin decreased from 46.2% in the nine-month period ended September 30, 2009 to 41.5% in the nine-month period ended September 30, 2010. The decrease was primarily a result of a change in the product mix towards products with lower margins (mainly in the integrator business), as well as divestment of the field force operation in TDC Sweden in 2009. The divestment resulted in a reduction of wages, salaries and pension costs, which was more than offset by a corresponding increase in transmission costs and cost of goods sold as the cost of the field force was now reflected in transmission costs and cost of goods sold.

The gross profit decrease in Operations & Wholesale was 1.5% compared with the nine-month period ended September 30, 2009. This decrease reflected increased transmission costs and cost of goods sold due mainly to increased international traffic volumes. The gross profit margin decreased from 79.7% in the nine-month period ended September 30, 2009 to 78.5% in the nine-month period ended September 30, 2010, due mainly to reduced revenue from inbound roaming charges.

Gross profit increase in YouSee increased by 14.3% compared with the nine-month period ended September 30, 2009. This increase reflected the increased revenue, which was only partly offset by increased transmission costs and costs of goods sold related primarily to higher program costs as a result of more TV RGUs. In addition, program content costs per RGU increased due mainly to higher prices paid for more programs in the TV packages. The gross profit margin in YouSee increased from 57.6% in the nine-month period ended September 30, 2009 to 58.4% in the nine-month period ended September 30, 2010.

The gross profit decrease in Other activities of 7.4% compared with the nine-month period ended September 30, 2009 was due mainly to lower eliminations of costs allocated from Operations & Wholesale to Consumer and TDC Business.

Profit before depreciation, amortization and Special Items (EBITDA)

The following table sets forth the TDC Group's EBITDA and EBITDA margin for the periods indicated:

	Nine-month period ended September 30, 2010	Nine-month period ended September 30, 2009	Change in % 2010 vs. 2009
	(unaudited) (DKK millions, except as otherwise indicated)		
EBITDA(1)			
Consumer	3,052	2,986	2.2
TDC Business	2,732	2,802	(2.5)
TDC Nordic	414	365	13.4
Operations & Wholesale	811	1,025	(20.9)
YouSee	1,001	847	18.2
Other activities(2)	36	(171)	121.1
TDC Group	**8,046**	**7,854**	**2.4**
EBITDA Margin			
Consumer	43.2%	40.8%	
TDC Business	48.2%	47.0%	
TDC Nordic	14.0%	14.1%	
Operations & Wholesale	42.6%	53.9%	
YouSee	33.5%	31.9%	
Other activities(2)	—	—	
TDC Group	**41.4%**	**40.2%**	

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operation Information*".

(2) Includes primarily headquarters.

The TDC Group's EBITDA was DKK 8,046 million, an increase of DKK 192 million, or 2.4%, compared with the nine-month period ended September 30, 2009. EBITDA was positively affected by the acquisition of Fullrate, A+, M1 and AinaCom's fiber network, as well as the positive currency movements. The acquisition of DONG Energy's fiber network, the divestment of the satellite business and the gain in 2009 from divestment of the field force operation in TDC Sweden and international roaming charge reductions had a negative impact on EBITDA. Adjusted EBITDA(2) increased by approximately 2.9%.

The EBITDA margin increased from 40.2% in the nine-month period ended September 30, 2009 to 41.1% in the nine-month period ended September 30, 2010. This increase reflected reductions in other external expenses and wages, salaries and pension costs in Consumer, TDC Business and TDC Nordic. YouSee's increase in other external expenses and wages, salaries and pension costs was more than offset by its increased gross profit.

Reported EBITDA for the TDC Group was positively affected by an EBITDA increase in Consumer, TDC Nordic, YouSee and Other activities. This was partly offset by a decrease in EBITDA from TDC Business and Operations & Wholesale.

Consumer's EBITDA increased by 2.2% compared with the nine-month period ended September 30, 2009, due mainly to the decrease in gross profit being more than offset by a reduction in other external expenses relating primarily to lower subscriber acquisition costs and reduced information technology and billing costs. EBITDA was also positively affected by a decrease of DKK 37 million in

(2) Adjusted for the acquisition of Fullrate, A+, AinaCom's fiber network, DONG Energy's fiber network and M1, divestment of the satellite business and the gain related to divestment of the field force operation in TDC Sweden, sale of assets (sale of property, plant and equipment as well as sales of intangible assets), the currency effect and international roaming charge reductions.

wages, salaries and pension costs related to a reduction in the number of full-time employee equivalents (due mainly to redundancies). This cost reduction resulted in an increase in the EBITDA margin in Consumer from 40.8% in the nine-month period ended September 30, 2009 to 43.2% in the nine-month period ended September 30, 2010.

TDC Business' EBITDA decreased by 2.5% compared with the nine-month period ended September 30, 2009, as the decrease in gross profit was only partly offset by a decrease in other external expenses and wages, salaries and pension costs. The decrease in other external expenses was due mainly to a lower level of bad debt and reduced billing costs from fewer bills and lower costs per bill. The decrease in wages, salaries and pension costs related primarily to a reduction in the number of full-time employee equivalents (due mainly to redundancies). The impact from the decrease in other external expenses and wages, salaries and pension costs resulted in an increase of the EBITDA margin from 47.0% in the nine-month period ended September 30, 2009 to 48.2% in the nine-month period ended September 30, 2010.

TDC Nordic's EBITDA increased by 13.4% compared with the nine-month period ended September 30, 2009, mainly as a result of the increase in gross profit and a reduction in other external expenses and wages, salaries and pension costs. The decrease in other external expenses was due partly to lower travelling costs in TDC Sweden and TDC Finland and lower full-time employee equivalents related costs in TDC Sweden, and the decrease in wages, salaries and pension costs related mainly to a reduction in the number of full-time employee equivalents (due mainly to redundancies). The EBITDA increase was partly offset by a decrease in other income and expenses caused mainly by the gain from divestment of the field force operation in TDC Sweden in the nine-month period ended September 30, 2009. The EBITDA margin was almost unchanged during the period (from 14.1% in the nine-month period ended September 30, 2009 to 14.0% in the nine-month period ended September 30, 2010).

Operations & Wholesale's EBITDA decreased by 20.9% compared with the nine-month period ended September 30, 2009 mainly as a result of the decreased gross profit. In addition, reductions in other external expenses and wages, salaries and pension costs were more than offset by a reduction in costs allocated to other business divisions. Certain cost categories (such as costs related to billing, strategic sourcing and personal computers) were no longer allocated to such business divisions, resulting in an increase of the costs remaining in Operations & Wholesale. In addition, cost allocations were based on unit costs from previous years and during the nine-month period ended September 30, 2010, cost reductions in Operations & Wholesale were more than offset by reductions in the costs allocated to other business divisions. The reduction in EBITDA was reflected in the lower EBITDA margin, which decreased from 53.9% in the nine-month period ended September 30, 2009 to 42.6% in the nine-month period ended September 30, 2010.

YouSee's EBITDA increased by 18.2% compared with the nine-month period ended September 30, 2009 related to an increase in gross profit, which was partly offset by an increase in other external expenses and wages, salaries and pension costs, both related primarily to the acquisition of A+. The EBITDA margin increased from 31.9% in the nine-month period ended September 30, 2009 to 33.5% in the nine-month period ended September 30, 2010.

EBITDA in Other activities increased by 121.1% compared with the nine-month period ended September 30, 2009. The EBITDA increase was due mainly to increased pension income from domestic defined benefit plans (DKK 112 million), reflecting primarily higher expected return on pension plan assets following an increased fair value of the pension plan assets. Other external expenses and wages, salaries and pension costs in headquarters also decreased, due mainly to lower information technology costs, and fewer full-time employee equivalents (due mainly to redundancies). The cost reduction was partly offset by the decrease in gross profit.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses amounted to DKK 4,046 million, an increase of DKK 645 million, or 19.0%, compared to the nine-month period ended September 30, 2009. This increase was due mainly to higher amortization of the value of customer relationships, reflecting the implementation of a revised customer segmentation method for purposes of calculating the amortization. On an isolated basis (i.e., without taking into account any other factors affecting amortization), the adjusted customer segmentation method implies an increase in amortization by approximately DKK 500 million for the full year 2010 compared with the full year 2009. In addition, the increased depreciation, amortization and impairment losses during the nine-month period ended

September 30, 2010 were due mainly to the acquisitions of Fullrate, A+, DONG Energy's fiber network, M1 and Unotel. On an isolated basis (i.e., without taking into account any other factors affecting depreciation, amortization and impairment losses), these acquisitions imply an increase in depreciation, amortization and impairment losses by approximately DKK 150 million for the year ended December 31, 2010 compared with the year ended December 31, 2009.

Special Items

The table below sets forth the TDC Group's Special Items for the periods indicated. Special Items from continuing operations are set forth together with a reconciliation of profit from continuing operations excluding and including Special Items.

TDC Group	Nine-month period ended September 30, 2010	2009
	(unaudited) (DKK millions)	
Profit for the period from continuing operations excl. Special Items	**1,896**	**1,933**
Consolidated enterprises:		
Gain/(loss) from divestments of enterprises and property, net	(65)	1
Impairment losses	(18)	(119)
Income/(loss) from rulings	(85)	—
Restructuring costs, etc.	(748)	(523)
Costs related to acquisition of enterprises	(2)	—
Special Items before income taxes	**(918)**	**(641)**
Income taxes related to Special Items	190	149
Special Items after income taxes in consolidated enterprises	**(728)**	**(492)**
	10	79
Special Items from continuing operations	**(718)**	**(413)**
Profit for the period from continuing operations	**1,178**	**1,520**

Special Items include significant amounts that cannot be attributed to normal operations such as provisions for restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment, as well as any reversals of such items. Special Items also include large gains and losses related to asset divestments of enterprises and properties and adjustments to such gains and losses and divestment of enterprises as well as transaction costs relating to the acquisition of enterprises.

Special Items from continuing operations amounted to expenses after tax of DKK 718 million in the nine-month period ended September 30, 2010, compared with an expense after tax of DKK 413 million in the nine-month period ended September 30, 2009.

In the nine-month period ended September 30, 2010, Special Items were comprised primarily of restructuring costs resulting largely from redundancy programs, including costs related to surplus office capacity following a reduction of full-time employees, and the loss from rulings related to a Swedish court ruling in a dispute with TeliaSonera on interconnect fees. See "*—Key Factors Affecting Results of Operations—Restructuring and Cost Reduction Programs*"

In the nine-month period ended September 30, 2009, Special Items were comprised primarily of restructuring costs resulting largely from redundancy programs, including costs related to surplus office capacity following a reduction of full-time employees. Impairment losses related to write-down of software.

Net financials

Net financials primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

Net financials were an expense of DKK 1,332 million, a decrease of DKK 357 million compared with the nine-month period ended September 30, 2009. This decrease was due mainly to an increase by

DKK 213 million in fair value adjustments of derivative financial instruments related to hedging of EUR denominated Senior Facilities. In addition, currency translation adjustments increased by DKK 176 million, reflecting gains on intra-group debt denominated in Swedish Krona, partly offset by losses on long-term EUR debt (Senior Facilities and EMTNs) and hedging arrangements. These positive developments were partly offset by an increase in net financial expenses of DKK 32 million, reflecting lower interest income from lower cash positions, partly offset by lower interest expenses on the Senior Facilities due mainly to lower interest rates.

Income taxes

TDC recorded an income tax expense related to profit for the year, excluding Special Items, of DKK 768 million in the nine-month period ended September 30, 2010, compared with DKK 838 million in the nine-month period ended September 30, 2009.

The effective tax rate, excluding Special Items, was 28.8% in the nine-month period ended September 30, 2010 compared with 30.2% in the nine-month period ended September 30, 2009. The decrease was largely due to a reduced effect from the limitation of tax deductibility of interest expenses under Danish tax legislation.

TDC recorded an income tax expense of DKK 578 million related to profit for the year for the nine-month period ended September 30, 2010, compared with a tax expense of DKK 689 million in the nine-month period ended September 30, 2009.

Profit for the period from discontinued operations

Profit for the period from discontinued operations was DKK 386 million in the nine-month period ended September 30, 2010, compared with DKK 372 million in the nine-month period ended September 30, 2009. The profit in the nine-month period ended September 30, 2010 related to operations in Sunrise, whereas the profit in the nine-month period ended September 30, 2009 related primarily to operations of Sunrise (DKK 663 million), which was partly offset by a loss from operations in Invitel (DKK 309 million).

Profit for the period

In the nine-month period ended September 30, 2010, profit for the period, including Special Items, decreased to DKK 1,564 million from DKK 1,892 million in the nine-month period ended September 30, 2009. This decline related mainly to increased amortization of the value of customer relationships from acquisitions (due mainly to an adjusted customer segmentation for purposes of calculating the amortization), and Special Items relating to higher restructuring costs, which were partly offset by improved EBITDA and the positive development in currency adjustments and fair value adjustments.

Profit for the period from continuing operations, excluding Special Items, amounted to DKK 1,896 million in the nine-month period ended September 30, 2010, down by DKK 37 million compared with the nine-month period ended September 30, 2009. The decrease was due largely to increased depreciation and amortization, which was offset by improved EBITDA and the positive development in currency adjustments and fair value adjustments.

Comprehensive income

The elements constituting TDC's comprehensive income for the nine-month periods ended September 30, 2010 and 2009 are set forth on page F-6.

Total comprehensive income amounted to DKK 1,630 million compared with DKK 2,208 million in the nine-month period ended September 30, 2009, a decrease of DKK 578 million. The decrease reflected mainly a negative development in actuarial gains and losses, which totaled a loss of DKK 1,664 million in the nine-month period ended September 30, 2010 compared with a gain of DKK 167 million in the nine-month period ended September 30, 2009, in particular as a result of a decreasing discount rate (the discount rate, which is applied to TDC's domestic defined benefits plans, decreased from 5.00% at December 31, 2009, to 3.97% at September 30, 2010). In addition profit for the period decreased, which was partly offset by a positive development in currency translation adjustments of foreign enterprises, reflecting largely positive CHF adjustments related to the investment in Sunrise.

Comparison of the nine-month period ended September 30, 2010 and 2009 by Business Division

Consumer

The following table sets forth certain financial and operational information regarding Consumer for the periods indicated:

	Nine-month period ended September 30, 2010	Nine-month period ended September 30, 2009	Change in % 2010 vs 2009
	(unaudited) (DKK millions)		
Revenue	**7,071**	**7,324**	**(3.5)**
Landline telephony	1,786	2,019	(11.5)
Mobility services	3,350	3,302	1.5
Internet and network	1,229	1,308	(6.0)
Terminal equipment, etc.	239	342	(30.1)
Operator services	127	170	(25.3)
TV	267	96	178.1
Other	73	87	(16.1)
Transmission costs and cost of goods sold	(2,153)	(2,286)	5.8
Gross profit	**4,918**	**5,038**	**(2.4)**
Other external expenses	(1,262)	(1,413)	10.7
Wages, salaries and pension costs	(607)	(644)	5.7
Other income and expenses	3	5	(40.0)
EBITDA[(1)]	**3,052**	**2,986**	**2.2**
Gross profit margin (%)	69.6	68.8	—
EBITDA margin (%)	43.2	40.8	—
RGUs (end-of-period)	(thousands)		
Landline	1,162	1,266	(8.2)
Mobile voice	2,015	1,973	2.1
Prepaid cards	178	294	(39.5)
Subscriptions (incl. Telmore/M1)	1,837	1,679	9.4
Mobile broadband	136	90	51.1
Internet	701	703	(0.3)
TDC TV	115	77	49.4
Total RGUs	**4,129**	**4,109**	**0.5**
Dual-play bundles	288	184	56.5
Triple-play bundles	108	65	66.2
ARPU	(DKK/month)		
PSTN/ISDN	184	184	—
Mobile voice, blended	171	185	(7.6)
Prepaid cards	50	65	(23.1)
Subscriptions (including Telmore/M1)	190	205	(7.3)
IP[(2)]	306	284	7.7
Full-time employee equivalents			
Number of full-time employee equivalents (end-of-period)	2,094	2,246	(6.8)
Average number of full-time employee equivalents	2,124	2,262	(6.1)

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Broadband, VoIP and TV revenue per broadband RGU.

The following table sets forth the revenue of Consumer for the periods indicated, adjusted for acquisitions and divestments and the effect of regulation on mobile termination rates and international roaming charges.

	Nine-month period ended September 30,	
	2010	**2009**
	(unaudited)	
	(DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	7,071	7,324
Acquisitions/Divestments	—	165
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of mobile termination rates	—	(87)
Effect of regulation of international roaming charges	—	(37)
Adjusted revenue(1)	7,071	7,365
Reported growth	(3.5)%	—
Adjusted growth	(4.0)%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the EBITDA of Consumer for the periods indicated, adjusted for the effect of acquisitions and divestments:

	Nine-month period ended September 30,	
	2010	**2009**
	(unaudited)	
	(DKK millions, except as otherwise indicated)	
EBITDA(1)		
Reported	3,052	2,986
Acquisitions/Divestments	—	77
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of international roaming charges	—	—
Adjusted EBITDA(2)	3,052	3,063
Reported growth	2.2%	—
Adjusted growth	(0.4)%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

Consumer's revenue in the nine-month period ended September 30, 2010 was DKK 7,071 million, a decrease of DKK 253 million, or 3.5%, compared with the nine-month period ended September 30, 2009. Mobile termination and international roaming charge reductions had a negative impact on Consumer's revenue. Consumer's revenue was positively affected by the acquisitions of Fullrate and M1. Adjusted revenue[3] decreased by approximately 4.0%.

(3) Adjusted for the acquisitions of M1 and Fullrate, and mobile termination rate and international roaming charge reductions. Fullrate was included in Consumer's reporting from March 2009

Revenue from mobility services increased by DKK 48 million, or 1.5%, compared with the nine-month period ended September 30, 2009. This increase reflected mainly an increase in the number of RGUs in mobile broadband and mobile voice. The increase in revenue from mobile broadband was mainly a result of increased demand for mobile broadband products, which was partly offset by decreasing ARPU due to price competition. The increase in mobile voice subscription RGUs was primarily a result of the acquisitions of M1, and more Duet customers as a result of an intensified marketing focus on landline customers. The number of mobile voice subscription RGUs was also positively affected by increased sales of smartphones, which represented over 65% of the total handset sales in the third quarter of 2010 compared to 29% in the third quarter of 2009. TDC supplemented its smartphone offering with the introduction of iPhone as part of its portfolio as of August 27, 2010. Consumer's mobile voice blended ARPU decreased by 7.6% compared with the nine-month period ended September 30, 2009, primarily reflecting lower mobile termination rates and international roaming charges and price competition. The increase in mobile voice subscription RGUs was partly offset by a reduction in the number of prepaid mobile voice RGUs (which generate lower ARPU), primarily as a result of a decreased demand for prepaid cards. Reductions in mobile termination charges and international roaming charges also had a negative impact on revenue.

Revenue from landline telephony decreased by DKK 233 million, or 11.5%, compared with the nine-month period ended September 30, 2009. This decline resulted primarily from fewer PSTN RGUs, as a consequence of customers migrating to mobile and voice VoIP. The decrease was partly offset by an increased number of VoIP RGUs.

Revenue from internet and network decreased by DKK 79 million, or 6.0%, compared with the nine-month period ended September 30, 2009. This decrease was due mainly to a reduction in ARPU due mainly to customer's migration to cheaper price schemes. This decrease was partly offset by increased revenue due mainly to the acquisition of Fullrate. In addition, the number of RGUs increased as a result of the popularity of multiplay products HomeDuo and HomeTrio.

Revenue from sales of terminal equipment (handsets and accessories) decreased by DKK 103 million, or 30.1%, compared with the nine-month period ended September 30, 2009, mainly as a result of lower sales of data equipment and mobile terminals, due partly to fewer customers visiting TDC Shop, which TDC believes reflected the recent economic downturn.

Revenue from operator services decreased by DKK 43 million compared with the nine-month period ended September 30, 2009, due mainly to the revised allocation of certain operator service revenue between business divisions as well as lower activity in directory services.

Revenue from TDC TV increased mainly as a result of the increase in RGUs, due to the popularity of HomeTrio, and higher revenue from rentals of set-top boxes and the sale of add-on services.

Gross profit

Consumer's gross profit in the nine-month period ended September 30, 2010 was DKK 4,918 million, a decrease of DKK 120 million, or 2.4%, compared with the nine-month period ended September 30, 2009. This decrease was due mainly to lower revenue, which was partly offset by lower transmission costs and cost of goods sold, which decreased by DKK 133 million. The decreased transmission costs and cost of goods sold resulted primarily from lower landline telephony traffic, a reduction in internal costs allocated from Operations & Wholesale, lower mobile termination and international roaming charges and lower sales of terminal equipment. The decrease in PSTN/ISDN RGUs had a limited positive effect on transmission costs due mainly to high gross profit margins of the traditional landline telephony products. The decline in transmission costs was partly offset by higher costs relating to an increase in traffic due mainly to a higher number of VoIP RGUs as well as a higher number of TDC TV RGUs, which reflected increased demand for these products.

Consumer's gross profit margin increased from 68.8% in the nine-month period ended September 30, 2009 to 69.6% in the nine-month period ended September 30, 2010, due primarily to the reduction in mobile termination and international roaming rates and lower sales of low margin terminal equipment in TDC Shops.

Profit before interest, taxes, depreciation, amortization and Special Items (EBITDA)

EBITDA in the nine-month period ended September 30, 2010 was DKK 3,052 million, an increase of DKK 66 million, or 2.2%, compared with the nine-month period ended September 30, 2009. In the same period, the EBITDA margin increased from 40.8% to 43.2%. The increase in Consumer's EBITDA was primarily due to the acquisitions of Fullrate and M1. Adjusted EBITDA[(4)] decreased by approximately 0.4% compared with the nine-month period ended September 30, 2009.

The increase in reported EBITDA reflected savings of DKK 151 million and DKK 37 million in other external expenses and wages, salaries and pension costs, respectively, which were only partly offset by the gross profit decrease.

Other external expenses. In the nine-month period ended September 30, 2010, other external expenses in Consumer were DKK 1,262 million, a decrease by DKK 151 million, or 10.7%, compared with the nine-month period ended September 30, 2009. The main reason for the decrease in other external expenses was lower subscriber acquisition costs, mainly as a result of a new subsidy model and optimization of supply chain. In addition, information technology, consultancy and billing cost decreased, due mainly to simplification of internal settlements with Operations & Wholesale, and employee-related costs decreased, due mainly to fewer full-time employee equivalents. This decrease was partly offset by increased marketing costs, due mainly to a renegotiated supplier contract.

Wages, salaries and pension costs. In the nine-month period ended September 30, 2010, wages, salaries and pension costs in Consumer were DKK 607 million, a decrease by DKK 37 million, or 5.7%, compared with the nine-month period ended September 30, 2009. Wages, salaries and pension costs decreased mainly as a result of a 6.1% reduction in the average number of full-time employee equivalents due mainly to redundancies as well as a number of cost reduction initiatives within back-office functions.

TDC Business

The following table sets forth certain financial and operational information regarding TDC Business for the periods indicated:

	Nine-month period ended September 30,		Change in %
	2010	**2009**	**2010 vs 2009**
	(unaudited) (DKK millions)		
Revenue	5,665	5,965	(5.0)
Landline telephony	1,382	1,497	(7.7)
Mobility services	1,726	1,694	1.9
Internet and network	1,738	1,902	(8.6)
Terminal equipment, etc.	725	777	(6.7)
Other[(1)]	94	95	(1.1)
Transmission costs and cost of goods sold	(1,757)	(1,951)	9.9
Gross profit	**3,908**	**4,014**	**(2.6)**
Other external expenses	(533)	(552)	3.4
Wages, salaries and pension costs	(643)	(660)	2.6
Other income and expenses	—	—	—
EBITDA[(2)]	**2,732**	**2,802**	**(2.5)**
Gross profit margin (%)	69.0	67.3	—
EBITDA margin (%)	48.2	47.0	—

(4) Adjusted for the acquisitions of Fullrate and M1.

	Nine-month period ended September 30, 2010	2009	Change in % 2010 vs 2009
	(unaudited) (thousands)		
RGUs (end-of-period)			
Landline	415	450	(7.8)
Mobile voice	631	626	0.8
Telemetrics	372	301	23.6
Mobile broadband	107	92	16.3
Internet	260	284	(8.5)
Other networks and data connections	53	52	1.9
Total RGUs	**1,838**	**1,805**	**1.8**

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK/month)		
ARPU			
PSTN/ISDN	367	365	0.5
Mobile voice	272	276	(1.4)
Broadband	359	364	(1.4)
Full-time employee equivalents			
Number of full-time employee equivalents (end-of-period)	1,540	1,579	(2.5)
Average number of full-time employee equivalents	1,546	1,604	(3.6)

(1) Includes operator services.

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the revenue of TDC Business for the periods indicated, adjusted for acquisitions and divestments and the effect of regulation on mobile termination rates and international roaming charges.

	Nine-month period ended September 30, 2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	5,665	5,965
Acquisitions/Divestments	—	31
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of mobile termination rates	—	(36)
Effect of regulation of international roaming charges	—	(40)
Adjusted revenue(1)	5,665	5,920
Reported growth	(5.0)%	—
Adjusted growth	(4.3)%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the EBITDA of TDC Business for the periods indicated, adjusted for acquisitions and divestments.

EBITDA[1]	Nine-month period ended September 30, 2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
Reported EBITDA	2,732	2,802
Acquisitions/Divestments	—	24
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of international roaming charges	—	—
Adjusted EBITDA[2]	2,732	2,826
Reported growth	(2.5)%	—
Adjusted growth	(3.3)%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization before Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

Revenue in TDC Business was DKK 5,665 million, a decrease of DKK 300 million, or 5.0%, in the nine-month period ended September 30, 2010. Revenue was positively affected by the acquisition of DONG Energy's fiber network, but negatively affected by reductions in mobile termination and international roaming charges. Adjusted revenue[5] decreased by approximately 4.3%, compared with the nine-month period ended September 30, 2009.

Revenue from internet and network decreased by DKK 164 million, or 8.6% in the nine-month period ended September 30, 2010, to DKK 1,738 million. This decrease primarily reflected a decline in revenue from broadband primarily due to a 13.6% decrease in RGUs from December 31, 2008 to the first quarter of 2010 mainly as a result of the Danish multimedia tax and reflecting the recent economic downturn. The multimedia tax introduced on January 1, 2010, imposed on employees provided with broadband or telephony subscriptions by their employer an increase of taxable income by DKK 3,000. As a result, a number of customers discontinued their employee broadband and telephony subscription in the first quarter of 2010. The number of broadband RGUs was stable during the second and third quarter of 2010. Internet and network revenue was also negatively affected by reduced revenues from services provided through the fiber network, leased lines and other network products (such as Alarmnet, managed router and Radio link), reflecting the impact of the recent economic downturn and price competition.

Revenue from mobility services increased by DKK 32 million, or 1.9%, to DKK 1,726 million in the nine-month period ended September 30, 2010, driven mainly by a 16.3% increase in the number of mobile broadband RGUs, reflecting increased demand for such services.

Revenue from landline telephony declined by DKK 115 million, or 7.7% in the nine-month period ended September 30, 2010, to DKK 1,382 million, reflecting mainly a decrease in the number of PSTN/ISDN RGUs, which fell by 11.2% compared with 30 September 2009 to 382,000, as well as lower usage of traditional landline telephony. The decline in landline telephony reflected the migration from traditional landline telephony to mobile and VoIP. This was only partly offset by the increase in the number of VoIP RGUs, which increased by 60% compared with 30 September 2009, reflecting increased demand for this product.

Revenue from the sale of terminal equipment decreased by DKK 52 million, or 6.7% in the nine-month period ended September 30, 2010, to DKK 725 million, due mainly to lower sales as a

(5) Adjusted for the acquisitions of DONG Energy's fiber network and reductions in mobile termination rates and international roaming charges.

result of business customers reducing investment levels following the recent economic downturn and TDC Business' increased focus on selling services rather than low margin terminal equipment.

Gross Profit

Gross profit was DKK 3,908 million, a decrease of DKK 106 million, or 2.6%, compared with the nine-month period ended September 30, 2009. The decrease resulted primarily from lower revenue and was partly offset by a DKK 194 million, or 9.9%, reduction in transmission costs and cost of goods sold due mainly to a decrease in mobile termination and international roaming charges, lower landline telephony traffic volumes and lower sales of terminal equipment.

The gross profit margin increased from 67.3% in the nine-month period ended September 30, 2009 to 69.0% in the nine-month period ended September 30, 2010, reflecting primarily the reduction in mobile termination and international roaming charges.

Profit before interest, taxes, depreciation, amortization and Special Items (EBITDA)

TDC Business' EBITDA was DKK 2,732 million, a decrease of DKK 70 million, or 2.5%, compared with the nine-month period ended September 30, 2009. EBITDA was positively affected by the acquisition of DONG Energy's fiber network. Adjusted EBITDA(6) decreased by approximately 3.3%, compared with the nine-month period ended September 30, 2009. This reflected the decline in gross profit, which was only partly offset by reductions in other external expenses and wages, salaries and pension costs. As cost reductions had a larger impact on EBITDA than the revenue decrease, TDC Business' EBITDA margin increased from 47.0% in the nine-month period ended September 30, 2009 to 48.2% in the nine-month period ended September 30, 2010.

Other external expenses. In the nine-month period ended September 30, 2010, other external expenses in TDC Business were DKK 533 million, a decrease by DKK 19 million, or 3.4%, compared with the nine-month period ended September 30, 2009. Other external expenses decreased due mainly to a decrease in billing costs due to fewer bills and lower costs per bill and lower provisions for bad debt. TDC believes this decrease in bad debts reflects primarily an improvement in general economic conditions compared with 2009.

Wages, salaries and pension costs. In the nine-month period ended September 30, 2010, wages, salaries and pension costs in TDC Business were DKK 643 million, a decrease by DKK 17 million, or 2.6%, compared with the nine-month period ended September 30, 2009. Wages, salaries and pension costs decreased, mainly as a result of a 3.6% reduction in average full-time employee equivalents in the nine-month period ended September 30, 2010 compared with the nine-month period ended September 30, 2009 (mainly as a result of redundancies).

(6) Adjusted for the acquisition of DONG Energy's fiber network.

TDC Nordic

The following table sets forth certain financial and operational information regarding TDC Nordic for the periods indicated:

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK millions)		
Revenue	**2,966**	**2,595**	**14.3**
TDC Sweden	1,500	1,272	17.9
TDC Norway	770	639	20.5
TDC Finland	533	512	4.1
TDC Hosting	260	250	4.0
Other, incl. eliminations	**(97)**	**(78)**	**(24.4)**
Landline telephony	726	634	14.5
Mobility services	135	71	90.1
Internet and network	1,124	1,034	8.7
Terminal equipment, etc.	766	665	15.2
Other(1)	215	191	12.6
Transmission costs and cost of goods sold	(1,735)	(1,396)	(24.3)
Gross profit	**1,231**	**1,199**	**2.7**
Other external expenses	(203)	(225)	9.8
Wages, salaries and pension costs	(619)	(636)	2.7
Other income and expenses	5	27	(81.5)
EBITDA(2)	**414**	**365**	**13.4**
Gross profit margin (%)	41.5	46.2	—
EBITDA margin (%)	14.0	14.1	—

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (thousands)		
RGUs (end-of-period)			
Landline	71	52	36.5
Mobile	64	34	88.2
Internet	89	86	3.5
Total RGUs	**224**	**172**	**30.2**

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK/month)		
ARPU			
Mobile voice	275	266	3.4
Full-time employee equivalents			
Number of full-time employee equivalents (end-of-period)	1,389	1,473	(5.7)
Average number of full-time employee equivalents	1,419	1,589	(10.7)

(1) Includes operator services.

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the revenue of TDC Nordic for the periods indicated, adjusted for acquisitions and divestments, sale of property, plants and equipment and equipment and the effect of regulation on international roaming charges.

	Nine-month period ended September 30, 2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	2,966	2,595
Acquisitions/Divestments	—	33
Sale of property, plant and equipment	—	210
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of mobile termination rates	—	—
Effect of regulation of international roaming charges	—	(1)
Adjusted revenue(1)	2,966	2,837
Reported growth	14.3%	—
Adjusted growth	4.5%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the EBITDA of TDC Nordic for the periods indicated, adjusted for acquisitions and divestments, sale of property plants and equipment and currency effects.

	Nine-month period ended September 30, 2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
EBITDA(1)		
Reported	414	365
Acquisitions/Divestments	—	(9)
Sale of property, plant and equipment	—	(1)
Outsourcing	—	—
Currency effects	—	33
Effect of regulation of international roaming charges	—	—
Adjusted EBITDA(2)	414	388
Reported growth	13.4%	—
Adjusted growth	6.6%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

Revenue in TDC Nordic was DKK 2,966 million in the nine-month period ended September 30, 2010, an increase of DKK 371 million, or 14.3%, compared with the nine-month period ended September 30, 2009. Revenue was positively affected by the acquisition of AinaCom's fiber network in Finland, and the positive currency movement. Adjusted revenue[7] increased by approximately 4.5%, due mainly to increased revenue in all sub-divisions of TDC Nordic.

Revenue in TDC Sweden increased by DKK 228 million, or 17.9%, compared with the nine-month period ended September 30, 2009. In local currency, TDC Sweden's revenue increased by 6.2%

(7) Adjusted for exchange-rate effects and the acquisition of AinaCom's fiber network.

compared with the nine-month period ended September 30, 2009. This increase resulted primarily from increased revenue in the integrator business, which partly recovered from the recent economic downturn and a number of new customer contracts in the operator business.

TDC Norway's revenue increased by DKK 131 million, or 20.5%, compared with the nine-month period ended September 30, 2009. In local currency, the increase was 8.8% compared with the nine-month period ended September 30, 2009. The increase was due mainly to a revenue increase in mobile voice, due mainly to increased sales of mobility services to existing landline telephony and data customers, and a new partner agreement with Vodafone. IP-VPN revenue increased by 10% compared with the nine-month period ended September 30, 2009, due primarily to a number of new customer contracts. The increase in revenue was partly offset by a decrease in revenue from traditional landline telephony due mainly to migration to mobile and lower prices as result of price competition.

TDC Finland's revenue increased by DKK 21 million, or 4.1%, compared with the nine-month period ended September 30, 2009, due mainly to the acquisition of AinaCom's fiber network. Both revenue from landline telephony and IP-VPN increased primarily due to the acquisition of AinaCom's fiber network and the increased IP-VPN revenue was also attributable to increased demand for this product following the recent economic downturn.

TDC Hosting's revenue increased by DKK 10 million, or 4.0%, compared with the nine-month period ended September 30, 2009, primarily reflecting increased revenue in Sweden and Finland, due mainly to an increased focus on the value-added business area of managed hosting.

Gross Profit

Gross profit in TDC Nordic was DKK 1,231 million, an increase of DKK 32 million, or 2.7%, compared with the nine-month period ended September 30, 2009. The increase in revenue was almost fully offset by a DKK 339 million, or 24.3%, increase in transmission costs and cost of goods sold compared with the nine-month period ended September 30, 2009 due mainly to divestment of the field force in TDC Sweden and increased sales in the integrator business.

The gross profit margin decreased from 46.2% in the nine-month period ended September 30, 2009 to 41.5% in the nine-month period ended September 30, 2010, due mainly to a higher share of revenue being generated by low margin products and higher transmission costs and cost of goods sold as a result of the divestment of the field force operation in TDC Sweden.

Gross profit in TDC Sweden increased by DKK 40 million, or 7.5%, compared with the nine-month period ended September 30, 2009. In local currency, gross profit decreased by 3.4% compared with the nine-month period ended September 30, 2009 due mainly to an increase in transmission costs and cost of goods sold, which more than offset the revenue increase. The gross profit decrease (in local currency) was primarily a result of a changed product mix, with a relatively higher share of revenue from the low margin integrator business and the divestment of the field force operation (which has moved costs from wages and salaries to transmission costs and cost of goods sold).

TDC Norway's gross profit increased by DKK 15 million, or 5.9%, compared with the nine-month period ended September 30, 2009. In local currency, gross profit decreased by 4.3% compared with the nine-month period ended September 30, 2009. The revenue increase was more than offset by the increase in transmission cost and cost of goods sold. Transmission costs and cost of goods sold increased mainly as a result of increased traffic volumes and the proportionately lower decrease in transmission costs per unit compared with the decrease in landline telephony retail prices. The change in product mix towards lower margin products, such as transit traffic and mobile voice, which substituted higher margin traditional landline telephony also had a negative effect on gross profit.

Gross profit in TDC Finland decreased by DKK 8 million, or 3.6%, compared with the nine-month period ended September 30, 2009, due mainly to the increase in transmission costs and cost of goods sold, especially relating to voice, which more than offset the revenue increase. The higher transmission costs and cost of goods sold were mainly a result of a product mix change with an increase in transit traffic volumes, which was only partly offset by a decrease in traditional landline telephony traffic. The increased transmission costs also resulted from increased costs relating to data transmission following the acquisition of AinaCom's fiber network.

TDC Hosting's gross profit remained almost unchanged with an increase of DKK 3 million, or 1.7%, compared with the nine-month period ended September 30, 2009. The increase in transmission costs and cost of goods sold was due mainly to the increased cost of power and rental of servers and data centre facilities, which almost offset the increase in revenue during the period.

Profit before interest, taxes, depreciation, amortization and Special Items (EBITDA)

EBITDA in TDC Nordic was DKK 414 million, an increase of DKK 49 million, or 13.4%, compared with the nine-month period ended September 30, 2009. EBITDA was positively affected by the acquisition of AinaCom's fiber network in TDC Finland, and the positive currency effect, which was partly offset by the gain recorded in 2009 resulting from the divestment of the field force operation in TDC Sweden. Adjusted EBITDA[8] increased by approximately 6.6% compared with the nine-month period ended September 30, 2009. The EBITDA margin was almost unchanged (from 14.1% in the nine-month period ended September 30, 2009 to 14.0% in the nine-month period ended September 30, 2010).

TDC Sweden's EBITDA increased by DKK 35 million, or 31.3%, compared with the nine-month period ended September 30, 2009. In local currency, EBITDA increased by 19.6% compared with the nine-month period ended September 30, 2009, as a decrease in other external expenses and wages, salaries and pension costs more than offset a decrease in gross profit. The decrease in wages, salaries and pension costs reflected mainly redundancies in the nine-month period ended September 30, 2010 and the divestment of field force operations in the nine-month period ended September 30, 2009. Other external expenses decreased primarily due to lower employee-related expenses as a result of fewer full-time employee equivalents and the use of video conferencing to reduce travel costs. This decrease was partly offset by a decrease in other income due to the impact of an accounting gain related to the divestment of the field force operation, which was recorded in the nine-month period ended September 30, 2009.

TDC Norway's EBITDA increased by DKK 14 million, or 15.9%, compared with the nine-month period ended September 30, 2009. In local currency, EBITDA increased by 5.8% compared with the nine-month period ended September 30, 2009, as a decrease in wages, salaries and pension costs (due mainly to redundancies) more than offset a decrease in gross profit. In local currency, other external expenses were almost unchanged compared with the nine-month period ended September 30, 2009 and reflected a decrease in rent costs due mainly to renegotiation of a contract on a large site, which was almost fully offset by increased provisions for bad debts (mainly relating to mobile voice customers).

TDC Finland's EBITDA increased by DKK 6 million, or 6.5%, compared with the nine-month period ended September 30, 2009. The gross profit decrease was more than offset by a decrease in other external expenses and wages, salaries and pension costs. Other external expenses decreased compared with the nine-month period ended September 30, 2009 due mainly to the implementation of a cost reduction program, relating to consulting, travelling and marketing costs and lower provisions for bad debts, which reflected the improved economic situation in Finland. The decrease in wages, salaries and pension costs reflected mainly a non-recurring saving in holiday allowance.

TDC Hosting's EBITDA increased by DKK 2 million, or 2.8%, compared with the nine-month period ended September 30, 2009, due mainly to a small increase in gross profit and a decrease in other external expenses, which was partly offset by a small increase in wages, salaries and pension costs. The reduction in other external expenses related primarily to general cost reductions in TDC Hosting.

(8) Adjusted for exchange-rate effects, the acquisitions of AinaCom's fiber network and the gain resulting from divestment of the field force operation in TDC Sweden.

Operations & Wholesale

The following table sets forth certain financial and operational information regarding Operations & Wholesale for the periods indicated:

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK millions)		
Revenue	**1,902**	**1,902**	**0.0**
Wholesale	1,680	1,670	0.6
Other	222	232	(4.3)
Landline telephony	409	453	(9.7)
Mobility services	443	490	(9.6)
Internet and network	713	696	2.4
Other(1)	337	263	28.1
Transmission costs and cost of goods sold	(408)	(386)	(5.7)
Gross profit	**1,494**	**1,516**	**(1.5)**
Other external expenses	(1,650)	(1,753)	5.9
Wages, salaries and pension costs	(1,042)	(1,085)	4.0
Operating expenses allocated to other business divisions	1,969	2,255	(12.7)
Other income and expenses	40	92	(56.5)
EBITDA(2)	**811**	**1,025**	**(20.9)**
Gross profit margin (%)	78.5	79.7	—
EBITDA margin (%)	42.6	53.9	—

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (thousands)		
RGU (end-of-period)			
Landline	218	252	(13.5)
Mobile voice	184	291	(36.8)
Mobile broadband	7	5	40.0
Internet	148	121	22.3
Other networks and data connections	233	239	(2.5)
TV	1	—	—
Total RGUs	**791**	**908**	**(12.9)**

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK/month)		
ARPU			
PSTN/ISDN	100	99	1.0
Mobile voice, Service Provider	126	122	3.3
Full-time employee equivalents			
Number of full-time employee equivalents (end-of-period)	3,981	4,334	(8.1)
Average number of full-time employee equivalents	4,167	4,365	(4.5)

(1) Includes operator services.

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the revenue of Operations & Wholesale for the periods indicated, adjusted for acquisitions and divestments and the effect of international roaming charges.

	Nine-month period ended September 30,	
	2010	2009
	(unaudited)	
	(DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	1,902	1,902
Acquisitions/Divestments	—	(88)
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of mobile termination rates	—	(11)
Effect of regulation of international roaming charges	—	(42)
Adjusted revenue(1)	1,902	1,761
Reported growth	0.0%	—
Adjusted growth	8.0%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the EBITDA of Operations & Wholesale for the periods indicated, adjusted for acquisitions and divestments, sale of property, plants and equipment and the effect of mobile terminations and regulation on international roaming charges.

	Nine-month period ended September 30,	
	2010	2009
	(unaudited)	
	(DKK millions, except as otherwise indicated)	
EBITDA(1)		
Reported	811	1,025
Acquisitions/Divestments	—	(108)
Sale of property, plant and equipment	(2)	(20)
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of international roaming charges	—	(40)
Adjusted EBITDA(2)	809	857
Reported growth	(20.9)%	—
Adjusted growth	(5.5)%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

Revenue from Operations & Wholesale remained stable at DKK 1,902 million compared with the nine-month period ended September 30, 2009. Revenue was positively affected by the acquisition of DONG Energy's fiber network, which was more than offset by the divestment of the satellite business, Consumer's acquisitions of Fullrate and M1 as well as the impact from regulation of international roaming and mobile termination charges. Adjusted revenue[9] increased by approximately 8.0% compared with the nine-month period ended September 30, 2009.

(9) Adjusted for the sale of the satellite business, the acquisition of DONG Energy's fiber network, Consumers acquisition of M1 and Fullrate, and reductions in mobile termination rates and international roaming charges.

Wholesale's revenue was DKK 1,680 million, an increase of DKK 10 million, or 0.6%, compared with the nine-month period ended September 30, 2009. Landline telephony revenue declined due mainly to fewer RGUs as a result of migration to mobile and VoIP, partly offset by an increase in revenue from international traffic. Revenue from internet and network increased, due mainly to the acquisition of DONG Energy's fiber network and increased revenue from BSA/DSL, resulting from increased demand from one of TDC's major wholesale customers. This revenue increase was partly offset by a revenue decrease from ULL, due mainly to a decrease in ULL demand from another of TDC's wholesale customers. Consumer's acquisition of Fullrate also had a negative impact on internet and network revenue in Wholesale. Mobility services revenue declined, due mainly to Consumer's acquisition of M1 (a decrease of DKK 95 million), which moved RGUs from Wholesale to Consumer, as well as the impact from regulation of international roaming and mobile termination rates, partly offset by increased traffic on TDC's mobile network (adjusted for the impact of the acquisition of M1). Other revenue increased by DKK 74 million, or 28.1%, compared with the nine-month period ended September 30, 2009. This increase was due mainly to the positive revenue impact from a change in the allocation of revenue regarding operator services between business divisions. Other revenue was also positively impacted by a change in disclosure of incoming traffic. In the nine-month period ended September 30, 2010, all incoming traffic was disclosed as revenue. In the originally reported figures for the nine-month period ended September 30, 2009, in-coming landline and mobile traffic of DKK 33 million was not disclosed as revenue but offset against transmission costs. In order to present a meaningful comparison of landline telephony and mobility service revenue, this traffic was disclosed as landline telephony and mobility service revenue in the nine-month period ended September 30, 2009. The correction was offset in Other revenue for the nine-month period ended September 30, 2009. The changed disclosure did not impact total revenue or EBITDA in the nine-month period ended September 30, 2009. The increase in Other revenue was partly offset by the divestment of the satellite business.

Operations' revenue was DKK 222 million, a decrease of DKK 10 million, or 4.3%, compared with the nine-month period ended September 30, 2009. The decrease in revenue was due mainly to lower external revenues from rental of masts, as well as reduced revenue from information technology services, partly offset by increased revenues from facility management.

Gross Profit

Gross profit in Operations & Wholesale was DKK 1,494 million in the nine-month period ended September 30, 2010, a decline of DKK 22 million, or 1.5%, compared with the nine-month period ended September 30, 2009. The decrease was due mainly to higher transmission costs and cost of goods sold, which more than offset the flat revenue, increased by DKK 22 million from the nine-month period ended September 30, 2009. Transmission costs and cost of goods sold increased due mainly to higher costs relating to increased international traffic volumes. The increase in transmission costs and cost of goods sold was also partly due to a shift in product mix away from high-margin traditional landline telephony to lower-margin mobile voice, as well as a reduction in roaming charges and Consumer's acquisition of M1. This was partly offset by increased revenue from high-margin MVNO agreements and the acquisition of DONG Energy's fiber network.

The gross profit margin decreased from 79.7% in the nine-month period ended September 30, 2009 to 78.5% in the nine-month period ended September 30, 2010, primarily as a result of a reduction in international roaming charges.

Profit before interest, taxes, depreciation, amortization and Special Items (EBITDA)

EBITDA in Operations & Wholesale was DKK 811 million in the nine-month period ended September 30, 2010, a decline of DKK 214 million, or 20.9%, compared with the nine-month period ended September 30, 2009. EBITDA was negatively affected by the acquisition of DONG Energy's fiber network, the divestment of the satellite business, Consumer's acquisitions of Fullrate and M1, sale of property, plant and equipment as well as the impact from regulation of international roaming charges. Adjusted EBITDA[10] decreased by approximately 5.5%, compared with the nine-month period ended September 30, 2009. Over the same period, EBITDA margin decreased from 53.9% in the nine-

(10) Adjusted for the sale of the satellite business, the acquisition of DONG Energy's fiber network, Consumers acquisition of M1 and Fullrate, the sale of property, plant and equipment, and reductions in international roaming charges.

month period ended September 30, 2009 to 42.6% in the nine-month period ended September 30, 2010.

The decline in EBITDA reflected the decline in gross profit. In addition, Operations & Wholesale's reductions in other external expenses and wages, salaries and pension costs were more than offset by a reduction in the costs that were allocated to TDC's other business divisions. Certain cost categories (such as costs related to billing, strategic sourcing and personal computers) were no longer allocated to such business divisions, resulting in an increase of the costs recorded by Operations & Wholesale. In addition, cost allocations are based on unit costs from previous years, and during the nine-month period ended September 30, 2010, cost reductions in Operations & Wholesale were more than offset by reductions in the costs allocated to other business divisions.

Other external expenses. In the nine-month period ended September 30, 2010, other external expenses in Operations & Wholesale were DKK 1,650 million, a decrease by DKK 103 million, or 5.9%, compared with the nine-month period ended September 30, 2009. The reduction in other external expenses mainly resulted from fewer full-time employee equivalents (due mainly to redundancies) with corresponding lower employee-related costs, including lower property costs following improved space management and lower information technology costs. In addition, the other external expenses decreased due mainly to lower fault handling costs as the number of installation faults reduced by 21% and cable faults by 11% compared with the nine-month period ended September 30, 2009.

Wages, salaries and pension costs. In the nine-month period ended September 30, 2010, wages, salaries and pension costs in Operations & Wholesale were DKK 1,042 million, a decrease by DKK 43 million, or 4.0%, compared with the nine-month period ended September 30, 2009. Wages, salaries and pension costs decreased by DKK 43 million, due mainly to a reduction in the average number of full-time employee equivalents reduced by 4.5% compared with the nine-month period ended September 30, 2009, primarily in the installation and network sub-divisions.

YouSee

The following table sets forth certain financial and operational information regarding YouSee for the periods indicated:

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK millions)		
Revenue	**2,990**	**2,652**	**12.7**
YouSee Clear	1,987	1,819	9.2
YouSee Plus	141	104	35.6
Internet services	613	531	15.4
Landline telephony	75	52	44.2
Other(1)	174	146	19.2
Transmission costs and cost of goods sold	(1,244)	(1,124)	(10.7)
Gross profit	**1,746**	**1,528**	**14.3**
Other external expenses	(345)	(308)	(12.0)
Wages, salaries and pension costs	(403)	(374)	(7.8)
Other income and expenses	3	1	200.0
EBITDA(2)	**1,001**	**847**	**18.2**
Gross profit margin (%)	58.4	57.6	—
EBITDA margin (%)	33.5	31.9	—

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (thousands)		
RGU (end-of-period)			
TV	1,335	1,282	4.1
—YouSee Clear	1,180	1,150	2.6
—YouSee Plus(3)	155	132	17.4
Internet	405	386	4.9
Landline	78	69	13.0
Mobile broadband	3	2	—
Total RGUs	**1,821**	**1,739**	**4.7**

	Nine-month period ended September 30, 2010	2009	Change in %
	(unaudited) (DKK/month)		
ARPU			
Landline internet	170	169	0.6
TV, total	201	189	6.3
YouSee Clear	189	179	5.6
YouSee Plus(3)	100	97	3.1
Total ARPU	**268**	**246**	**8.9**
Other KPIs			
Homes passed ('000)	1,456	1,386	5.1
Penetration (%)	82	83	—
RGU per subscriber (#)	1.54	1.51	—
Full-time employee equivalents			
Number of full-time employee equivalents (end-of-period)	1,227	1,263	(2.9)
Average number of full-time employee equivalents	1,249	1,202	3.9

(1) Includes installation fees and TDC TV.

(2) "EBITDA" means earnings before interest, tax, depreciation and amortization before Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(3) Includes digital add-on product.

The following table sets forth the revenue of YouSee for the periods indicated, adjusted for acquisitions and divestments.

	Nine-month period ended September 30,	
	2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
Revenue		
Reported revenue	2,990	2,652
Acquisitions/Divestments	—	86
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of mobile termination rates	—	—
Effect of regulation of international roaming charges	—	—
Adjusted revenue[(1)]	2,990	2,738
Reported growth	12.7%	—
Adjusted growth	9.2%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the EBITDA of YouSee for the periods indicated, adjusted for the acquisitions and divestments.

	Nine-month period ended September 30,	
	2010	2009
	(unaudited) (DKK millions, except as otherwise indicated)	
EBITDA[(1)]		
Reported	1,001	847
Acquisitions/Divestments	—	8
Sale of property, plant and equipment	—	—
Outsourcing	—	—
Currency effects	—	—
Effect of regulation of international roaming charges	—	—
Adjusted EBITDA[(2)]	1,001	855
Reported growth	18.2%	—
Adjusted growth	17.1%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

Revenue in YouSee was DKK 2,990 million, an increase of DKK 338 million, or 12.7%, compared with the nine-month period ended September 30, 2009. YouSee's revenue was positively affected by the acquisitions of A+ and Nordit. Adjusted revenue[(11)] increased by approximately 9.2%, compared with the nine-month period ended September 30, 2009.

Revenue from YouSee Clear was DKK 1,987 million, an increase of DKK 168 million, or 9.2%, compared with the nine-month period ended September 30, 2009. The increased revenue from YouSee Clear related primarily to an increase in the number of RGUs and higher ARPU, which TDC believes was due mainly to customers' increased demand for content offered through these products. During the

(11) Adjusted for the acquisitions of A+ and Nordit.

nine-month period ended September 30, 2010, ARPU in YouSee Clear increased by 5.6%. Revenue from YouSee Plus was DKK 141 million, an increase of DKK 37 million, or 35.6%, compared with the nine-month period ended September 30, 2009. The revenue increase from YouSee Plus was mainly due to an increase in the number of RGUs and ARPU, which TDC believes was due mainly to customers' increased demand for add-on services provided through this product. Revenue from internet services and landline telephony also increased by 15.4% and 44.2%, respectively, compared with the nine-month period ended September 30, 2009, as a consequence of an increase in the number of RGUs, which was due mainly to the acquisition of A+ and increased demand for these services. Other revenue in YouSee increased by 19.2% compared with the nine-month period ended September 30, 2009 primarily as a result of increased intra-group revenue from Consumer due mainly to increased sales of program content relating to the popularity of TDC TV, which was partly offset by decreased revenue from installation services due mainly to lower demand for installation and upgrades by antenna associations and housing associations.

Gross Profit

Gross profit in the nine-month period ended September 30, 2010 was DKK 1,746 million, an increase of DKK 218 million, or 14.3%, compared with the nine-month period ended September 30, 2009. This increase resulted mainly from an increase in revenue, which was partly offset by an increase in transmission costs and costs of goods sold. Transmission costs and cost of goods sold were DKK 1,244 million in the nine-month period ended September 30, 2010, an increase of DKK 120 million, or 10.7%, compared with the nine-month period ended September 30, 2009, due mainly to higher program content costs due to the increased number of RGUs and a wider range of channels.

The gross profit margin in YouSee increased from 57.6% in the nine-month period ended September 30, 2009 to 58.4% in the nine-month period ended September 30, 2010.

Profit before interest, taxes, depreciation, amortization and Special Items (EBITDA)

EBITDA in YouSee was DKK 1,001 million, an increase of DKK 154 million, or 18.2%, compared with the nine-month period ended September 30, 2009. EBITDA was positively affected by the acquisition of A+. Adjusted EBITDA(12) increased by approximately 17.1% compared with the nine-month period ended September 30, 2009. The EBITDA increase was due mainly to the increase in gross profit, which was only partly offset by an increase in other external expenses and wages, salaries and pension costs.

The EBITDA margin increased from 31.9% in the nine-month period ended September 30, 2009 to 33.5% in the nine-month period ended September 30, 2010.

Other external expenses. In the nine-month period ended September 30, 2010, other external expenses were DKK 345 million, an increase of DKK 37 million, or 12.0%, compared with the nine-month period ended September 30, 2009, which primarily reflected the acquisition of A+. Higher property costs due to higher costs of co-location, increased marketing spending and higher provisions for bad debts also contributed to the increase in other external expenses.

Wages, salaries and pension costs. In the nine-month period ended September 30, 2010, wages, salaries and pension costs in YouSee were DKK 403 million, an increase of DKK 29 million, or 7.8%, compared with the nine-month period ended September 30, 2009, primarily as a result of a 3.9% increase in average full-time employee equivalents due mainly to the acquisition of A+ and an increase in average wage per full-time employee equivalent.

(12) Adjusted for the acquisition of A+.

Comparison of the Years Ended December 31, 2009, 2008 and 2007 for TDC Group

The following table sets forth certain financial and operating data for the periods indicated:

	Year ended December 31, 2009	2008	2007
		(DKK millions)	
Income Statement Data			
Revenue[1]	26,079	26,917	27,951
Gross profit[18]	19,635	19,678	20,006
Profit before depreciation, amortization and Special Items (EBITDA)[2]	**10,536**	**10,054**	**9,376**
Depreciation, amortization and impairment losses	(4,659)	(4,547)	(5,776)
Operating profit (EBIT),[3] excluding Special Items	**5,877**	**5,507**	**3,600**
Special Items[6]	(1,119)	(3,212)	664
Operating profit (EBIT)	**4,758**	**2,295**	**4,264**
Profit or loss from joint ventures and associates	76	200	266
Net financials[4]	(2,064)	(2,048)	(2,763)
Profit before income taxes	**2,770**	**447**	**1,767**
Income taxes	(809)	(438)	519
Profit for the period from continuing operations	**1,961**	**9**	**2,286**
Profit for the period from discontinued operations[5]	422	548	1,346
Profit for the period	**2,383**	**557**	**3,632**
Attributable to:			
Owners of the Parent Company	2,424	708	3,912
Minority interests	(41)	(151)	(280)
Profit for the period, excluding Special Items[6]			
Operating Profit (EBIT)	**5,877**	**5,507**	**3,600**
Profit or loss from joint ventures and associates	(1)	222	342
Net financials[4]	(2,064)	(2,048)	(2,763)
Profit before income taxes	**3,812**	**3,681**	**1,179**
Income taxes	(1,085)	(722)	321
Profit from continuing operations	**2,727**	**2,959**	**1,500**
Profit for the period from discontinued operations	575	352	198
Profit for the period	**3,302**	**3,311**	**1,698**

	Year ended December 31, 2009	2008	2007
		(DKK billions)	
Balance Sheet Data[17]			
Total assets (end-of-period)	86.4	100.0	106.1
Net interest-bearing debt (end-of-period)	(33.5)	(34.9)	(41.5)
Total equity (end-of-period)	27.1	31.7	32.2
Average number of shares outstanding (million)[7]	990.5	990.5	990.5

	Year ended December 31,		
	2009	2008	2007
		(DKK millions)	
Statement of Cash Flow Data			
Continuing operations:			
Operating activities	7,440	5,743	5,785
Investing activities	(4,811)	2,096	5,492
Financing activities	(10,261)	(9,506)	(13,770)
Total Cash Flow from continuing operations	**(7,632)**	**(1,667)**	**(2,493)**
Total Cash Flow from discontinued operations	1,677	88	7,051
Total Cash Flow	**(5,955)**	**(1,579)**	**4,558**
Free cash flow			
Operating free cash flow[8]	6,469	6,324	5,958
Equity free cash flow[9]	4,426	2,424	1,995
Capital expenditure[10]	**(3,891)**	**(3,975)**	**(3,979)**
Key financial ratios			
Earnings Per Share (EPS) (DKK)[7]	2.4	0.7	4.0
EPS from continuing operations, excl. Special Items (DKK)[7]	2.8	3.0	1.5
EBITDA margin[11]	40.4%	37.4%	33.5%
Capital expenditure to revenue ratio	14.9%	14.8%	14.2%
EBITDA-Capex (DKK millions)	6,645	6,079	5,397
Cash conversion[12]	61.4%	62.9%	63.5%
Net debt[13]/EBITDA	3.2x	3.0x	4.0x
EBITDA/interest	6.8x	4.7x	2.8x

	Year ended December 31,		
	2009	2008	2007
		(thousands)	
Operational Data			
RGU (end-of-period)[14]			
Landline	2,045	2,160	2,387
Mobile	3,609	3,126	2,882
Internet	1,590	1,465	1,499
Other networks and data connections	291	365	298
TV	1,395	1,245	1,187
Total RGUs[15]	**8,930**	**8,361**	**8,253**
Danish Dual play bundles (HomeDuo and Fullrate)	213	0	0
Danish Triple play bundles (HomeTrio)	86	0	0
Employees			
Full-time employee equivalents (end-of-period)	11,277	11,772	13,939
Average full-time employee equivalents	11,519	13,020	14,531

	Year ended December 31,		
	2009	2008	2007
Exchange Rate Data[16]			
DKK/USD exchange rate	5.1901	5.2849	5.0753
DKK/EUR exchange rate	7.4415	7.4506	7.4566
DKK/CHF exchange rate	5.0017	4.9793	4.4908

(1) The following table sets forth the TDC Group's revenue for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges and mobile termination rates:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise indicated)		
Revenue			
Reported revenue	26,079	26,917	27,951
Acquisitions/Divestments	181	(2)	(635)
Sale of property, plant and equipment	—	—	—
Outsourcing	—	(64)	(153)
Currency effects	—	(261)	(377)
Effect of regulation of mobile termination rates	—	(130)	(280)
Effect of regulation of international roaming charges	—	(153)	(369)
Adjusted revenue(*)	26,260	26,308	26,137
Reported growth	(3.1)%	(3.7)%	
Adjusted growth	(0.2)%	0.7%	

(*) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

(2) The following table sets forth the TDC Group's EBITDA for the periods indicated, adjusted for acquisitions and divestitures, the sale of property, plant and equipment, outsourcing, currency effects and the impact of regulation of international roaming charges:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise indicated)		
EBITDA(*)			
Reported EBITDA	10,536	10,054	9,376
Acquisitions/Divestments	(24)	(111)	(52)
Sale of property, plant and equipment	(32)	(56)	(219)
Outsourcing	—	—	—
Currency effects	—	(26)	(38)
Effect of regulation of international roaming charges	—	(59)	(147)
Adjusted EBITDA(#)	10,480	9,802	8,920
Reported growth	4.8%	7.2%	
Adjusted growth	6.9%	9.9%	

(*) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(#) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

(3) "Operating profit (EBIT), excluding Special Items" means earnings before interest and tax, excluding Special Items. "Operating profit (EBIT), excluding Special Items" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies. For a reconciliation of Operating profit (EBIT), excluding Special Items to Operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(4) "Net Financials" primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

(5) The following businesses are presented as discontinued operations for the financial years 2007 through 2010: Sunrise (divested in 2010), Invitel (divested in 2009), and Talkline (divested in 2007). Other businesses that were divested during the period under review were deconsolidated as of the time of divestment.

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

(7) Adjusted for the change of nominal value per Share as of May 10, 2010 from DKK 5 to DKK 1. Earnings per Share calculation is based on 990,456,780 Shares.

(8) "Operating free cash flow" means EBITDA from continuing operations adjusted for items with no cash flow effect, pension contributions, payments related to provisions, changes in net working capital and cash flow related to Capital expenditure. All items exclude Special Items. "Operating free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(9) "Equity free cash flow" means EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to Capital expenditures (in all cases excluding Special Items). "Equity free cash flow" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(10) "Capital expenditures" means capital expenditures excluding acquisitions of shares, business activities and mobile licenses. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation—Capital Expenditures*".

(11) "EBITDA margin" means the ratio between EBITDA and revenue. "EBITDA margin" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(12) "Cash conversion" means operating free cash flow divided by EBITDA excluding Special Items. For the purposes of TDC, this is defined as the operating free cash flow divided by EBITDA. "Cash conversion" is not a recognized measure in accordance with IFRS and, as defined by TDC, may not be consistent with similarly named measures used by other companies.

(13) "Net debt/EBITDA" means net interest bearing debt divided by EBITDA. Net interest-bearing debt at year-end 2007-2009 and at September 30, 2010 is adjusted as if Sunrise and Invitel had been treated as assets and liabilities held for sale, respectively. Net interest-bearing debt means loans and other interest-bearing debt less cash and interest-bearing receivables. EBITDA is converted to full-year basis.

(14) The term "RGU" is described in further detail in "*Glossary*".

(15) Total RGUs includes Danish dual play and triple play bundles. A dual play bundle is included in total RGUs as two RGUs (broadband and landline telephony) and a triple play bundle is included in total RGUs as three RGUs (broadband, landline telephony and TV).

(16) Exchange rates published by the Central Bank on December 31 of the relevant financial year.

(17) Historical numbers including Sunrise, except with respect to the nine-month period ended September 30, 2010, where Sunrise is recorded as an asset held for sale.

(18) Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic, and leasing of transmission or access capacity. Cost of goods sold includes costs relating to resale of terminal equipment and costs of content (mainly TV programs), excluding wages, salaries and pension costs.

Revenue

The following table sets forth the TDC Group's revenue for the periods indicated:

	2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
		(DKK millions)			
Revenue					
Consumer	9,711	9,901	10,115	(1.9)	(2.1)
TDC Business	7,926	8,546	8,864	(7.3)	(3.6)
TDC Nordic	3,515	3,854	3,863	(8.8)	(0.2)
Operations & Wholesale	2,582	2,748	3,601	(6.0)	(23.7)
YouSee	3,597	3,188	2,829	12.8	12.7
Other activities[(1)]	(1,252)	(1,320)	(1,321)	5.2	0.1
TDC Group	**26,079**	**26,917**	**27,951**	**(3.1)**	**(3.7)**

(1) Includes primarily intra-group eliminations.

2009 compared with 2008

In 2009, TDC's revenue was DKK 26,079 million, a decrease of DKK 838 million, or 3.1%, compared with 2008 due primarily to the divestment of Business Phone, divestment and outsourcing of CPE sales to business customers, currency effects (impacting TDC Nordic) and lower mobile termination charges, which was partly offset by the acquisition of Fullrate and, to a lesser extent, A+ and DONG Energy's fiber network. TDC's adjusted revenue(13) in 2009 decreased by approximately 0.2% compared with 2008.

Decreases in reported revenue in Consumer, TDC Business, TDC Nordic and Operations & Wholesale were partly offset by an increase of the revenue generated by YouSee and Other activities.

Consumer's revenue was negatively affected by a decline in Danish revenue from traditional landline telephony, which was mitigated to a certain extent by increased sales of the HomeDuo and HomeTrio packages, and lower CPE sales in TDC Shop. The revenue decline was partly offset by the acquisition of Fullrate, an increase in the number of mobile voice RGUs in the no-frills brand Telmore, and to a lesser extent in the SoHo segment, and an increase in the number of mobile broadband RGUs. Consumer's revenue represented 35.5% of TDC's revenue in 2009, excluding intra-group eliminations.

The revenue decrease in TDC Business resulted primarily from a decline in revenue from traditional landline telephony and the impact of the recent economic downturn. This was reflected in a decline in ARPU from broadband and mobile voice services for business customers, as well as lower sales volume in NetDesign. The revenue decrease also resulted from the divestment of Business Phone, outsourcing of CPE sales to business customers and other minor divestments. The revenue decrease was partly offset by increased revenue from mobile broadband and telemetrics. TDC Business' revenue represented 29.0% of TDC's revenue in 2009, excluding intra-group eliminations.

TDC Nordic's revenue decrease resulted primarily from negative exchange rate movements from revenues in TDC Sweden and TDC Norway as well as lower sales in the integration services business in TDC Sweden, reflecting the recent economic downturn. The revenue decrease was partly offset by increased revenue from the IP-VPN business in Norway, Finland and Sweden and TDC Hosting. TDC Nordic's revenue represented 12.9% of TDC's revenue in 2009, excluding intra-group eliminations.

Revenue in Operations & Wholesale decreased mainly due to fewer service provider landline telephony RGUs, the acquisition by Consumer of Fullrate, which was previously a Wholesale customer, and the divestment of the satellite business and the international voice business (International Carrier Services). This decrease was partly offset by an increase in mobility services revenue. Operations & Wholesale's revenue represented 9.4% of TDC's revenue in 2009, excluding intra-group eliminations.

YouSee's revenue increased primarily as a result of customers' increased demand for content and add-on services, which was reflected in an increase in the number of RGUs and higher ARPU. YouSee's revenue represented 13.2% of TDC's revenue in 2009, excluding intra-group eliminations.

Revenue from Other activities increased primarily as a result of decreased intra-group sales, primarily from TDC Business to other business divisions and between Consumer and TDC Business. This increase was partly offset by increased TV content sales from YouSee to Consumer.

2008 compared with 2007

In 2008, TDC's revenue was DKK 26,917 million, a decrease of DKK 1,034 million, or 3.7%, compared with 2007, primarily as a result of the divestment of Bité, International Carrier Services, Business Phone and other minor businesses, outsourcing of CPE sales to business customers, currency effects (mainly impacting TDC Nordic) and EU regulation of international roaming charges and national price regulation of mobile termination rates, which was partly offset by the acquisition of UNI2 Hosting. TDC's adjusted revenue(14) in 2008 increased by approximately 0.7% compared with 2007.

Decreases in reported revenue in Consumer, TDC Business, TDC Nordic and Operations & Wholesale were partly offset by an increase in revenue generated by YouSee and Other activities.

(13) Adjusted for the acquisition of Fullrate, A+ and DONG Energy's fiber network, the divestment of Business Phone, Digital Signatur, Connect Partner, International Carrier Services, LG, Rejsekort, the satellite business and business customer centers, the sale of property, plant and equipment, the divestment and outsourcing of CPE sales to business customers, currency effects and the impact of regulation of international roaming charges and mobile termination rates. For a reconciliation of adjusted revenue to revenue, see "*Selected Historical Consolidated Financial and Operation Information*".

(14) Adjusted for the acquisition of Uni2 Hosting, the divestment of Bité, Business Phone, Digital Signatur, International Carrier Services, LG, Connect Partner, business customer centers and the divestment and outsourcing of CPE sales to business customers, currency effects and the impact of regulation of international roaming charges and mobile termination rates. For a reconciliation of adjusted revenue to reported revenue, see "*Selected Historical Consolidated Financial and Operation Information*".

Consumer's revenue was negatively affected by declining Danish revenue from traditional landline telephony and lower CPE sales. The revenue decline was partly offset by an increase in the number of Danish mobile voice RGUs (mainly due to the popularity of the no-frills brand Telmore) and a higher number of RGUs and increased ARPU in the landline broadband segment. Consumer's revenue represented 35.1% of TDC's revenue in 2008, excluding intra-group eliminations.

Revenue in TDC Business was negatively affected by declining Danish revenue from traditional landline telephony, a decline in ARPU from landline broadband reflecting the impact of the recent economic downturn. Other negative factors were the divestment of Business Phone and other minor businesses and outsourcing of CPE sales to business customers, which was partly offset by increased mobile voice revenue. TDC Business' revenue represented 30.3% of TDC's revenue in 2008, excluding intra-group eliminations.

TDC Nordic's revenue decrease resulted mainly from the negative exchange rate movements in TDC Sweden and TDC Norway. The revenue decrease was partly offset by increased revenue from IP-VPN. In addition, revenue in TDC Hosting increased, partly due to the acquisition of UNI2 Hosting. TDC Nordic's revenue represented 13.6% of TDC's revenue in 2008, excluding intra-group eliminations.

The revenue decrease in Operations & Wholesale resulted primarily from lower service provider revenue due to the loss of wholesale Debitel RGUs and the divestment of International Carrier Services. Operations & Wholesale's revenue represented 9.7% of TDC's revenue in 2008, excluding intra-group eliminations.

YouSee's revenue increase resulted primarily from an increase in the number of RGUs and higher ARPU from Pay-TV. YouSee's revenue represented 11.3% of TDC's revenue in 2008, excluding intra-group eliminations.

Revenue from Other activities was almost unchanged in 2008 compared with 2007. The divestment of Bité, which is included in one month in 2007, negatively affected revenue. This decrease was offset by lower intra-group sales.

Gross profit

The following table sets forth the TDC Group's gross profit and gross profit margin for the periods indicated:

	Year ended December 31,			Change in %	Change in %
	2009	2008	2007	2009 vs. 2008	2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
Gross profit					
Consumer	6,721	6,744	6,839	(0.3)	(1.4)
TDC Business	5,338	5,387	5,624	(0.9)	(4.2)
TDC Nordic	1,609	1,726	1,667	(6.8)	3.5
Operations & Wholesale	2,061	2,191	2,591	(5.9)	(15.4)
YouSee	2,072	1,844	1,676	12.4	10.0
Other activities(1)	1,834	1,786	1,609	2.7	11.0
TDC Group	**19,635**	**19,678**	**20,006**	(0.2)	(1.6)
Gross profit margin					
Consumer	69.2%	68.1%	67.6%		
TDC Business	67.3%	63.0%	63.4%		
TDC Nordic	45.8%	44.8%	43.2%		
Operations & Wholesale	79.8%	79.7%	72.0%		
YouSee	57.6%	57.8%	59.2%		
Other activities(1)	—	—	—		
TDC Group	**75.3%**	**73.1%**	**71.6%**		

(1) Includes primarily intra-group eliminations.

Gross profit is calculated by deducting transmission costs and cost of goods sold from revenue. Transmission costs include the cost of interconnection (originating, terminating or transiting traffic on networks of other operators), roaming, resale of traffic and leasing of transmission or access capacity.

The cost of goods sold includes costs relating to resale of terminal equipment, such as CPEs, and costs of content (mainly TV programs), excluding wages, salaries and pension costs. Transmission costs and costs of goods sold are driven by traffic volumes and sales volumes.

2009 compared with 2008

In 2009, TDC's gross profit was DKK 19,635 million, a decrease of DKK 43 million, or 0.2%, compared with 2008. The decrease in TDC's gross profit resulted mainly from a decrease in revenue (including reduced revenue from inbound international roaming), which was only partly offset by reduced transmission costs and cost of goods sold. TDC's transmission costs and cost of goods sold declined by DKK 795 million, or 11.0%, compared with 2008. TDC's transmission costs and cost of goods sold are described in further detail in the period comparisons relating to the relevant business division. See "*—Comparison of the Years Ended December 31, 2009, 2008 and 2007 by Business Division*".

TDC's gross profit margin increased from 73.1% in 2008 to 75.3% in 2009. The increase in gross profit margin reflects primarily the positive effect of lower mobile termination rates and international roaming charges on transmission costs and the divestment and outsourcing of CPE sales to business customers, and sale of other low margin businesses by TDC Business (such as Business Phone, LG-Nortel, Digital Signatur).

Lower gross profits from Consumer, TDC Business, TDC Nordic and Operations & Wholesale were partly offset by higher gross profits from YouSee and Other activities.

Consumer's gross profit decreased by 0.3% in 2009 compared with 2008. The decrease in revenue was only partly offset by a decrease in transmission costs and cost of goods sold. Consumer's gross profit margin increased from 68.1% in 2008 to 69.2% in 2009. This was primarily due to declining mobile termination rates and international roaming charges and a more focused product range in TDC Shop, which had a larger relative effect on transmission costs and cost of goods sold than on revenue.

TDC Business' gross profit decreased by 0.9% in 2009 compared with 2008. The decrease in revenue was only partly offset by a decrease in transmission costs and cost of goods sold. TDC Business' gross profit margin increased from 63.0% in 2008 to 67.3% in 2009. This was primarily due to the sale of low margin businesses, such as Business Phone, LG-Nortel and Digital Signatur and divestment and outsourcing of CPE sales to business customers and the effect of lower mobile termination rates and international roaming charges.

TDC Nordic's gross profit decreased by 6.8% in 2009 compared with 2008. The decrease in revenue was only partly offset by a decrease of transmission costs and cost of goods sold. TDC Nordic's gross profit margin increased from 44.8% in 2008 to 45.8% in 2009. This increase reflected that the revenue decrease was primarily attributable to reduced activity in the low margin integrator business in TDC Sweden.

The gross profit in Operations & Wholesale decreased by 5.9% in 2009 compared with 2008. The decrease in revenue was only partly offset by a decrease of transmission costs and cost of goods sold. The gross profit margin relating to Operations & Wholesale remained stable from 2008 to 2009 (79.7% and at 79.8% respectively), primarily as a result of the sale of the low margin satellite business and declining mobile termination rates.

YouSee's gross profit increased by 12.4% in 2009 compared with 2008. The revenue increase was only partly offset by an increase in transmission costs and cost of goods sold. YouSee's gross profit margin remained stable at 57.8% in 2008 and 57.6% in 2009. This slight decrease in profit margin despite the increase in gross profits primarily reflected the impact of higher program content costs.

2008 compared with 2007

In 2008, TDC's gross profit was DKK 19,678 million, a decrease of DKK 328 million, or 1.6%, compared with 2007. The decline in gross profit was the result of lower revenue (including reduced revenue from inbound international roaming), which was only partly offset by a reduction in transmission costs and cost of goods sold. Transmission costs and cost of goods sold decreased by DKK 706 million, or 8.9%, compared with 2007. TDC's transmission costs and cost of goods sold are described in further detail in the period comparisons relating to the relevant business division. See "*—Comparison of the Years Ended December 31, 2009, 2008 and 2007 by Business Division*".

TDC's gross profit margin increased from 71.6% in 2007 to 73.1% in 2008. The increase in gross profit margin reflects primarily the positive effect of lower mobile termination rates and international roaming charges on transmission costs, the divestment and outsourcing of CPE sales to business customers and the sale of other low margin businesses (such as Business Phone, LG-Nortel, Digital Signatur).

Lower gross profits from Consumer, TDC Business and Operations & Wholesale were partly offset by higher gross profits from TDC Nordic and YouSee and Other activities.

Consumer's gross profit decreased by 1.4% in 2008 compared with 2007. The decrease in revenue was only partly offset by a decrease of transmission costs and cost of goods sold. Consumer's gross profit margin increased from 67.6% in 2007 to 68.1% in 2008. This increase reflected primarily declining mobile termination rates and international roaming charges and reduced sales of low margin terminal equipment in TDC shop.

TDC Business' gross profit decreased by 4.2% in 2008 compared with 2007. The decrease in revenue was only partly offset by a decrease in transmission costs and cost of goods sold. TDC Business' gross profit margin remained stable at 63.4% in 2007 and 63.0% in 2008, due mainly to the divestment of low margin businesses.

TDC Nordic's gross profit increased by 3.5% in 2008 compared with 2007. The decrease in revenue was more than offset by a decrease of transmission costs and cost of goods sold. TDC Nordic's gross profit margin increased from 43.2% in 2007 to 44.8% in 2008. The increase in gross profit margin reflected primarily the acquisition of UNI2 Hosting.

The gross profit in Operations & Wholesale decreased by 15.4% in 2008 compared with 2007. The decrease in revenue was only partly offset by a decrease of transmission costs and cost of goods sold. The gross profit margin in Operations & Wholesale increased from 72.0% in 2007 to 79.7% in 2008. This increase was mainly due to the divestment of International Carrier Services, which was a low margin business, and the effect of lower mobile termination rates.

YouSee's gross profit increased by 10.0% in 2008 compared with 2007. The revenue increase was only partly offset by an increase in transmission costs and cost of goods sold. YouSee's gross profit margin decreased from 59.2% in 2007 to 57.8% in 2008. This decrease in profit margin despite the increase in gross profits primarily reflected the impact of higher program content costs (due to new TV channels with low margin).

Profit before depreciation, amortization and Special Items (EBITDA)

The following table sets forth the TDC Group's EBITDA and EBITDA margin for the periods indicated:

	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
EBITDA[(1)]					
Consumer	3,995	3,902	3,717	2.4	5.0
TDC Business	3,721	3,659	3,495	1.7	4.7
TDC Nordic	497	458	425	8.5	7.8
Operations & Wholesale	1,413	1,500	1,420	(5.8)	5.6
YouSee	1,141	954	814	19.6	17.2
Other activities[(2)]	(231)	(419)	(495)	44.9	15.4
TDC Group	**10,536**	**10,054**	**9,376**	4.8	7.2
EBITDA Margin					
Consumer	41.1%	39.4%	36.7%		
TDC Business	46.9%	42.8%	39.4%		
TDC Nordic	14.1%	11.9%	11.0%		
Operations & Wholesale	54.7%	54.6%	39.4%		
YouSee	31.7%	29.9%	28.8%		
Other activities[(2)]	—	—	—		
TDC Group	**40.4%**	**37.4%**	**33.5%**		

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

(2) Includes primarily headquarters.

2009 compared with 2008

TDC's EBITDA was DKK 10,536 million in 2009, an increase of DKK 482 million, or 4.8%, compared with 2008. The acquisitions of Fullrate and A+ positively affected EBITDA. EBITDA was negatively impacted by the divestment of Digital Signatur and Business Phone, negative exchange rate developments in TDC Sweden and TDC Norway and declining international roaming charges. TDC's adjusted EBITDA[(15)] in 2009 increased by approximately 6.9% compared with 2008.

The EBITDA margin increased from 37.4% in 2008 to 40.4% in 2009. This increase reflected the increased gross profit margin and reductions in wages, salaries and pension costs and other external expenses in Consumer, TDC Business, TDC Nordic, Operations & Wholesale. YouSee's increased wage costs were more than offset by its increased gross profit. For a general discussion of TDC's cost reduction initiatives, see "*—Key Factors Affecting Results of Operations—Restructuring and Cost Reduction Programs*".

Consumer's EBITDA increased by 2.4% in 2009 compared with 2008. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to lower employee-related costs, rental expenses and information technology costs). This cost reduction was reflected in an increase of Consumer's EBITDA margin from 39.4% in 2008 to 41.1% in 2009.

TDC Business' EBITDA increased by 1.7% in 2009 compared with 2008. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to the divestment

(15) Adjusted for the acquisition of Fullrate, A+ and DONG Energy's fiber network, the divestment of Uppsala Stadsnät, Business Phone, Digital Signatur, International Carrier Services, Connect Partner, LG, the satellite business and business customer centers, TDC Produktion, gain related to the divestment of the field force operations in TDC Sweden and the sale of property, plants and equipment, currency effects and the impact of regulation of international roaming charges and mobile termination charges. For a reconciliation of adjusted EBITDA to EBITDA, see "*Selected Historical Consolidated Financial and Operation Information*".

and outsourcing of CPE sales). This cost reduction was reflected in an increase of TDC Business' EBITDA margin from 42.8% in 2008 to 46.9% in 2009.

TDC Nordic's EBITDA increased by 8.5% in 2009 compared with 2008. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to employee-related costs). This cost reduction was reflected in an increase of TDC Nordic's EBITDA margin from 11.9% in 2008 to 14.1% in 2009.

Operations & Wholesale's EBITDA decreased by 5.8% in 2009 compared with 2008. A decrease in gross profit was only partly offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to lower costs relating to facility management and information technology). Despite the EBITDA decrease, Operations & Wholesale's EBITDA margin remained stable at 54.6% in 2008 and 54.7% in 2009, primarily due to the divestment of low margin businesses, International Carrier Services and the satellite business.

YouSee's EBITDA increased by 19.6% in 2009 compared with 2008. The increase in gross profit was accompanied by a lower increase in wages, salaries and pension costs (mainly due to a higher number of full-time employee equivalents) and stable external expenses. This increase in wages, salaries and pension costs was reflected in a limited increase of YouSee's EBITDA margin, from 29.9% in 2008 to 31.7% in 2009.

EBITDA from Other activities, including primarily headquarters, increased by 44.9% in 2009 compared with 2008, primarily as a result of a decrease in wages, salaries and pension costs, due mainly to redundancy programs, and the positive development in pension income related to domestic defined benefit plans.

2008 compared with 2007

In 2008, TDC's EBITDA was DKK 10,054 million, an increase of DKK 678 million, or 7.2%, compared with 2007. The divestment of smaller business entities in 2007 and 2008 (including gains from such divestments) had a positive impact on EBITDA. Exchange rate developments in TDC Sweden and TDC Norway and lower international roaming charges had a negative impact on EBITDA. TDC's adjusted EBITDA[16] in 2008 increased by approximately 9.9% compared with 2007.

The EBITDA margin increased from 33.5% in 2007 to 37.4% in 2008, mainly due to a higher gross profit margin and reductions in wages, salaries and pension costs and other external expenses in Consumer, TDC Nordic and Operations & Wholesale and Other activities, offset by lower gross profit margins in TDC Business and YouSee.

Consumer's EBITDA increased by 5.0% in 2008 compared with 2007. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to lower billing and information technology costs and lower marketing costs). This cost reduction was reflected in an increase of Consumer's EBITDA margin from 36.7% in 2007 to 39.4% in 2008.

TDC Business' EBITDA increased by 4.7% in 2008 compared with 2007. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to the divestment of minor businesses) and an increase in other income related to the gain from such divestments. This cost reduction was reflected in an increase of TDC Business' EBITDA margin from 39.4% in 2007 to 42.8% in 2008.

TDC Nordic's EBITDA increased by 7.8% in 2008 compared with 2007. This reflected an increase in gross profit and reductions in other external expenses (partly offset by an increase in wages, salaries and pension costs). This cost reduction was reflected in an increase of TDC Nordic's EBITDA margin from 11.0% in 2007 to 11.9% in 2008.

(16) Adjusted for the acquisition of Uni2 Hosting, the divestment of Bité, Uppsala Stadsnät, Digital Signatur, Business Phone, International Carrier Services, LG, Connect Partner and TDC Produktion, the sale of property, plants and equipment (including sale and leaseback of properties), the divestment and outsourcing of CPE sales to business customers, currency effects and the impact of regulation of international roaming charges. For a reconciliation of adjusted EBITDA to EBITDA, see "*Selected Historical Consolidated Financial and Operation Information*".

Operations & Wholesale's EBITDA increased by 5.6% in 2008 compared with 2007. A decrease in gross profit was more than offset by reductions in wages, salaries and pension costs (mainly due to a lower number of full-time employee equivalents) and other external expenses (mainly due to lower employee-related, consultancy and contractor costs). This cost reduction was reflected in an increase in Operations & Wholesale's EBITDA margin from 39.4% in 2007 to 54.6% in 2008.

YouSee's EBITDA increased by 17.2% in 2008 compared with 2007. The increase in gross profit was partly offset by an increase in wages, salaries and pension costs (mainly due to a higher number of full-time employee equivalents) and other external expenses (mainly due to higher installation expenses and cable faults). This cost increase was reflected in an increase of YouSee's EBITDA margin, from 28.8% in 2007 to 29.9% in 2008.

EBITDA from Other activities, including primarily headquarters, increased by 15.4% compared with 2007, primarily as a result of a decrease in wages, salaries and pension costs, which was partly offset by the decrease in pension income related to domestic defined benefit plans.

Depreciation, amortization and impairment losses

In 2009, depreciation, amortization and impairment losses amounted to DKK 4,659 million, an increase of DKK 112 million, or 2.5%, compared with 2008. This increase mainly reflected the acquisition of Fullrate and was partly offset by lower depreciation due to certain assets relating to the landline network being fully depreciated during 2008 and the write-down of the Song and Dotcom brands in 2008. These brands were replaced by the TDC brand.

In 2008, depreciation, amortization and impairment losses amounted to DKK 4,547 million, a decrease of DKK 1,229 million, or 21.3%, compared with 2007. The reduction reflected mainly lower depreciation of certain assets relating to the landline network and amortization of software due to assets being fully depreciated and amortized during 2007. In addition, the application of the diminishing balance method resulted in lower amortization of the value of customer relationships recorded in connection with past acquisitions.

Special Items

The table below sets forth the TDC Group's Special Items for the periods indicated. Special Items from continuing operations are set forth together with a reconciliation of profit from continuing operations excluding and including Special Items.

	Year ended December 31,		
TDC Group	**2009**	**2008**	**2007**
		(DKK millions)	
Profit from continuing operations excluding Special Items	**2,727**	**2,959**	**1,500**
Consolidated enterprises			
Gain/(loss) from divestment of enterprises and property	(18)	(2)	918
Income from rulings	0	0	166
Impairment losses	(119)	(1,972)	0
Restructuring costs, etc.	(982)	(1,238)	(420)
Special Items before income taxes	**(1,119)**	**(3,212)**	**664**
Income taxes related to Special Items	276	284	198
Special Items after income taxes in consolidated enterprises	**(843)**	**(2,928)**	**862**
Joint ventures and associates	77	(22)	(76)
Special Items from continuing operations	**(766)**	**(2,950)**	**786**
Profit from continuing operations	**1,961**	**9**	**2,286**

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

Special Items from continuing operations amounted to expenses after tax of DKK 766 million in 2009 compared with expenses after tax of DKK 2,950 million in 2008 and a profit after tax of DKK 786 million in 2007.

In 2009, Special Items comprised primarily restructuring costs, which were due largely to redundancy programs and the resulting costs related to surplus office capacity. TDC currently anticipates that Special Items in the future will primarily consist of one-time restructuring costs related to identified cost reduction programs. See "*—Key Factors Affecting Results of Operations—Restructuring and Cost Reduction Programs*". In addition, impairment losses related to write-down of software. Special Items in joint ventures and associates related to an adjustment to the loss from the divestment of shares in Polkomtel in 2008.

In 2008, Special Items comprised primarily impairment losses relating to goodwill and other intangible assets in TDC Sweden and TDC Finland. These impairments resulted primarily from reduced cash flow projections for these businesses. Restructuring costs related largely to a restructuring of TDC's information technology activities (including a write-down of software as well as redundancy programs), and costs related to surplus office capacity following a reduction of full-time employee equivalents. Special Items in joint ventures and associates related mainly to a loss from the divestment of shares in Polkomtel.

In 2007, Special Items comprised primarily gains from the divestment of Bité and the sale and lease back of 224 properties in Denmark and income from rulings. Restructuring costs related largely to redundancy programs and costs regarding discontinued use of sea cables. Income from rulings related to the reimbursement to TDC of VAT with respect to the years 1997 to 2004.

Profit from joint ventures and associates

During the three years ended December 31, 2009, profit from joint ventures and associates comprised mainly profit from the joint ventures Polkomtel, a Polish mobile operator divested in December 2008, and One, an Austrian mobile operator divested in October 2007.

In 2009, profit from joint ventures and associates was DKK 76 million, a decrease of DKK 124 million, compared with 2008. In 2009, loss from joint ventures and associates, excluding Special Items, was DKK 1 million in 2009, a decrease of DKK 223 million, compared with 2008. The decrease reflected lower profit following the divestment of TDC's shares in Polkomtel. Although the shares were not divested until December 2008, TDC ceased to recognize profit from Polkomtel during the second quarter of 2008, as the net carrying value of the investment in Polkomtel was equal to the expected sales proceeds.

In 2008, profit from joint ventures and associates was DKK 200 million, a decrease of DKK 66 million, compared with 2007. Profit from joint ventures and associates, excluding Special Items, was DKK 222 million, a decrease of DKK 120 million in 2008, compared with 2007. The decrease reflected lower profit following the divestment of TDC's shares in Polkomtel.

Net financials

Net financials primarily consist of interest expenses or interest income, foreign currency adjustments and fair value adjustments to derivative financial instruments.

In 2009, TDC's net financials were an expense of DKK 2,064 million, an increase of DKK 16 million compared with 2008. This increased expense was mainly due to a negative development in foreign currency adjustments of DKK 1,027 million due to currency movements of debt outstanding under intercompany loans denominated in Norwegian Kroner and Swedish Krona. The negative currency movement was partly offset by an increase of DKK 433 million in fair value adjustments of variable interest rate hedging arrangements entered into in connection with the Senior Facilities Agreement. In addition, the net financial expense decreased by an amount of DKK 578 million, reflecting lower interest expenses due to redemptions of long-term debt and lower applicable interest rates on long term debt.

In 2008, net financials were an expense of DKK 2,048 million, a decrease of DKK 715 million compared with 2007. Financial income and expenses improved by a net amount of DKK 1,235 million, reflecting lower interest expenses due to redemptions of long-term debt and lower applicable interest rates on long-term debt. In addition, there was a positive development in foreign currency adjustments of DKK 554 million due to currency movements of debt outstanding under intercompany loans denominated in Norwegian Kroner and Swedish Krona. This was partly offset by a negative development of DKK 1,074 million in fair value adjustments of variable interest rate hedging arrangements entered into in connection with the Senior Facilities Agreement.

Income taxes

TDC recorded an income tax expense related to profit for the year of DKK 809 million in 2009, compared with DKK 438 million in 2008 and a tax income of DKK 519 million in 2007.

TDC recorded an income tax expense related to profit for the year, excluding Special Items, of DKK 1,085 million in 2009, compared with DKK 722 million in 2008 and a tax income of DKK 321 million in 2007.

The effective tax rate, excluding Special Items, was 28.5% in 2009 compared with 19.6% in 2008. The increase was largely due to the limitation of tax deductibility of interest expenses under Danish tax legislation.

The effective tax rate, excluding Special Items, was 19.6% in 2008 compared with a negative tax rate of 27.2% in 2007. In 2008, the effective tax rate was lower than the Danish corporate income tax rate of 25% due to a positive adjustment of income taxes in earlier years as well as the impact of non-capitalized carry-forward tax losses in foreign subsidiaries. In 2007, the limited tax deductibility of interest expenses was more than offset by a non-recurring positive impact on deferred taxes resulting from the reduction of the corporate tax rate to 25%.

TDC expects its effective corporate income tax rate to gradually converge towards the Danish statutory corporate income tax rate.

Profit from discontinued operations

The following table sets forth the TDC Group's profit from discontinued operations, which comprises profit from operations as well as Special Items, for the periods indicated:

	Year ended December 31,		
TDC Group	**2009**	**2008**	**2007**
		(DKK millions)	
Profit/(loss) from operations:			
Sunrise	839	778	881
Invitel	(264)	(426)	(785)
Talkline.	—	—	102
Profit/(loss) from operations	**575**	**352**	**198**
Special Items:(1)			
Sunrise	(53)	137	(156)
Invitel	(119)	0	0
Talkline	0	0	1,304
Adjustments regarding earlier divestments in previous years	19	59	0
Total Special Items related to discontinued operations	**(153)**	**196**	**1,148**
Profit from discontinued operations	**422**	**548**	**1,346**

(1) Comprises large gains and losses from divestment of the operations as well as other 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.

In 2009, profit from discontinued operations was DKK 422 million, compared with DKK 548 million in 2008 and DKK 1,346 million in 2007.

The profit in 2009 related mainly to results from operations in Sunrise and Invitel, partly offset by a loss resulting from the divestment of Invitel in November 2009.

The profit in 2008 was comprised primarily of results from operations in Sunrise and Invitel, as well as Special Items in Sunrise largely relating to the divestment of Sunrise Business Communications (a subsidiary of Sunrise) in July 2008.

The profit in 2007 comprised mainly a net loss from operations in Sunrise and Invitel, which was more than offset by a gain from the divestment of Talkline in June 2007.

Profit for the period

In 2009, profit for the period, including Special Items, increased to DKK 2,383 million, from DKK 557 million in 2008. The DKK 1,826 million increase reflected primarily lower expenses related to Special Items.

Profit from continuing operations, excluding Special Items, amounted to DKK 2,727 million in 2009, a decrease of DKK 232 million, or 7.8%, compared with 2008. The decrease reflected higher income tax in 2009, lower profit from joint ventures and associates relating to the divestment of Polkomtel in December 2008, and increased expenses from net financials due to the negative impacts of foreign currency movements. This was partly offset by increased EBITDA.

In 2008, profit for the period, including Special Items, decreased to DKK 557 million from DKK 3,632 million in 2007. The decrease was mainly due to the additional net expense related to Special Items, primarily the impairment losses relating to goodwill in TDC Sweden and TDC Finland and restructuring costs. Profit for the period was also negatively affected by fair value adjustments. This was only partly offset by lower depreciation, amortization and impairment losses and net financial expenses, and higher EBITDA. Special Items had a positive impact in 2007 due largely to gains from the divestment of Bité and One as well as the sale and leaseback of certain real estate properties. Special Items relating to discontinued operations also had a positive impact in 2007, which was caused by the gain from the divestment of Talkline.

Profit from continuing operations, excluding Special Items, amounted to DKK 2,959 million in 2008, an increase of DKK 1,459 million, or 97.3%, compared with DKK 1,500 million in 2007. The increase reflected mainly lower depreciation, amortization and impairment losses as well as net financial expenses, and higher EBITDA, which was partly offset by the negative development in fair value adjustments.

Comprehensive income

The elements constituting TDC's comprehensive income for the years ended December 31, 2009, 2008 and 2007 are set forth on page F-21.

In 2009, comprehensive income was DKK 3,458 million, compared with a loss of DKK 108 million in 2008 and an income of DKK 3,919 million in 2007.

The DKK 3,566 million increase from 2008 to 2009 reflected mainly a positive development related to currency translation adjustments of foreign enterprises (before tax). Such adjustments resulted in a gain of DKK 631 million in 2009 and a loss of DKK 2,111 million in 2008. In addition, profit for the period increased whereas actuarial gains related to defined benefit pension plans decreased.

The DKK 4,027 million decrease from 2007 to 2008 related primarily to a decrease in profit for the period. In addition, currency translation adjustments resulted in a loss, which was only partly offset by increased actuarial gains related to defined benefit pension plans.

Comparison of the Years Ended December 31, 2009, 2008 and 2007 by Business Division

Consumer

The following table sets forth certain financial and operational information regarding Consumer for the periods indicated:

Consumer	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
Revenue	**9,711**	**9,901**	**10,115**	(1.9)	(2.1)
Landline telephony	2,675	3,094	3,414	(13.5)	(9.4)
Mobility services	4,418	4,207	4,082	5.0	3.1
Internet and network	1,734	1,621	1,589	7.0	2.0
Terminal equipment, etc.	381	493	566	(22.7)	(12.9)
Operator services	228	299	311	(23.7)	(3.9)
TV	166	55	14	—	—
Other	109	132	139	(17.4)	(5.0)
Transmission costs and cost of goods sold	(2,990)	(3,157)	(3,276)	5.3	3.6
Gross profit	**6,721**	**6,744**	**6,839**	(0.3)	(1.4)
Other external expenses	(1,899)	(1,943)	(2,069)	2.3	6.1
Wages, salaries and pension costs	(837)	(901)	(1,070)	7.1	15.8
Operating expenses before depreciation, etc.	**(5,726)**	**(6,001)**	**(6,415)**	4.6	6.5
Other income and expenses	10	2	17	—	(88.2)
EBITDA[(1)]	**3,995**	**3,902**	**3,717**	2.4	5.0
Key financial ratios					
Gross profit margin	69.2%	68.1%	67.6%	—	—
EBITDA margin	41.1%	39.4%	36.7%	—	—

Consumer	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(thousands)				
RGUs (end-of-period)					
Landline	1,238	1,287	1,463	(3.8)	(12.0)
Mobile	2,076	1,938	1,864	7.1	4.0
Mobile broadband and data	93	31	—	—	—
Internet	705	624	645	13.0	(3.3)
TDC TV	96	27	13	—	107.7
Total RGUs	**4,208**	**3,907**	**3,985**	7.7	(2.0)
Including dual play bundles (HomeDuo and Fullrate)[(2)]	213	—	—	—	—
Including triple play bundles (HomeTrio)[(3)]	86	—	—	—	—

Consumer	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK/month)				
ARPU					
PSTN/ISDN	186	188	n.a.	(1.1)	—
Mobile voice, blended	183	189	n.a.	(3.2)	—
Mobile voice, prepaid	66	63	n.a.	4.8	—
Mobile voice, subscription	204	214	n.a.	(4.9)	—
Broadband	221	227	n.a.	(2.6)	—
Number of full-time employee equivalents (end-of-year)	**2,160**	**2,212**	**2,681**	**(2.4)**	**(17.5)**
Number of full-time employee equivalents (year average)	**2,239**	**2,426**	**—**	**(7.7)**	**—**

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) A dual play bundle is included in the RGU base as two RGUs (broadband and landline).

(3) A triple play bundle is included in the RGU base as three RGUs (broadband, landline and TV).

The following table sets forth the adjusted revenue of Consumer for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise stated)		
Revenue			
Reported revenue	9,711	9,901	10,115
Acquisitions/Divestments	44	276	276
Sale of property, plant and equipment	—	—	—
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of mobile termination rates	—	(114)	(250)
Effect of regulation of international roaming charges	—	(47)	(95)
Adjusted revenue[1]	9,755	10,015	10,046
Reported growth	(1.9)%	(2.1)%	—
Adjusted growth	(2.6)%	(0.3)%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the adjusted EBITDA of Consumer for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise stated)		
EBITDA[1]			
Reported EBITDA	3,995	3,902	3,717
Acquisitions/Divestments	22	148	148
Sale of property, plant and equipment	(2)	—	—
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of international roaming charges	—	—	—
Adjusted EBITDA[2]	4,015	4,049	3,865
Reported growth	2.4%	5.0%	—
Adjusted growth	(0.9)%	4.8%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

2009 compared with 2008

In 2009, Consumer's revenue was DKK 9,711 million, a decrease of DKK 190 million, or 1.9%, in 2009 compared with 2008, due mainly to the negative effect of price regulation on international roaming charges and mobile termination rates, which was partly offset by the acquisition of Fullrate. Consumer's adjusted revenue[17] in 2009 decreased by approximately 2.6%, compared with 2008. The decrease in Consumer's adjusted revenue was mainly due to a decline in revenue from traditional landline telephony and, to a lesser extent, lower CPE sales. The decrease was partly offset by revenue increases from mobility services, in particular reflecting a higher number of RGUs under the no-frills brand Telmore, and a higher number of RGUs in mobile broadband and TDC TV.

(17) Adjusted for the acquisition of Fullrate and the impact of regulation of mobile termination rates and international roaming charges.

Revenue from mobility services increased by DKK 211 million, or 5.0%, in 2009 compared with 2008, and related mainly to an increase of the number of mobile voice subscription RGUs from 1,600,000 as of December 31, 2008 to 1,703,000 as of December 31, 2009. This increase related primarily to the increased popularity of no-frills brand Telmore and, to a lesser extent, an increase in RGUs under the TDC brand, in particular in the SoHo segment, in each case due mainly to Consumer's marketing and sales activities. The revenue increase was partly offset by lower ARPU from residential voice subscription customers. Consumer's blended ARPU for mobile voice was DKK 189 per month in 2008 and DKK 183 per month in 2009. The decrease in blended ARPU for subscription customers was mainly due to a decline in mobile termination rates and price competition. In 2008, the split was DKK 63 per month for prepaid customers and DKK 214 per month for subscription RGUs. In 2009, the split was DKK 66 per month for prepaid customers and DKK 204 per month for subscription customers. Revenue from mobility services was also positively affected by an increase in the number of mobile broadband RGUs, from 31,000 as of December 31, 2008 to 93,000 as of December 31, 2009, as a result of growing demand for Consumer's mobile broadband product, which was introduced in 2008. ARPU for mobile broadband declined from DKK 216 per month in 2008 to DKK 170 per month in 2009, mainly as a result of price competition.

Revenue from landline telephony declined by DKK 419 million, or 13.5%, in 2009 compared with 2008, reflecting a decrease of 17.9% in the average number of PSTN/ISDN RGUs in 2009 (compared to the average number in 2008). In 2008, ARPU for landline telephony customers was an average of DKK 188 per month, and in 2009, the average ARPU was DKK 186 per month. This decline in the number of RGUs and ARPU resulted primarily from the migration from traditional landline telephony to mobile and were partly offset by a higher number of VoIP RGUs also due mainly to migration from traditional landline telephony to VoIP and the popularity of HomeDuo and HomeTrio. The sale of these multi-play products has helped TDC to limit the copper line loss. In addition, the added revenue from the acquisition of Fullrate positively affected Consumer's landline telephony revenue.

Revenue from internet and network increased by DKK 113 million, or 7.0%, in 2009 compared with 2008. The increase mainly reflected added revenue following the acquisition of Fullrate and a higher number of RGUs in Telmore (Telmore started to offer broadband in 2008). The revenue increase was partly offset by fewer xDSL RGUs and lower ARPU generated under the TDC brand, which were due primarily to competitive pressures in the broadband market. Landline internet (xDSL) ARPU was DKK 227 per month in 2008 and DKK 221 per month in 2009.

Revenue from sales of terminal equipment (handsets and accessories) decreased by DKK 112 million, or 22.7%, in 2009 compared with 2008. This mainly related to lower CPE sales in TDC Shops, which primarily reflected TDC's strategy of limiting the range of CPEs sold to focus on services.

Revenue from operator services decreased by DKK 71 million, or 23.7%, in 2009 compared with 2008, due to fewer calls to directory services, which reflected customers' declining demand for information through this channel.

Revenue from the TDC TV product increased by DKK 111 million, or 201.8%, in 2009 compared with 2008. This primarily reflected an increase in the number of TVoIP RGUs from 27,000 as of December 31, 2008 to 96,000 RGUs as of December 31, 2009 (including TV RGUs in TDC Business). This growth was the result of sales of the TDC HomeTrio package and the analogue switch-off in November 2009, which led a number of former free-to-air viewers to enter the market for Pay-TV.

Revenue from Other activities decreased by 17.4%, primarily as a result of lower commission fees related to YouSee products in TDC Shop and lower bill reminder fees.

2008 compared with 2007

In 2008, Consumer's revenue was DKK 9,901 million, a decrease of DKK 214 million, or 2.1%, in 2008 compared with 2007. Revenue was negatively affected by the impact of price regulation on mobile termination rates and international roaming charges. Consumer's adjusted revenue(18) in 2008 decreased by approximately 0.3%, compared with 2007. The adjusted revenue decrease resulted primarily from a decline in revenue from traditional landline telephony and, to a lesser extent, lower sales of terminal equipment. This decrease was partly offset by revenue increases from mobility services, in particular reflecting a higher number of mobile voice RGUs under the no-frills brand Telmore, increased revenue

(18) Adjusted for the effect of price regulation of mobile termination rates and international roaming charges.

from landline broadband, and a higher number of RGUs from the introduction of mobile broadband and TDC TV in 2008.

Consumer's revenue from mobility services increased by DKK 125 million, or 3.1%, in 2008 compared with 2007. The revenue increase primarily reflected a higher number of RGUs due to the popularity of the no-frills brand Telmore and, to a lesser extent, relating to subscription mobile voice and the SoHo segment. In addition, revenue from mobility services was impacted positively by the introduction of mobile broadband in 2008. The revenue increase was partly offset by declining mobile termination rates and international roaming charges, as well as a decline in revenue from prepaid mobile voice reflecting a decrease in the number of RGUs, which was due mainly to lower demand for prepaid cards.

Consumer's revenue from landline telephony decreased by DKK 320 million, or 9.4%, in 2008 compared with 2007, due mainly to migration from traditional landline telephony to mobile and VoIP.

Consumer's revenue from internet and network increased by DKK 32 million, or 2.0% in 2008 compared with 2007, which primarily reflected an increase in the number of landline broadband RGUs, mainly due to increased demand, which resulted in TDC's increased market share in this market segment.

Revenue from sales of terminal equipment decreased by DKK 73 million, or 12.9%, in 2008 compared with 2007. This decrease was due mainly to lower CPE sales in TDC Shops, which primarily reflected TDC's strategy of limiting the range of CPEs sold to focus on services.

Revenue from operator services decreased by DKK 12 million, or 3.9%, compared with 2007, due to fewer calls to directory services, which reflects customers' declining demand for information through this channel.

The re-introduction of TDC TV in 2008 resulted in an increase in the number of TV RGUs and related revenue.

Revenue from Other activities decreased by 5.0%, primarily as a result of lower commission fees related to YouSee products in TDC Shop.

Gross profit

2009 compared with 2008

In 2009, Consumer's gross profit was DKK 6,721 million, a decrease of DKK 23 million, or 0.3%, in 2009 compared with 2008. This decline resulted from a decrease in revenue, which was partly offset by reduced transmission costs and cost of goods sold. Transmission costs decreased by DKK 116 million, or 4.2%, compared with 2008. This decrease in transmission costs related primarily to a decline in traffic volume for traditional landline telephony and lower mobile termination and international roaming charges. The decline in transmission costs was partly offset by an increase in VoIP and TVoIP RGUs and additional transmission costs following the acquisition of Fullrate. The cost of goods sold decreased by DKK 51 million, or 13.1%, compared with 2008, primarily as a result of a reduced range of terminal equipment for sale in TDC Shop.

Consumer's gross profit margin increased from 68.1% in 2008 to 69.2% in 2009. The increase in gross profit margin reflects primarily the impact of declining mobile termination rates and international roaming charges on transmission costs, and lower sales of low margin terminal equipment in TDC Shops.

2008 compared with 2007

In 2008, Consumer's gross profit was DKK 6,744 million, a decrease of DKK 95 million, or 1.4%, in 2008 compared with 2007. This decrease resulted from a decrease in revenue, which was partly offset by reduced transmission costs and cost of goods sold. Transmission costs decreased by DKK 107 million, or 3.7%, compared with 2007. This decrease in transmission costs related primarily to a decline in traffic volume for traditional landline telephony and lower mobile termination and international roaming charges. The decline in transmission costs was partly offset by higher transmission costs related to increased outgoing traffic in Telmore and a higher number of mobile broadband and TV RGUs. The cost of goods sold decreased compared with 2007, due primarily to a reduced range of terminal equipment for sale in TDC Shop.

Consumer's gross profit margin increased from 67.6% in 2007 to 68.1% in 2008, primarily reflecting the impact of declining mobile termination rates and international roaming charges on transmission costs, and lower sales of low margin terminal equipment in TDC Shops.

Profit before, depreciation, amortization and Special Items (EBITDA)

2009 compared with 2008

In 2009, Consumer's EBITDA was DKK 3,995 million, an increase of DKK 93 million, or 2.4%, compared with 2008. The acquisition of Fullrate had a positive net impact on EBITDA. Consumer's adjusted EBITDA(19) in 2009 decreased by approximately 0.9% compared with 2008. The decrease in adjusted EBITDA resulted primarily from the decrease in the gross profit, which was only partly offset by reductions in wages, salary and pension costs and other external expenses. Consumer's EBITDA margin increased from 39.4% in 2008 to 41.1% in 2009.

Other external expenses. In 2009, other external expenses in Consumer were DKK 1,899 million, a decrease of DKK 44 million, or 2.3%, compared with 2008. This decrease resulted primarily from lower employee-related costs due to fewer full-time employee equivalents (mainly due to redundancies). Rental costs declined due to a reduction of the number of physical locations, improved space management and fewer full-time employee equivalents. In addition, reduced information technology costs (partly relating to the "one PC per employee" policy) contributed to the reduction in external expenses. This reduction was partly offset by an increase in external expenses following the acquisition of Fullrate and higher costs relating to external marketing and temporary employees, higher SAC and SRC associated with Telmore.

Wages, salaries and pension costs. In 2009, wages, salaries and pension costs were DKK 837 million, a decrease of DKK 64 million, or 7.1%, compared with 2008. This decrease primarily related to a reduction in the number of full-time employee equivalents (due mainly to redundancies) and was partly offset by increased wages, salaries and pension costs due to the acquisition of Fullrate.

2008 compared with 2007

In 2008, Consumer's EBITDA was DKK 3,902 million, an increase of DKK 185 million, or 5.0%, compared with 2007. The EBITDA increase primarily reflected savings in wages, salaries and pension costs and other external expenses, which more than offset the gross profit decrease. There were no adjustment items relating to Consumer's EBITDA in 2008. The EBITDA margin increased from 36.7% in 2007 to 39.4% in 2008.

Other external expenses. In 2008, other external expenses in Consumer were DKK 1,943 million, a decrease of DKK 126 million, or 6.1%, compared with 2007. This decrease reflected lower information technology and billing costs, lower costs relating to temporary employees due to the consolidation of call centers and lower marketing costs (due mainly to the increased marketing subsidy received by Consumer from certain suppliers of terminal equipment and savings on media spending). In addition, Consumer recorded reduced consultancy fees for two projects relating to working capital improvements (as compared to the fees recorded in relation to these projects in 2007). The decrease was offset by license costs relating to the introduction of TDC Play in 2008.

Wages, salaries and pension costs. In 2008, wages, salaries and pension costs were DKK 901 million, a decrease of DKK 169 million, or 15.8%, compared with 2007. This decrease primarily related to a reduction in the number of full-time employee equivalents (mainly due to redundancies).

(19) Adjusted for the acquisition of Fullrate.

TDC Business

The following table sets forth certain financial and operational information regarding TDC Business for the periods indicated:

	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, except as otherwise indicated)				
TDC Business					
Revenue	**7,926**	**8,546**	**8,864**	(7.3)	(3.6)
Landline telephony	1,968	2,072	2,218	(5.0)	(6.6)
Mobility services	2,251	2,346	2,308	(4.0)	1.6
Internet and network	2,526	2,569	2,604	(1.7)	(1.3)
Terminal equipment, etc.	1,047	1,395	1,542	(24.9)	(9.5)
Other	134	164	192	(18.3)	(14.6)
Transmission costs and cost of goods sold	(2,588)	(3,159)	(3,240)	18.1	2.5
Gross profit	**5,338**	**5,387**	**5,624**	(0.9)	(4.2)
Other external expenses	(744)	(850)	(1,038)	12.5	18.1
Wages, salaries and pension costs	(875)	(1,000)	(1,122)	12.5	10.9
Operating expenses before depreciation, etc.	**(4,207)**	**(5,009)**	**(5,400)**	16.0	7.2
Other income and expenses	2	122	31	(98.4)	—
EBITDA(1)	**3,721**	**3,659**	**3,495**	1.7	4.7
Key financial ratios					
Gross profit margin	67.3%	63.0%	63.4%		
EBITDA margin	46.9%	42.8%	39.4%	—	—

	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(thousands)				
RGUs (end-of-period)					
Landline	439	482	504	(8.9)	(4.4)
Mobile (voice and telemetrics)	977	846	710	15.5	19.2
Mobile broadband	97	83	73	16.9	13.7
Internet	272	300	313	(9.3)	(4.2)
Other networks and data connections	51	52	49	(1.9)	6.1
Total RGUs	**1,836**	**1,763**	**1,649**	4.1	6.9

	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK/month)				
ARPU					
PSTN/ISDN	364	354	n.a.	2.8	—
Mobile voice	274	308	n.a.	(11.0)	—
Broadband	365	372	n.a.	(1.9)	—
Number of full-time employee equivalents (end-of-year)	**1,528**	**1,620**	**2,212**	(5.7)	(26.8)
Number of full-time employee equivalents (year-average)	**1,594**	**1,978**	—	(19.4)	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the adjusted revenue of TDC Business for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise stated)		
Revenue			
Reported revenue	7,926	8,546	8,864
Acquisitions/Divestments	41	(174)	(302)
Sale of property, plant and equipment	—	—	—
Outsourcing	—	(64)	(153)
Currency effects	—	—	—
Effect of regulation of mobile termination rates	—	(47)	(105)
Effect of regulation of international roaming charges	—	(42)	(121)
Adjusted revenue(1)	7,967	8,219	8,184
Reported growth	(7.3%)	(3.6%)	—
Adjusted growth	(3.1%)	0.4%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the adjusted EBITDA of TDC Business for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
	(unaudited) (DKK millions, unless otherwise stated)		
EBITDA(1)			
Reported EBITDA	3,721	3,659	3,495
Acquisitions/Divestments	32	(43)	(17)
Sale of property, plant and equipment	(0)	(0)	(5)
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of international roaming charges	—	—	—
Adjusted EBITDA(2)	3,753	3,616	3,473
Reported growth	1.7%	4.7%	—
Adjusted growth	3.8%	4.1%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

2009 compared with 2008

In 2009, TDC Business' revenue was DKK 7,926 million, a decrease of DKK 620 million, or 7.3%, in 2009 compared with 2008. Revenue was negatively impacted by the divestment and outsourcing of CPE sales to business customers and the impact of price regulation on international roaming charges and mobile termination rates. TDC Business' adjusted revenue[20] in 2009 decreased by approximately 3.1% compared with 2008. The decrease in TDC Business' adjusted revenue was mainly due to lower revenue from traditional landline telephony and broadband, as well as the impact of the recent economic downturn, which was principally reflected in lower revenue from mobile voice services and lower sales volume from integration services.

(20) Adjusted for the acquisition of DONG Energy's fiber network, the divestment of Business Phone Digital Signatur, LG, Rejsekort, business customer centers and the divestment and outsourcing of CPE sales to business customers and the impact of regulation of international roaming charges and mobile termination charges.

Revenue from internet and network decreased by DKK 43 million, or 1.7%, in 2009 compared with 2008. This decrease was due mainly to lower broadband ARPU primarily as a result of price competition and, to a lesser extent, a lower average number of broadband RGUs. Broadband ARPU declined from DKK 372 per month in 2008 to DKK 365 per month in 2009.

Revenue from mobility services decreased by DKK 95 million, or 4.0%, in 2009 compared with 2008. This decrease resulted primarily from lower ARPU from mobile voice as a result of more flat rate subscribers and less incoming traffic from landline telephony. Mobile voice ARPU decreased from DKK 308 per month in 2008 to DKK 274 per month in 2009, while the number of mobile (voice and telemetrics) RGUs increased from 846,000 as of December 31, 2008 to 977,000 as of December 31, 2009. Lower mobile termination and international mobile roaming charges also contributed negatively to revenue. The revenue decrease was partly offset by increased revenue from mobile broadband and telemetrics, as a result of increased demand for such services.

Revenue from landline telephony declined by DKK 104 million, or 5.0%, in 2009 compared with 2008, reflecting a 10.3% decrease in the number of PSTN/ISDN RGUs and related traffic volumes due primarily to the migration from traditional landline telephony to mobile and VoIP.

Revenue from the sale of terminal equipment and systems integration (NetDesign) decreased by DKK 348 million, or 24.9%, in 2009 compared with 2008. This decline was mainly due to the divestment and outsourcing of CPE sales to business customers and lower sales volume in NetDesign which reflected primarily the recent economic downturn. In 2009, NetDesign's revenue represented 12.8% of TDC Business' revenue.

2008 compared with 2007

In 2008, TDC Business' revenue was DKK 8,546 million, a decrease of DKK 318 million, or 3.6%, compared with 2007. Revenue was negatively impacted by the divestment and outsourcing of CPE sales to business customers and other minor divestments, and the impact of price regulation on mobile termination rates and international roaming charges. The acquisition of UNI2 Hosting had a positive impact on revenue. TDC Business' adjusted revenue[(21)] in 2008 increased by approximately 0.4% compared with 2007. Adjusted revenue remained stable primarily as a result of lower revenue from landline telephony and broadband being offset by increased revenue from mobility services.

Revenue from internet and network decreased by DKK 35 million, or 1.3%, in 2008 compared with 2007. This decrease was due mainly to fewer Danish broadband RGUs and lower broadband ARPU as a result of increased price competition, moreover, the divestment of Digital Signatur had a negative impact on revenue.

Revenue from mobility services increased by DKK 38 million, or 1.6%, in 2008 compared with 2007, to DKK 2,346 million. This growth was primarily driven by an increase in the number of mobile voice RGUs, due mainly to increased demand.

Revenue from landline telephony decreased by DKK 146 million, or 6.6%, in 2008 compared with 2007, due primarily to the migration from traditional landline telephony to mobile and VoIP.

Revenue from the sale of terminal equipment decreased by DKK 147 million, or 9.5%, compared with 2007. This decline was mainly due to the outsourcing of CPE sales to business customers and the divestment of certain business activities, such as LG-Nortel and Business Phone.

Gross profit

2009 compared with 2008

In 2009, TDC Business' gross profit was DKK 5,338 million, a decrease of DKK 49 million, or 0.9%, compared with 2008. This decline resulted primarily from a decrease in revenue, which was partly offset by reduced transmission costs and cost of goods sold. Transmission costs decreased by DKK 363 million, or 15.0%, compared to 2008. This decrease was due mainly to lower landline traffic and lower mobile termination and international roaming charges. The cost of goods sold decreased by DKK 208 million, or 28.2%, compared with 2008. This decrease primarily reflected the divestment and outsourcing of CPE sales to business customers and the divestment of other minor businesses.

(21) Adjusted for the acquisition of UNI2 Hosting, the divestment of Business Phone, Digital Signatur and LG, the divestment and outsourcing of CPE sales to business customers, and the impact of regulation of international roaming charges and mobile termination charges.

TDC Business' gross profit margin increased from 63.0% in 2008 to 67.3% in 2009. The increase in gross profit margin primarily reflected the divestment of low margin businesses, such as Business Phone, LG-Nortel, Rejsekort and the divestment and outsourcing of CPE sales to business customers (which had full year effect in 2009), as well as the effect of lower mobile termination rates and international roaming charges.

2008 compared with 2007

In 2008, TDC Business' gross profit was DKK 5,387 million, a decrease of DKK 237 million, or 4.2%, compared with 2007. The gross profit decrease resulted from lower revenue and an increase in transmission costs of DKK 55 million, or 2.3%, compared to 2007. The increase in transmission costs was primarily due to an increase in traffic volumes in the mobile segment. This increase in transmission costs was partly offset by the impact of lower landline traffic volumes and lower mobile termination and international roaming charges. The cost of goods sold decreased by DKK 136 million, or 15.6%, compared with 2007, due mainly to the divestment and outsourcing of CPE sales to business customers in 2008 and the divestment of other low margin businesses.

Despite the decrease in gross profit, the gross profit margin of TDC Business remained relatively stable (at 63.4% in 2007 and 63.0% in 2008), primarily reflecting the divestment and outsourcing of CPE sales to business customers and the divestment of other low margin businesses.

Profit before depreciation, amortization and Special Items (EBITDA)

2009 compared with 2008

In 2009, TDC Business' EBITDA was DKK 3,721 million, an increase of DKK 62 million, or 1.7%, compared with 2008. EBITDA in 2009 compared with 2008 was negatively affected by gains related to the divestment of Business Phone and Digital Signatur that were recorded in 2008. TDC Business' adjusted EBITDA(22) in 2009 increased by approximately 3.8% compared with 2008. The increase in adjusted EBITDA resulted primarily from reductions in other external expenses and wages, salaries and pension costs, which more than offset decreased revenue. TDC Business' EBITDA margin increased from 42.8% in 2008 to 46.9% in 2009.

Other external expenses. In 2009, other external expenses in TDC Business were DKK 744 million, a decrease of DKK 106 million, or 12.5%, in 2009 compared with 2008. This decrease reflects lower costs primarily due to the divestment of CPE sales to business customers, Digital Signatur, LG-Nortel and Rejsekort and the sale of business customer centers.

Wages, salaries and pension costs. In 2009, wages, salaries and pension costs were DKK 875 million, a decrease of DKK 125 million, or 12.5%, compared with 2008. This decrease was due mainly to a decrease in the number of full-time employee equivalents as a result of redundancy programs and the sale of Digital Signatur.

2008 compared with 2007

In 2008, TDC Business' EBITDA was DKK 3,659 million, an increase of DKK 164 million, or 4.7%, compared with 2007. Gains from the divestment of Digital Signatur and, to a lesser extent, Business Phone had a positive impact on EBITDA. TDC Business' adjusted EBITDA(23) in 2008 increased by approximately 4.1% compared with 2007. The increase in adjusted EBITDA was largely the result of a decrease in wages, salaries and pension costs and other external expenses, which more than offset the lower revenue. TDC Business' EBITDA margin increased from 39.4% in 2007 to 42.8% in 2008.

Other external expenses. In 2008, other external expenses in TDC Business were DKK 850 million, a decrease of DKK 188 million, or 18.1%, compared with 2007. This decrease was due to lower costs following the divestment of LG-Nortel, Business Phone and Digital Signatur.

Wages, salaries and pension costs. In 2008, wages, salaries and pension costs were DKK 1,000 million, a decrease of DKK 122 million, or 10.9%, compared with 2007. This decrease was

(22) Adjusted for the divestment of Digital Signatur and Business Phone.

(23) Adjusted for the acquisition of UNI2 Hosting and the divestment of Digital Signatur, Business Phone and LG-Nortel, and the sale of property, plant and equipment.

due mainly to a decrease in the number of full-time employee equivalents due to divestments and the outsourcing of CPE sales to business customers.

TDC Nordic

The following table sets forth certain financial and operational information regarding TDC Nordic for the periods indicated:

	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
TDC Nordic					
Revenue (per geographical area)	**3,515**	**3,854**	**3,863**	(8.8)	(0.2)
TDC Sweden	1,726	2,064	2,236	(16.4)	(7.7)
TDC Norway	879	905	906	(2.9)	(0.1)
TDC Finland	686	673	659	1.9	2.1
TDC Hosting	330	308	169	7.1	82.2
Other, incl. eliminations	(106)	(96)	(107)	(10.4)	10.3
Revenue (per segment)	**3,515**	**3,854**	**3,863**	(8.8)	(0.2)
Landline telephony	852	937	1,038	(9.1)	(9.7)
Mobility services	106	62	69	71.0	(10.1)
Internet and network	1,385	1,424	1,395	(2.7)	2.1
Terminal equipment, etc.	912	1,153	1,163	(20.9)	(0.9)
Other	260	278	198	(6.5)	40.4
Transmission costs and cost of goods sold	(1,906)	(2,128)	(2,196)	10.4	3.1
Gross profit	**1,609**	**1,726**	**1,667**	(6.8)	3.5
TDC Sweden	715	855	925	(16.4)	(7.6)
TDC Norway	357	365	324	(2.2)	12.7
TDC Finland	294	292	264	0.7	10.6
TDC Hosting	234	232	140	0.9	65.7
Other, incl. eliminations	9	(18)	14	—	—
Other external expenses	(296)	(361)	(417)	18.0	13.4
Wages, salaries and pension costs	(851)	(937)	(894)	9.2	(4.8)
Operating expenses before depreciation, etc.	**(3,053)**	**(3,426)**	**(3,507)**	10.9	2.3
Other income and expenses	35	30	69	16.7	(56.5)
EBITDA[(1)]	**497**	**458**	**425**	8.5	7.8
TDC Sweden	152	142	184	7.0	(22.8)
TDC Norway	128	118	77	8.5	53.2
TDC Finland	121	115	87	5.2	32.2
TDC Hosting	96	89	63	7.9	41.3
Other, incl. eliminations	0	(6)	14	—	(142.9)
Key financial ratios					
Gross profit margin	45.8%	44.8%	43.2%	—	—
EBITDA margin	14.1%	11.9%	11.0%	—	—

	Year ended December 31,			Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	2009	2008	2007		
		(DKK thousands)			
TDC Nordic					
RGUs (end-of-period)					
Landline	55	47	16	17.0	193.8
Mobile	44	24	14	83.3	71.4
Internet	82	94	98	(12.8)	(4.1)
Total RGUs	**181**	**165**	**128**	9.7	28.9
Number of employees (year-end)	**1,437**	**1,619**	**1,596**	(11.2)	1.4
Number of full-time employee equivalents (year-average)	**1,556**	**1,616**	—	(3.7)	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the adjusted revenue of TDC Nordic for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
		(unaudited) (DKK millions, unless otherwise indicated)	
Revenue			
Reported revenue	3,515	3,854	3,863
Acquisitions/Divestments	—	(22)	34
Sale of property, plant and equipment	—	—	—
Outsourcing	—	—	—
Currency effects	—	(261)	(377)
Effect of regulation of mobile termination rates	—	—	—
Effect of regulation of international roaming charges	—	(1)	(2)
Adjusted revenue[1]	3,515	3,569	3,517
Reported growth	(8.8)%	(0.2)%	—
Adjusted growth	(1.5)%	1.5%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the adjusted EBITDA of TDC Nordic for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
		(unaudited) (DKK millions, unless otherwise indicated)	
EBITDA[1]			
Reported EBITDA	497	458	425
Acquisitions/Divestments	(21)	(30)	1
Sale of property, plant and equipment	(11)	(1)	(41)
Outsourcing	—	—	—
Currency effects	—	(26)	(38)
Effect of regulation of international roaming charges	—	—	—
Adjusted EBITDA[2]	465	401	348
Reported growth	8.5%	7.8%	—
Adjusted growth	15.8%	15.4%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

2009 compared with 2008

In 2009, TDC Nordic's revenue was DKK 3,515 million, a decrease of DKK 339 million, or 8.8%, compared with 2008. The decrease resulted primarily from unfavorable exchange rate developments in TDC Sweden and TDC Norway. TDC Nordic's adjusted revenue(24) in 2009 decreased by DKK 54 million, or 1.5%, compared with 2008. This adjusted revenue decline was primarily due to lower project sales in the integration services business of TDC Sweden, which was partly offset by increased revenue from IP-VPN across Sweden, Norway and Finland, and increased revenue from TDC Hosting.

Revenue in TDC Sweden decreased by DKK 338 million, or 16.4%, compared with 2008. In local currency, revenue in TDC Sweden declined by 7.2% in 2009 compared with 2008. The reduced revenue in TDC Sweden was due mainly to lower project sales in the integration services business, which was impacted by the recent economic downturn and a decrease in the number of internet RGUs due to competitive pressures. This decline was partly offset by an increase in revenue from IP-VPN services, due mainly to increased demand for these services.

Revenue in TDC Norway decreased by DKK 26 million, or 2.9%, compared with 2008. In local currency, revenue in TDC Norway increased by 3.5% in 2009 compared with 2008. The revenue increase in local currency was primarily due to higher sales of IP-VPN services to public sector and international customers and an increase in the number of mobile voice RGUs mainly due to cross selling to existing customers.

Revenue in TDC Finland increased by DKK 13 million, or 1.9%, compared with 2008, mainly due to a number of new RGUs in the IP-VPN and data business due to increased demand. This was partly offset by a decrease in TDC Finland's traditional landline telephony revenue due to the migration to mobile.

Revenue in TDC Hosting increased by DKK 22 million, or 7.1%, compared with 2008. This increase was primarily driven by revenue growth in Denmark, mainly as a result of increased sales, the hosting of TDC's own servers, and revenue growth in Sweden and Finland as a result of a dedicated sales focus and the expansion of the product range.

2008 compared with 2007

In 2008, TDC Nordic's revenue was DKK 3,854 million, a decrease of DKK 9 million, or 0.2%, compared with 2007. The decrease resulted largely from unfavorable exchange rate developments in TDC Sweden and TDC Norway. The acquisition of UNI2 Hosting had a positive effect on revenue. TDC Nordic's adjusted revenue(25) in 2008 increased by approximately 1.5% compared with 2007. The adjusted revenue increase was driven primarily by sales growth in TDC Hosting and increased revenue from IP-VPN (due mainly to increased demand).

Revenue in TDC Sweden decreased by DKK 172 million, or 7.7%, compared with 2007. In local currency, TDC Sweden's revenue decreased by 4.0% in 2008 compared with 2007. This decrease was due mainly to a decline in traditional landline telephony revenue due to migration to mobile and the transfer of hosting activities to TDC Hosting, which was partly offset by an increase in revenue from the data business (due mainly to increased demand).

Revenue from TDC Norway remained stable in 2008 (a decrease of 0.1% compared with 2007). In local currency, revenue in TDC Norway increased by 2.5% in 2008 compared with 2007. This revenue increase was primarily the result of an increase in the number of mobile voice RGUs (mainly due to increased activities aimed at limiting churn).

Revenue in TDC Finland increased by DKK 14 million, or 2.1%, in 2008 compared with 2007. This revenue increase was due mainly to an increase in the number of RGUs in IP-VPN (mainly due to increased demand). The growth in IP-VPN revenue was partly offset by the transfer of hosting activities to TDC Hosting.

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(24) Adjusted for currency effects and minor acquisitions and divestments.

(25) Adjusted for the acquisition of UNI2 Hosting and currency effects.

Revenue in TDC Hosting increased by DKK 139 million, or 82.2%, in 2008 compared with 2007. This increase resulted mainly from the acquisition of UNI2 Hosting and the transfer of hosting activities from TDC Sweden and TDC Finland and, to a lesser extent, from sales growth, which TDC believes resulted primarily from a focused sales approach. In addition, the hosting of TDC's own servers had a positive revenue impact on TDC Hosting.

Gross profit

2009 compared with 2008

In 2009, TDC Nordic's gross profit was DKK 1,609 million, a decrease of DKK 117 million, or 6.8%, compared with 2008. The gross profit decline resulted from a decrease in revenue, which was only partly offset by a decrease in transmission costs and cost of goods sold. Transmission costs and cost of goods sold decreased by DKK 222 million, or 10.4%, compared with 2008. This decrease was mainly related to lower cost of goods sold, primarily due to lower project sales in the integrator business.

TDC Nordic's gross profit margin increased from 44.8% in 2008 to 45.8% in 2009, reflecting primarily the revenue decrease in the low margin integrator business in TDC Sweden.

TDC Sweden's gross profit decreased by DKK 140 million, or 16.4%, in 2009 compared with 2008. In local currency, gross profit in TDC Sweden decreased by 7.0% compared with 2008. The decline primarily reflected the decrease in revenue and increased transmission costs, which resulted primarily from increased sales of low margin landline telephony subscriptions, increased mobile costs and the divestment of the field force operation (which has moved costs from wages and salaries to transmission costs and costs of goods sold). This cost increase was only partly offset by a decrease in cost of goods sold, which related to the lower project sales in the integrator business.

TDC Norway's gross profit decreased by DKK 8 million or 2.2%, in 2009 compared with 2008. In local currency, gross profit in TDC Norway increased by 4.0%, mainly due to an increase in mobile voice revenue, lower transmission costs relating to the integrator business and lower transmission costs due to better contract terms with Telenor relating to network access.

In 2009, gross profits in TDC Finland remained stable, with an increase of DKK 2 million, or 0.7% compared with 2008. The revenue increase was almost entirely offset by an increase in transmission costs and in the cost of goods sold, which were due mainly to the introduction of new low margin products and the strategic divestment of the high margin PowerNet business.

In 2009, gross profits in TDC Hosting remained stable, with an increase of DKK 2 million, or 0.9% compared with 2008. The revenue increase was almost entirely offset by an increase in transmission costs and in the cost of goods sold, mainly due to increased sales volumes.

2008 compared with 2007

In 2008, TDC Nordic's gross profit was DKK 1,726 million, an increase of DKK 59 million, or 3.5%, compared with 2007. The increase was driven mainly by a decrease in transmission costs and cost of goods sold by DKK 68 million, or 3.1%, compared with 2007. The decrease in transmission costs and cost of goods sold was primarily a result of the decline in traditional landline telephony in TDC Sweden and was partly offset by an increase in cost of goods sold due primarily to a change in product mix in the integrator business towards lower margin products.

TDC Nordic's gross profit margin increased from 43.2% in 2007 to 44.8% in 2008, reflecting primarily the increased gross profit in TDC Norway.

TDC Sweden's gross profit decreased by DKK 70 million, or 7.6%, in 2008 compared with 2007, reflecting primarily a decline in revenue. In local currency, gross profit decreased by 4.1%. The decrease related primarily to lower traffic volumes in the Swedish voice business, the sale of the Swedish residential customer base and the increased cost of goods sold. Cost of goods sold increased primarily as a result of the product mix in the integrator business, in particular higher sales of terminal equipment. This was only partly offset by lower transmission costs due to the decline in traditional landline telephony.

TDC Norway's gross profit increased by DKK 41 million, or 12.7%, in 2008 compared with 2007. In local currency, gross profit increased by 15.9%. This increase was due mainly to the revenue increase.

TDC Finland's gross profit increased by DKK 28 million, or 10.6%, in 2008 compared with 2007. The increase was primarily due to increased revenue from a product mix with higher margins.

TDC Hosting's gross profit increased by DKK 92 million, or 65.7%, in 2008 compared with 2007. This increase primarily reflected the revenue increase, which was only to a limited extent offset by an increase in transmission costs and cost of goods sold.

Profit before depreciation, amortization and Special Items (EBITDA)

2009 compared with 2008

In 2009, TDC Nordic's EBITDA was DKK 497 million, an increase of DKK 39 million, or 8.5%, compared with 2008. Exchange rate developments in TDC Sweden and TDC Norway had a negative net effect on EBITDA. TDC Nordic's adjusted EBITDA[26] increased by approximately 15.8% compared with 2008. The adjusted EBITDA increase resulted mainly from lower other external expenses and wages, salaries and pension costs, which more than offset the gross profit decrease. The EBITDA margin increased from 11.9% in 2008 to 14.1% in 2009.

TDC Sweden's EBITDA increased by DKK 10 million, or 7.0%, in 2009 compared with 2008. In local currency, EBITDA in TDC Sweden increased by 16.9%. The increase was primarily due to the decrease in gross profit being more than offset by savings in other external expenses (primarily the cost of consultants and facility costs) and a reduction in wages, salaries and pension costs, reflecting a reduction in the number of full-time employee equivalents. EBITDA growth was also positively impacted by an accounting gain related to the divestment of the field force operation and increased sales of property, plant and equipment in 2009. This increase was partly offset by the negative impact of an accounting gain related to the sale of Uppsala Stadsnät in 2008.

TDC Norway's EBITDA increased by DKK 10 million, or 8.5%, in 2009 compared with 2008. In local currency, EBITDA in TDC Norway increased by 14.5%. The increase was primarily due to the increase in gross profit as other external expenses and wages, salaries and pension costs were almost unchanged in 2009 compared with 2008.

TDC Finland's EBITDA increased by DKK 6 million, or 5.2%, in 2009 compared with 2008. This increase mainly reflected the relatively stable gross profit in 2008 and 2009 and was more than offset by reductions in other external expenses and wages, salaries and pension costs. The cost decrease was primarily related to savings in marketing, travelling and information technology costs.

TDC Hosting's EBITDA increased by DKK 7 million, or 7.9%, in 2009 compared with 2008. This increase mainly reflected the relatively stable gross profit in 2008 and 2009 and was more than offset by savings in other external expenses and wages, salaries and pension costs. These cost savings were related primarily to cost reduction programs, consolidation of operations and synergies from the acquisition of UNI2.

2008 compared with 2007

In 2008, TDC Nordic's EBITDA was DKK 458 million, an increase of DKK 33 million, or 7.8%, compared with 2007. The acquisition of UNI2 Hosting and the gain from the divestment of Upsala Stadsnät had a positive effect on EBITDA. Exchange rate developments in TDC Sweden and TDC Norway and the sale of property, plant and equipment in 2007 had a negative net effect on EBITDA. TDC Nordic's adjusted EBITDA[27] increased by approximately 15.4% compared with 2007. The adjusted EBITDA increase was due mainly to lower other external expenses, which was partly offset by an increase in wages, salaries and pension costs, and a decrease in other income and expenses as a

(26) Adjusted for the divestment of Upsala Stadsnät, gain related to the divestment of the field force operations in TDC Sweden, minor one-off items regarding divestments and acquisitions in the previous years, the sale of property, plants and equipment and currency effects.

(27) Adjusted for the acquisition of UNI2 Hosting, the divestment of Upsala Stadsnät, minor one-offs regarding divestitures and acquisitions in previous years, the sale of property, plants and equipment (including the Swedish residential customer base) and currency effects.

result of the sale of the Swedish residential customer base. The EBITDA margin increased from 11.0% in 2007 to 11.9% in 2008.

TDC Sweden's EBITDA decreased by DKK 42 million, or 22.8%, in 2008 compared with 2007. In local currency, EBITDA decreased by 19.7%, compared with 2007, which primarily reflected the reduction in gross profit and the accounting gain from the divestment of the Swedish customer base in 2007, which was partly offset by a gain from the divestment of Uppsala Stadsnät in 2008. Reductions in other external expenses, mainly related to consultancy costs and facility costs, were to a large extent offset by an increase in wages, salaries and pension costs, due mainly to a general salary increase and a higher number of full-time employee equivalents.

TDC Norway's EBITDA increased by DKK 41 million, or 53.2%, in 2008 compared with 2007. This increase was due mainly to the increased gross profit, which was partly offset by the negative currency effect. In local currency, EBITDA increased by 59.8% compared with 2007. This increase mainly reflected a reduction in wages, salaries and pension costs and employee related expenses, due mainly to redundancies.

TDC Finland's EBITDA increased by DKK 28 million, or 32.2%, in 2008 compared with 2007. This increase primarily reflected the increase in gross profit and reductions in wages, salaries and pension costs and employee related expenses (due to redundancies), which was partly offset by the negative impact from the sale of property, plant and equipment in 2007.

TDC Hosting's EBITDA increased by DKK 26 million, or 41.3%, in 2008 compared with 2007. This increase primarily reflected the increase in gross profit, the acquisition of UNI2 Hosting and positive net effect on EBITDA from the hosting activities transferred by TDC Sweden and TDC Finland.

Operations & Wholesale

The following table sets forth certain financial and operational information regarding Operations & Wholesale for the periods indicated:

Operations & Wholesale	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
Revenue (per sub-segment)	**2,582**	**2,748**	**3,601**	(6.0)	(23.7)
Wholesale	2,235	2,390	3,171	(6.5)	(24.6)
Operations	347	358	430	(3.1)	(16.7)
Revenue (per service)	**2,582**	**2,748**	**3,601**	(6.0)	(23.7)
Landline telephony	599	990	1,489	(39.5)	(33.5)
Mobility services	658	551	652	19.4	(15.5)
Internet and network	945	982	983	(3.8)	(0.1)
Other	380	225	477	68.9	(52.8)
Transmission costs and cost of goods sold	(521)	(557)	(1,010)	6.5	44.9
Gross profit	**2,061**	**2,191**	**2,591**	(5.9)	(15.4)
Other external expenses	(2,343)	(2,599)	(2,718)	9.8	4.4
Wages, salaries and pension costs	(1,414)	(1,647)	(1,918)	14.1	14.1
Operating expenses	(4,278)	(4,803)	(5,646)	10.9	14.9
Operating expenses allocated to other business lines	3,009	3,341	3,327	(9.9)	0.4
Operating expenses before depreciation, etc	**(1,269)**	**(1,462)**	**(2,319)**	13.2	37.0
Other income and expenses	100	214	138	(53.3)	55.1
EBITDA[(1)]	**1,413**	**1,500**	**1,420**	(5.8)	5.6
Key financial ratios					
Gross profit margin	79.8%	79.7%	72.0%	—	—
EBITDA margin	54.7%	54.6%	39.4%	—	—

Operations & Wholesale	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
		(thousands)			
RGUs (end-of-period)					
Landline	242	297	369	(18.5)	(19.5)
Mobile	312	202	221	54.5	(8.6)
Mobile broadband and data	7	2	—	—	—
Internet	139	124	134	12.1	(7.5)
Other networks and data connections	240	313	249	(23.3)	25.7
TV	1	0	—	—	—
Total RGUs	**941**	**938**	**973**	0.3	(3.6)

Operations & Wholesale	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
		(DKK/month)			
ARPU					
PSTN/ISDN	100	100	n.a.	—	—
Mobile voice, Service Provider	121	92	n.a.	31.5	—
BSA/xDSLresale	159	170	n.a.	(6.5)	—
Number of employees (year—end)	**4,409**	**4,406**	**5,557**	0.1	(20.7)
Number of full-time employee equivalents (year-average)	**4,363**	**5,056**	**—**	(13.7)	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

The following table sets forth the adjusted revenue of Operations & Wholesale for the periods indicated:

	Year ended December 31, 2009	2008	2007
		(unaudited) (DKK millions, unless otherwise indicated)	
Revenue			
Reported revenue	2,582	2,748	3,601
Acquisitions/Divestments	17	(182)	(628)
Sale of property, plant and equipment	—	—	—
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of mobile termination rates	—	(15)	(31)
Effect of regulation of international roaming charges	—	(62)	(152)
Adjusted revenue(1)	2,600	2,490	2,791
Reported growth	(6.0)%	(23.7)%	—
Adjusted growth	4.4%	(10.8)%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the adjusted EBITDA of Operations & Wholesale for the periods indicated:

	Year ended December 31,		
	2009	2008	2007
		(unaudited)	
	(DKK millions, unless otherwise indicated)		
EBITDA[1]			
Reported EBITDA	1,413	1,500	1,420
Acquisitions/Divestments	(67)	(142)	(149)
Sale of property, plant and equipment	(22)	(54)	(31)
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of international roaming charges	—	(59)	(147)
Adjusted EBITDA[2]	1,325	1,244	1,093
Reported growth	(5.8)%	5.6%	—
Adjusted growth	6.4%	13.8%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

2009 compared with 2008

In 2009, revenue from Operations & Wholesale was DKK 2,582 million, a decrease of DKK 166 million, or 6.0%, compared with 2008. Revenue was negatively affected by the impact of price regulation on mobile termination rates and international roaming charges, the divestment of International Carrier Services in 2008 and the satellite business in 2009, and Consumer's acquisition of Fullrate (previously a Wholesale customer). The adjusted revenue[28] of Operations & Wholesale decreased by approximately 4.4% compared with 2008. This decrease reflected primarily a decrease in the number of service provider landline RGUs, which was partly due to service providers shifting their customers to VoIP. This decrease was partly offset by an increase in the number of mobile voice RGUs and increased mobile voice ARPU and the positive impact of a changed disclosure related to Other revenue. In the originally reported figures for 2008 and 2009, part of the incoming landline and mobile traffic (DKK 143 million in 2008 and DKK 43 million in 2009) was not disclosed as revenue but offset against transmission costs. From January 1, 2010 and with retrospective effect, TDC changed the principle for disclosure so that all incoming traffic is disclosed as landline telephony and mobility services revenue. As regards 2008 and 2009, the correction has been offset in Other revenue. The changed disclosure did not impact total revenue and EBITDA in 2008 and 2009.

Wholesale's revenue was DKK 2,235 million, a decrease of DKK 156 million, or 6.5%, in 2009 compared with 2008. Revenue from landline telephony decreased, mainly due to a decline in the number of service provider landline RGUs. This decline was due mainly to the general decline of the traditional landline telephony market and also to service providers shifting their customers to VoIP, resulting in no subscription fee being paid to TDC. The decline in traditional landline telephony revenue was also the result of lower transit traffic volumes following the divestment of International Carrier Services (international voice business) and the satellite business. Revenue from mobility services increased primarily as a result of an increase in the number of service provider RGUs (mainly due to introduction of the Brand Partner concept) and increased ARPU for the service provider segment. This revenue increase was partly offset by a decline in roaming revenue, resulting from a 12% decrease in roaming traffic on TDC's mobile network in Denmark, mainly reflecting the recent economic downturn. Revenue from internet and network decreased mainly due to Consumer's acquisition of Fullrate (which moved RGUs from Wholesale to Consumer). Wholesale's revenue was positively

(28) Adjusted for the divestment of International Carrier Services, the satellite business, DONG Energy's fiber network, the acquisition of Fullrate by Consumer and the impact of price regulation on mobile termination rates and international roaming charges.

impacted by Other revenue, mainly due to the changed disclosure of incoming traffic as described above as well as the impact from the service telephony, mainly due to changed internal transfer practice, and rental of masts. This was partly offset by lower revenues due to sale of the satellite business.

Operations' revenue was DKK 347 million, a decrease of DKK 11 million, or 3.1%, in 2009 compared with 2008. Revenue from Operations mainly reflects intra-group sales to TDC Nordic and YouSee and external revenue (primarily related to police assignments, mobile sites and supply chain management). The decrease in Operations' revenue was primarily due to lower intra-group sales.

2008 compared with 2007

In 2008, revenue from Operations & Wholesale was DKK 2,748 million, a decrease of DKK 853 million, or 23.7%, compared with 2007. Revenue was negatively affected by the impact of price regulation on mobile termination rates and international roaming charges and the divestment of International Carrier Services. The adjusted revenue[29] of Operations & Wholesale in 2008 decreased by approximately 10.8% compared with 2007, due mainly to lower transit traffic volumes and fewer RGUs in traditional landline telephony, as well as a changed disclosure with respect to incoming traffic that negatively impacted Other revenue. See "—*2009 compared with 2008*" above.

Wholesale's revenue was DKK 2,390 million in 2008, a decrease of DKK 781 million, or 24.6%, in 2008 compared with 2007. The decline in revenue resulted primarily from a decrease in traditional landline telephony traffic volumes as a result of the divestment of International Carrier Services. Revenue from landline telephony was also negatively affected by a decrease in the number of service provider RGUs (due mainly to the migration to mobile and VoIP). Wholesale, unlike Consumer or TDC Business, has in general not been able to retain revenue from VoIP RGUs when a PSTN/ISDN RGU is lost, as service providers offer their own VoIP solutions on a ULL connection. Revenue from mobility services decreased, due mainly to fewer RGUs reflecting the loss of wholesale Debitel RGUs and lower mobile termination rates and international roaming charges. Revenue from internet and network remained almost unchanged compared with 2007. Wholesale's revenue was negatively impacted by changed disclosure of incoming traffic.

Operations' revenue was DKK 358 million, a decrease of DKK 72 million, or 16.7%, in 2008 compared with 2007. This decrease was primarily due to lower intra-group sales.

Gross profit

2009 compared with 2008

In 2009, gross profit from Operations & Wholesale was DKK 2,061 million, a decrease of DKK 130 million, or 5.9%, compared with 2008. Gross profit from Wholesale (excluding Operations) was DKK 1,809 million. The decrease in gross profit from Operations & Wholesale resulted from a decrease in revenue and an increase in transmission costs, which was only partly offset by a decrease in the cost of goods sold. Transmission costs increased by DKK 18 million, or 4.0%, compared with 2008, primarily due to higher traffic volume in mobility services, where transmission costs are higher than in landline telephony. This increase was partly offset by a decrease in transmission costs due to fewer landline RGUs and related traffic as a result of the migration from traditional landline telephony to mobile and VoIP, as well as declining mobile termination rates and international roaming charges. The cost of goods sold decreased by DKK 54 million, or 50.9%, compared with 2008, primarily as a result of cost savings in field force.

Despite a decrease in gross profits, the gross profit margin remained stable from 2008 to 2009 (79.7% in 2008 and 79.8% in 2009). This reflected primarily the divestment of the low margin satellite business and declining mobile termination rates, which was only partly offset by a reduction in international roaming charges.

2008 compared with 2007

In 2008, gross profit was DKK 2,191 million, a decrease of DKK 400 million, or 15.4%, compared with 2007. Gross profit from Wholesale (excluding Operations) was DKK 1,992 million. The decrease

(29) Adjusted for the divestment of International Carrier Services and the impact of price regulation of mobile termination rates and international roaming charges.

in gross profit from Operations & Wholesale resulted primarily from a decrease in revenue, which was only partly offset by a reduction of transmission costs and cost of goods sold of 44.9% compared with 2007. Transmission costs decreased by DKK 451 million, or 50.0%, in 2008 compared with 2007, primarily due to the divestment of International Carrier Services and lower mobile termination rates and international roaming charges. The cost of goods sold was almost unchanged at DKK 106 million in 2008 compared with DKK 108 million in 2007.

Despite the decrease in gross profit, the gross profit margin of Operations & Wholesale increased from 72.0% in 2007 to 79.7% in 2008. This increase was due primarily to the divestment of low margin International Carrier Services and the decrease in mobile termination rates, which was partly offset by a reduction in inbound roaming charges.

Profit before depreciation, amortization and Special Items (EBITDA)

2009 compared with 2008

In 2009, EBITDA from Operations & Wholesale was DKK 1,413 million, a decrease of DKK 87 million, or 5.8%, compared with 2008. Lower international roaming charges and the acquisition of Fullrate by Consumer had a negative net effect on EBITDA. Operations & Wholesale's adjusted EBITDA[30] in 2009 increased by approximately 6.4%, compared with 2008. The increase in adjusted EBITDA was caused mainly by a reduction in other external expenses and wages, salaries and pension costs. The cost reduction was partly offset by a decline in other income by DKK 114 million, or 53.3%, compared with 2008, as a result of lower gains from divestments and income from cable damage compensated by third party contractors. The EBITDA margin was stable, increasing slightly from 54.6% in 2008 to 54.7% in 2009, which was due mainly to the divestment of low margin International Carrier Services and the satellite business.

Other external expenses. In 2009, other external expenses were DKK 2,343 million, a decrease of DKK 256 million, or 9.8%, compared with 2008. This decrease resulted primarily from lower fault handling costs (due mainly to improved fault rates), lower property costs (due to consolidation of locations as a consequence of fewer full-time employee equivalents and improved space management), lower employee-related costs mainly due to fewer full-time employee equivalents (primarily as a result of redundancies) and lower information technology costs.

Wages, salaries and pension costs. In 2009, wages, salaries and pension costs were DKK 1,414 million, a decrease of DKK 233 million, or 14.1%, compared with 2008. This decrease was driven primarily by a reduction of the average number full-time employee equivalents by 693 fewer compared with 2008. This reduction primarily related to redundancies in network and installation, information technology and back office.

2008 compared with 2007

In 2008, EBITDA was DKK 1,500 million, an increase of DKK 80 million, or 5.6%, compared with 2007. Lower international roaming charges had a negative effect on EBITDA. Operations & Wholesale's adjusted EBITDA[31] in 2008 increased by approximately 13.8% compared with 2007. The increase in adjusted EBITDA was a result of reduced other external expenses and wages, salaries and pension costs, which more than offset the decrease in gross profit. The EBITDA margin increased from 39.4% in 2007 to 54.6% in 2008.

Other external expenses. In 2008, other external expenses were DKK 2,599 million, a decrease of DKK 119 million, or 4.4%, compared with 2007. This decrease resulted primarily from lower fault handling costs (due mainly to improved fault rates), lower employee-related costs due to fewer full-time employee equivalents (mainly because of redundancies), lower consultancy costs relating to information technology, and lower than estimated consultancy costs with respect to projects relating to working capital improvements carried out in 2007. In addition, costs relating to contractors decreased due to fewer incidents of cable damage compared with 2007. This decrease was partly offset by increased costs

(30) Adjusted for the divestment of International Carrier Services, the satellite business, TDC Produktion, the acquisition of DONG Energy's fiber network, the acquisition of Fullrate by Consumer, the sale of property, plants and equipment and the effect of price regulation of international roaming charges.

(31) Adjusted for the divestment of International Carrier Services and TDC Produktion and the effect of price regulation of international roaming charges.

related to outsourcing of the mobile network to Ericsson and outsourcing of information technology systems to CSC and higher lease payments due to the sale and leaseback of Danish properties in August 2007.

Wages, salaries and pension costs. In 2008, wages, salaries and pension costs were DKK 1,647 million, a decrease of DKK 271 million, or 14.1%, compared with 2007. This decrease resulted primarily from the outsourcing of 886 full-time employee equivalents to Ericsson and CSC, as well as redundancies. The wage reduction was largely offset by an increase in other external expenses relating to outsourcing.

YouSee

The following table sets forth certain financial and operational information regarding YouSee for the periods indicated:

YouSee	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK millions, unless otherwise indicated)				
Revenue	**3,597**	**3,188**	**2,829**	12.8	12.7
YouSee Clear	2,433	2,211	1,912	10.0	15.6
YouSee Plus	150	100	90	50.0	11.1
Internet services	725	640	582	13.3	10.0
Landline telephony	72	54	47	33.3	14.9
Other	217	183	198	18.6	(7.6)
Transmission costs and cost of goods sold	(1,525)	(1,344)	(1,153)	(13.5)	(16.6)
Gross profit	**2,072**	**1,844**	**1,676**	12.4	10.0
Other external expenses	(429)	(430)	(426)	0.2	(0.9)
Wages, salaries and pension costs	(503)	(467)	(437)	(7.7)	(6.9)
Operating expenses before depreciation, etc	**(2,457)**	**(2,241)**	**(2,016)**	(9.6)	(11.2)
Other income and expenses	1	7	1	(85.7)	—
EBITDA(1)	**1,141**	**954**	**814**	19.6	17.2
Key financial ratios					
Gross profit margin	57.6%	57.8%	59.2%	—	—
EBITDA margin	31.7%	29.9%	28.8%	—	—

YouSee	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(thousands)				
RGUs (end-of-period)					
TV	1,299	1,218	1,174	6.7	3.7
of which YouSee Plus	146	105	82	39.0	28.0
Internet	393	323	309	21.7	4.5
Landline	71	47	35	51.1	34.3
Mobile broadband	2	—	—	—	—
Total RGUs	**1,765**	**1,588**	**1,518**	**11.1**	**4.6**

YouSee	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(DKK/month)				
ARPU					
Landline internet	167	168	n.a.	(0.6)	—
TV, total	188	173	n.a.	8.7	—
YouSee Clear	177	166	n.a.	6.6	—
Additional ARPU YouSee Plus	100	89	n.a.	12.4	—
Total ARPU	248	227	n.a.	9.3	—

YouSee	Year ended December 31, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(thousands, unless otherwise indicated)				
Other KPIs					
Homes passed(2)	1,401	1,333	n.a.	5.1	—
Penetration(3)	81%	84%	n.a.	—	—
Number of employees (year-end)	**1,265**	**1,174**	**1,110**	7.8	5.8
Number of full-time employee equivalents (year-average)	**1,217**	**1,158**	**—**	5.1	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Homes passed means households that are connected or can be connected with a modest cable laying effort of up to 30 meters.

(3) Penetration means YouSee Clear customers divided by homes passed.

The following table sets forth the adjusted revenue of YouSee for the periods indicated:

	Year ended December 31, 2009	2008	2007
		(unaudited) (DKK millions, unless otherwise indicated)	
Revenue			
Reported revenue	3,597	3,188	2,829
Acquisitions/Divestments	79	140	128
Sale of property, plant and equipment	—	—	—
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of mobile termination rates	—	—	—
Effect of regulation of international roaming charges	—	—	—
Adjusted revenue(1)	3,675	3,329	2,957
Reported growth	12.8%	12.7%	—
Adjusted growth	10.4%	12.6%	—

(1) Adjusted revenue includes management estimates. The adjustments have been made solely to indicate changes to reported revenue in the relevant period.

The following table sets forth the adjusted EBITDA of YouSee for the periods indicated:

	Year ended December 31, 2009	2008	2007
		(unaudited) (DKK millions, unless otherwise indicated)	
EBITDA(1)			
Reported EBITDA	1,141	954	814
Acquisitions/Divestments	9	4	17
Sale of property, plant and equipment	(0)	(0)	(0)
Outsourcing	—	—	—
Currency effects	—	—	—
Effect of regulation of international roaming charges	—	—	—
Adjusted EBITDA(2)	1,150	957	831
Reported growth	19.6%	17.2%	—
Adjusted growth	20.1%	15.2%	—

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

(2) Adjusted EBITDA includes management estimates. The adjustments have been made solely to indicate changes to reported EBITDA in the relevant period.

Revenue

2009 compared with 2008

In 2009, YouSee's revenue was DKK 3,597 million, an increase of DKK 409 million, or 12.8%, compared with 2008. Revenue was positively impacted by the acquisition of A+ on June 1, 2009. The partial divestment of Connect Partner had a negative effect on revenue of DKK 42 million. YouSee's adjusted revenue(32) in 2009 increased by approximately 10.4% compared with 2008. The increase in revenue resulted mainly from increased demand for YouSee Clear and YouSee Plus.

Revenue from YouSee Clear was DKK 2,433 million, an increase of 10.0%, compared with 2008. This increase related primarily to an increase in the number of RGUs and higher ARPU, which TDC believes was mainly due to customers' increased demand for content. Revenue from YouSee Plus was DKK 150 million, an increase of 50%, compared with 2008. The revenue increase from YouSee Plus resulted mainly from an increase in the number of RGUs and ARPU, which TDC believes was mainly due to customers' increased demand for value-added services, such as video-on-demand. Revenue from internet services and landline telephony was DKK 725 million and DKK 72 million respectively, an increase of 13.3% and 33.3%, compared to 2008, which primarily resulted from an increase in the number of RGUs, which was mainly due to the acquisition of A+ resulting in a general expansion of these market segments. YouSee's other revenue increase was partly offset by decreased revenue from installation services mainly due to lower demand for installation and upgrades from antenna associations and housing associations.

2008 compared with 2007

In 2008, YouSee's revenue was DKK 3,188 million, an increase of DKK 359 million, or 12.7%, compared with 2007. The partial divestment of Connect Partners had a negative effect on YouSee's revenue. YouSee's adjusted revenue(33) in 2008 increased by approximately 12.6% compared with 2007. This adjusted revenue increase resulted mainly from increased demand for YouSee Clear and internet services.

Revenue from YouSee Clear was DKK 2,211 million, an increase of 15.6%, compared with 2008. This increase related primarily to an increase in the number of RGUs and higher ARPU primarily reflecting increased demand for a wider range of TV channels. Revenue from YouSee Plus was DKK 100 million, an increase of 11.1%, compared with 2008. The revenue increase from YouSee Plus resulted mainly from an increase in the number of RGUs and ARPU, which TDC believes was mainly due to customers' increased demand for add-on services, such as video-on-demand. Revenue from internet services and landline telephony was DKK 640 million and DKK 54 million respectively, an increase of 10.0% and 14.9% compared with 2007. These increases mainly reflected an increase in the number of RGUs, resulting from higher penetration on existing lines and an expansion of YouSee's network.

Gross profit

2009 compared with 2008

In 2009, YouSee's gross profit was DKK 2,072 million, an increase of DKK 228 million, or 12.4%, compared with 2008. This increase resulted from increased revenue, which was partly offset by increased transmission costs and cost of goods sold. Transmission costs and cost of goods sold increased by DKK 181 million, or 13.5%, compared with 2008, primarily due to higher program content costs of DKK 134 million. Program content costs have increased as a result of a higher number of RGUs (as YouSee pays content providers on a cost per subscriber basis), new programs and higher prices for content. Higher transmission costs reflected a higher number of RGUs and an increase in traffic volumes. YouSee's gross profit margin remained stable (at 57.8% in 2008 compared with 57.6% in 2009), reflecting the increase in revenue being offset by higher program content costs.

2008 compared with 2007

In 2008, YouSee's gross profit was DKK 1,844 million, an increase of DKK 168 million, or 10.0%, compared with 2007. The gross profit increase was primarily a result of increased revenue, which was

(32) Adjusted for the acquisition of A+ and the partial divestment of Connect Partners.

(33) Adjusted for the partial divestment of Connect Partners.

partly offset by an increase in transmission costs and cost of goods sold. Transmission costs and cost of goods sold increased by DKK 191 million, or 16.6%, compared with 2007, mainly due to increased program content costs reflecting a higher number of RGUs and a wider range of channels in the TV packages. YouSee's gross profit margin decreased from 59.2% in 2007 to 57.8% in 2008 due to higher program content costs.

Profit before depreciation, amortization and Special Items (EBITDA)

2009 compared with 2008

In 2009, YouSee's EBITDA was DKK 1,141 million, an increase of DKK 187 million, or 19.6%, compared with 2008. The acquisition of A+ had a positive net effect on YouSee's EBITDA. YouSee's adjusted EBITDA[34] in 2009 increased by approximately 20.1% compared with 2008. The increase in adjusted EBITDA reflected the increase in gross profit being only partly offset by an increase in wages, salaries and pension costs. YouSee's EBITDA margin increased from 29.9% in 2008 to 31.7% in 2009.

Other external expenses. In 2009, YouSee's other external expenses remained almost unchanged at DKK 429 million. An increase of external expenses as a result of the acquisition of A+ and higher property and marketing costs was almost entirely offset by a decline in installation costs, consultancy fees and information technology costs.

Wages, salaries and pension costs. In 2009, wages, salaries and pension costs were DKK 503 million, an increase of DKK 36 million, or 7.7%, compared with 2008, due primarily to an increase in full-time employee equivalents, mainly as a result of the acquisition of A+.

2008 compared with 2007

In 2008, YouSee's EBITDA was DKK 954 million, an increase of DKK 140 million, or 17.2%, compared with 2007. YouSee's adjusted EBITDA[35] in 2008 increased by approximately 15.2% compared with 2007. This increase primarily reflected the higher number of RGUs and higher ARPU in both the TV and broadband segments. In addition, revenue from Pay-TV increased as a result of a wider range of channels offered. YouSee's EBITDA margin increased from 28.8% in 2007 to 29.9% in 2008.

Other external expenses. In 2008, other external expenses remained almost unchanged at DKK 430 million. The increase in installation expenses as a consequence of changing customers' TV packages and a higher number of cable faults was almost entirely offset by lower employee related costs, billing costs and consultancy fees.

Wages, salaries and pension costs. In 2008, wages, salaries and pension costs were DKK 467 million, an increase of DKK 30 million, or 6.9%, compared with 2007, due mainly to an increase in full-time employee equivalents, in order to meet the increased demands of a larger customer base.

Liquidity and Capital Resources

Capital expenditures

Capital expenditures are expenditures that result in the acquisition of, or addition to, fixed assets such as investments in property, plant and equipment as well as intangible assets. Capital expenditures exclude acquisitions of shares and business activities and mobile licenses. "Capital expenditures" as defined by TDC is not a measure of financial performance under IFRS and may not be comparable to similar terms used by other companies.

(34) Adjusted for the acquisition of A+ and the partial divestment of Connect Partners.

(35) Adjusted for the partial divestment of Connect Partners.

The following table sets forth, by business line, TDC's capital expenditures from continuing operations for the periods indicated[(1)]:

TDC Group	Nine-month period ended September 30, 2010	2009	Change in % 2010 vs. 2009	Year ended December 30, 2009	2008	2007	Change in % 2009 vs. 2008	Change in % 2008 vs. 2007
	(unaudited) (DKK millions)			(DKK millions)				
TDC Group, excl. TDC Nordic and YouSee[(1)]	1,807	2,245	19.5	3,036	3,212	3,297	5.5	2.6
TDC Nordic	310	270	(14.8)	375	411	398	8.8	(3.3)
YouSee	342	337	(1.5)	480	352	273	(36.4)	(28.9)
Other	0	0	Nm	—	—	11	—	—
TDC Group	**2,459**	**2,852**	**13.8**	**3,891**	**3,975**	**3,979**	2.1	0.1

(1) As Danish infrastructure (excluding YouSee) is based in Operations & Wholesale, Danish capital expenditures cannot be allocated to the separate business lines in TDC Group, excluding YouSee.

TDC finances its capital expenditures mainly with cash flow from operations. TDC's capital expenditures are primarily focused on its landline backbone and access network infrastructure.

During the nine-month period ended September 30, 2010, capital expenditure was DKK 2,459 million, a decrease of DKK 393 million compared with the nine-month period ended September 30, 2009. This decrease resulted primarily from lower investments in information technology and network infrastructure, the latter due mostly to postponement of works as a result of adverse weather conditions at the beginning of 2010. In the nine-month period ended September 30, 2010, network investments (excluding cable) represented 67.8% of total capital expenditure.

The capital expenditure-to-revenue ratio decreased to 12.6% in the nine-month period ended September 30, 2010, from 14.6% in the nine-month period ended September 30, 2009.

In 2009, capital expenditures amounted to DKK 3,891 million, a decrease of DKK 84 million compared with 2008. Investments in Danish landline networks increased due to the popularity of TDC HomeDuo and TDC HomeTrio, which were only partly offset by lower information technology investments. Network investments (excluding cable) represented 66.9% of total capital expenditure in 2009. The capital expenditures-to-revenue ratio increased to 14.9% in 2009 from 14.8% in 2008.

In 2008, capital expenditures amounted to DKK 3,975 million, a decrease of DKK 4 million compared with 2007. The decrease was caused mainly by fewer fiber and xDSL customer installators, which resulted from fewer installations at a lower unit price. In addition, outsourcing of the operation of the GSM and UMTS networks to Ericsson resulted in the decreased capital expenditures, as the rollout of 3G and HDSPA expanded compared with 2007. The decrease was almost fully offset by a capacity expansion and improving access and backbone network, an increase in capitalized information technology investments, and an increase in capital expenditure related to higher activity in YouSee. Network investments (excluding cable) represented 67.3% of total capital expenditure in 2008. The capital expenditures-to-revenue ratio increased to 14.8% in 2008 from 14.2% in 2007.

TDC's anticipated capital expenditure in the financial year 2011 is expected to be principally focused on network investments, in particular to increase capacity (primarily through the roll-out of LTE in areas with high population density), further increase UMTS coverage and enhance DSLAM and fiber access. TDC intends to fund this capital expenditure primarily with cash flow from operating activities.

Working Capital

The following table sets forth changes in TDC's working capital for the periods indicated:

TDC Group	Nine-month period ended September 30, 2010	2009	Year ended December 31, 2009	2008	2007
	(unaudited)		(DKK millions)		
Change in working capital					
Change in inventories	(66)	(56)	118	127	—
Change in net receivables	366	511	249	591	—
Change in net trade payables	(573)	(812)	(406)	256	—
Change in other items, net	(169)	38	186	(127)	—
Total	**(442)**	**(319)**	**147**	**847**	**—**

Inventory increased by DKK 66 million in the nine-month period ended September 30, 2010, primarily due to an increase in the number of smartphones and TVs in TDC Shop. The increase of DKK 56 million in the nine-month period ended September 30, 2009 primarily resulted from increased stock levels mainly of set-top boxes in TDC Shop.

Net receivables improved by DKK 366 million in the nine-month period ended September 30, 2010, and by DKK 511 million in the nine-month period ended September 30, 2009, mainly due to changed invoicing cycles.

Net payables decreased by DKK 573 million in the nine-month period ended September 30, 2010, and decreased by DKK 812 million in the nine-month period ended September 30, 2009, primarily from a lower cost level, lower VAT related to changed invoicing cycles and, in 2009, to a lesser degree, the "Credit Package", a Danish government initiative. Pursuant to the Credit Package, VAT and payroll taxes are postponed by one month. This rule was gradually phased out from August until December 2009, when the VAT postponement was to expire fully. However, payroll taxes were postponed by approximately 12 days in 2010, a rule that will be gradually phased out from November until December 2010.

Inventory decreased by DKK 118 million from 2008 to 2009 and by DKK 127 million from 2007 to 2008, due to improved stock handling and reduced product range in TDC Shop (in line with TDC's strategy to streamline the range of CPEs sold and focus on services).

Net receivables improved by DKK 249 million from 2008 to 2009 and by DKK 591 million from 2007 to 2008, due to reduced customer terms, advanced billing of subscriptions, optimization of billing cycles, centralization and condensing of collection in adherence to standard dunning procedures (the time to collect receivables).

Net payables decreased by DKK 406 million from 2008 to 2009 as a result of lower spending, and increased by DKK 256 million from 2007 to 2008, mainly due to the positive impact of extended supplier payment terms, favorable capital expenditure milestone contracts and consolidated invoicing, which more than offset the lower spending.

Statements of Cash Flows

TDC's historical liquidity needs have arisen primarily from the need to finance capital expenditures for maintenance and expansion of its operations, both in terms of new technologies and maintaining the quality of its service, and for working capital. TDC's principal source of funds has been cash flow from operating activities.

Cash Flows from Operating Activities

The following table sets forth TDC's cash flows from operating activities for the periods indicated:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)		(DKK millions)		
Income before depreciation, amortization and Special Items (EBITDA[1])	8,046	7,854	10,536	10,054	9,376
Reversal of items without cash flow effect	(236)	(58)	(143)	(228)	(221)
Pension contributions	(118)	(116)	(165)	(401)	(228)
Payments related to provisions	(6)	(45)	(49)	(164)	(261)
Cash flow related to Special Items	(575)	(575)	(793)	(394)	85
Improvement in working capital	(442)	(319)	147	847	891
Cash flow from operating activities before net financials and tax	**6,669**	**6,741**	**9,533**	**9,714**	**9,642**
Net interest received/(paid)	(1,016)	(1,232)	(1,609)	(2,300)	(3,339)
Realized currency translation adjustments	26	(72)	(50)	(71)	106
Cash flow from operating activities before tax	**5,679**	**5,437**	**7,874**	**7,343**	**6,409**
Cash flow from operating activities before tax excl. Special Items and realized currency translation adjustments	**6,228**	**6,084**	**8,717**	**7,808**	**6,218**
Corporate income tax paid/received	(118)	138	(434)	(1,600)	(624)
Cash flow from operating activities in continuing operations	**5,561**	**5,575**	**7,440**	**5,743**	**5,785**
Cash flow from operating activities in discontinued operations	706	2,418	3,179	1,420	4,086
Total cash flow from operating activities	**6,267**	**7,993**	**10,619**	**7,163**	**9,871**

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

During the nine-month period ended September 30, 2010, cash flow from operating activities in continuing operations was DKK 5,561 million, a decrease of 0.3% compared to the same period in 2009. This decrease reflected primarily income tax repayments in 2009 following settlement of the prior year tax audit. Change in net working capital also contributed negatively as a result of the Credit Package, which had a positive effect on the change in net working capital in 2009 and a limited effect in the nine-months period ended September 30, 2010. Excluding the effect from the Credit Package, the change in working capital had less negative impact on cash flow in 2010 than in 2009, due mainly to improved creditor payment terms. The negative impact from tax repayments and net working capital were partly offset by increased EBITDA and lower net interest payments.

During the nine-month period ended September 30, 2010, cash conversion improved by 2.5 percentage points compared with the nine-month period ended September 30, 2009, to 59.8% due mainly to lower investments in property, plant and equipment being partly offset by the negative development in net working capital.

In 2009, cash flow from operating activities in continuing operations increased by DKK 1,697 million, or 29.5%, compared with 2008. The increase was due mainly to lower taxes paid, higher EBITDA, lower pension contributions and lower net interest paid. This was partly offset by higher Special Items expenses mainly related to redundancy and vacant office space. Also, cash flow was further negatively affected by the increase in working capital of DKK 147 million in 2009 which was lower than the increase of DKK 847 million in 2008.

TDC's cash conversion decreased from 62.9% in 2008 to 61.4% in 2009. The lower increase in operating free cash flow than in EBITDA was mainly driven by the lower working capital increases in 2009. The term cash conversion is defined in footnote 12 to the "*Selected Historical Consolidated Financial and Operating Information*".

In 2008, cash flow from operating activities in continuing operations decreased by DKK 42 million, or 0.7%, compared with 2007. The decrease was due mainly to higher corporate income tax paid (DKK 976 million) fully offset by lower net interest paid (DKK 1,039 million).

Cash conversion decreased from 63.5% in 2007 to 62.9% in 2008. The lower increase in operating free cash flow than in EBITDA was mainly a result of a higher cash outflow related to capital expenditures and higher pensions contributions in 2008 than in 2007.

Cash Flows from Investing and Financing Activities

The following table sets forth TDC's cash flows from investing and financing activities for the periods indicated:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
			(DKK millions)		
Net investment in enterprises and marketable securities	(286)	(491)	(886)	59	3,079
Investment in property, plant and equipment	(1,913)	(2,247)	(3,061)	(2,922)	(2,864)
Investment in intangible assets	(659)	(640)	(867)	(933)	(806)
Sale of property, plant and equipment	43	24	26	85	4,280
Divestment of joint ventures and associates	1	(36)	(37)	5,383	986
Cash received from joint ventures and associates[(1)]	5	7	7	387	802
Other items	(11)	0	7	37	15
Cash flow from investing activities in continuing operations	**(2,820)**	**(3,383)**	**(4,811)**	**2,096**	**5,492**
Cash flow from investing activities in discontinued operations	(417)	(1,112)	(1,503)	(1,496)	2,394
Total cash flow from investing activities[(1)]	**(3,237)**	**(4,495)**	**(6,314)**	**600**	**7,886**
Total cash flow from financing activities	**(2,697)**	**(6,639)**	**(10,260)**	**(9,342)**	**(13,199)**

(1) Including dividends received from joint ventures and associates and includes DKK 274 million of net change in loans to joint ventures and associates in 2007.

During the nine-month period ended September 30, 2010, cash outflow from investing activities in continuing operations decreased by DKK 563 million, or 16.6%, compared with the nine-month period ended September 30, 2009. The improvement reflected primarily the acquisitions of Fullrate and A+ in 2009 and lower investments in property, plant and equipment.

In 2009, cash flow from investing activities in continuing operations constituted an outflow of DKK 4,811 million, compared with an inflow of DKK 2,096 million in 2008. The decrease reflected primarily the divestment of TDC's shares in Polkomtel in 2008 and, to a lesser extent, the acquisitions of Fullrate, A+ and DONG Energy's fiber network in 2009.

In 2008, cash inflow from investing activities in continuing operations decreased by DKK 3,396 million compared with 2007. This decrease was driven mainly by the lower proceeds from the sale of property and the divestment of businesses in 2008 as compared with 2007. In particular, in 2007, TDC had recorded proceeds from the sale and lease back of buildings and the divestment of Bité. Higher proceeds from the divestment of joint ventures and associates mainly reflected the sale of shares in Polkomtel in 2008 and One in 2007.

During the nine-month period ended September 30, 2010, cash outflow from financing activities in continuing operations amounted to DKK 2,676 million, an improvement of DKK 3,770 million, or 58.5%, compared with the nine-month period September 30, 2009. The lower outflow largely reflected lower net repayments of the principal of long-term loans and short-term bank loans as well as dividend payments in 2009.

In 2009, cash outflow from financing activities in continuing operations increased by DKK 755 million compared with 2008, to DKK 10,261 million. The higher outflow was due primarily to higher dividends paid, partly offset by lower repayments of loans.

In 2008, cash outflow from financing activities in continuing operations decreased by DKK 4,264 million compared with 2007, to DKK 9,506 million. The lower outflow related mainly to lower repayment of long-term debt.

Equity Free Cash Flow

TDC calculates Equity Free Cash Flow by adjusting EBITDA for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to capital expenditures (in all cases excluding Special Items). TDC uses this measure to indicate the cash flow available to the equity holders. EBITDA and Equity Free Cash Flow as defined by TDC are not measures of financial performance under IFRS and may not be comparable to similar terms used by other companies.

TDC's Equity Free Cash Flow has increased during the three years ended December 31, 2009, from DKK 1,995 million in 2007 to DKK 2,424 million in 2008 and DKK 4,426 million in 2009. TDC aims to further increase its Equity Free Cash Flow, mainly through a continued focus on improving net working capital, operational efficiency and cost savings, targeted reductions in capital expenditure and lower interest expenses on long-term debt as a result of deleveraging.

The following table sets forth a reconciliation of Equity Free Cash Flow to EBITDA (in all cases excluding Special Items) for the periods indicated:

	Nine-month period ended September 30,		Year ended December 31,		
	2010	2009	2009	2008	2007
	(unaudited)				
			(DKK millions)		
EBITDA[(1)]	8,046	7,854	10,536	10,054	9,376
Reversal of items without cash flow effect	(236)	(58)	(143)	(228)	(221)
Pension contributions	(118)	(116)	(165)	(401)	(228)
Payments related to provisions	(6)	(45)	(49)	(164)	(261)
Changes in net working capital	(442)	(319)	147	847	891
Net interest paid	(1,016)	(1,232)	(1,609)	(2,300)	(3,339)
Corporate income tax paid	(118)	138	(434)	(1,600)	(624)
Cash flow related to capital expenditures	(2,434)	(2,816)	(3,857)	(3,784)	(3,599)
Equity free cash flow	**3,676**	**3,406**	**4,426**	**2,424**	**1,995**

(1) "EBITDA" means earnings before interest, tax, depreciation and amortization and Special Items. Neither "EBITDA" nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies. For a reconciliation of EBITDA to operating profit (EBIT), see "*Selected Historical Consolidated Financial and Operating Information*".

During the nine-month period ended September 30, 2010, Equity Free Cash Flow was DKK 3,676 million, an increase of 7.9% compared with the nine-month period ended September 30, 2009, driven primarily by lower investments in property, plant and equipment and net interest payments. The increase was partly offset by income tax payments and the negative development in change to net working capital. TDC expects the level of Equity Free Cash Flow growth to decrease for the full year as the full year level of taxes TDC expects to pay in 2010 (approximately DKK 1,500 million, of which approximately DKK 300 million is voluntary on account tax payment) is significantly higher than in 2009 (DKK 434 million).

In 2009, Equity Free Cash Flow was DKK 4,426 million, an increase of 82.6% compared with 2008, driven mainly by higher EBITDA, lower pension contributions and lower income tax and net interest payments. This increase was partly offset by a more limited improvement in net working capital in 2009 than 2008.

In 2008, Equity Free Cash Flow was DKK 2,424 million, an increase of 21.5% compared with 2007, driven mainly by higher EBITDA and lower net interest payments. This increase was partly offset by higher pension contributions, income tax payments and investments in intangible assets (primarily software).

TDC expects a decline in Equity Free Cash Flow for the year ended December 31, 2010, compared with the year ended December 31, 2009, primarily reflecting tax payments TDC expects to make in the fourth quarter of 2010. TDC expects its Equity Free Cash Flow for the year ended December 31, 2011 to increase compared with the year ended December 31, 2010.

Future Liquidity

Capital Resources

TDC's principal source of liquidity in the future is expected to continue to be its operating cash flows. TDC's ability to generate cash from its operations depends on its future operating performance which is in turn dependent on general economic, financial, competition, market, legislative, regulatory and other factors, many of which are beyond TDC's control.

In addition to cash flow from operating activities, under TDC's Senior Facilities Agreement, TDC has a committed Revolving Credit Facility of up to EUR 700 million (or DKK 5,200 million) to service working capital needs. The availability of this facility is dependent upon certain conditions. In particular, future drawings under the Revolving Credit Facility will only be available if, among other things, TDC meets the financial covenants included in the Senior Facilities Agreement. See "*—Financing Arrangements*". As of September 30, 2010, TDC had drawn Term Facilities (as defined below) of EUR 3,493 million (or DKK 26,041 million). As of September 30, 2010, EUR 34 million (or DKK 256 million) was drawn under the Revolving Credit Facility.

TDC has used the proceeds of the sale of Sunrise to repay DKK 8,185 million of its borrowings under the Term Facilities on November 12, 2010. For more details on TDC's capital structure following such debt repayment, see "*Capitalization*".

TDC believes that its operating cash flows, together with borrowings under the Senior Facilities Agreement, will be sufficient to fund its working capital requirements, anticipated capital expenditures and debt service requirements as they become due for the foreseeable future, which means for at least 12 months from the date hereof.

Financing Arrangements

The Senior Facilities Agreement and the Euro Medium Term Notes (EMTNs) are the main debt-financing instruments of TDC, representing 81% and 17%, respectively, of the total loans (in terms of net carrying value) as of September 30, 2010. TDC may from time to time buy-back and prepay its debt, including the Senior Facilities and EMTNs.

As of September 30, 2010, the interest rate risk relating to 65% of TDC's gross debt was hedged. The proportion of TDC's gross debt that is hedged may vary in the future.

The following table sets forth TDC's net interest bearing debt for the periods indicated:

TDC Group	Nine-month period ended September 30, 2010	2009(2)	Year ended December 31, 2009	2008	2007
	(unaudited)		(DKK millions)		
Senior facilities	25,720	26,148	26,173	28,415	34,922
Euro Medium Term Notes (EMTN)	5,339	5,343	5,325	7,316	9,632
Other loans	762	727	2,900	6,019	5,259
Loans	**31,821**	**32,218**	**34,398**	**41,750**	**49,813**
Interest-bearing payables	2	—	—	—	3
Gross interest-bearing debt	**31,823**	**32,218**	**34,398**	**41,750**	**49,816**
Interest-bearing receivables	(178)	(167)	(174)	(159)	(69)
Cash	(594)	(3,428)	(763)	(6,718)	(8,297)
Net interest-bearing debt(1)	**31,051**	**28,623**	**33,461**	**34,873**	**41,450**

(1) Net carrying value measured at amortized cost, ensures the difference between the proceeds received and the nominal value is recognized in the Statements of Income over the term of the loan.

(2) Figures for nine-month period ended September 30, 2010 have not been reviewed by PwC.

On November 12, 2010, TDC used a portion of the proceeds from the disposal of Sunrise to prepay DKK 8,185 million of the amount outstanding under the Term Facilities. Following such repayment, the total outstanding principal amount under the Term Facilities was DKK 17,853 million.

Net interest-bearing debt totaled DKK 31,051 million as of September 30, 2010, an increase of DKK 2,428 million compared with September 30, 2009. This increase in net interest-bearing debt resulted from the dividends (DKK 6.0 billion) paid in the fourth quarter of 2009 that was partly offset by the positive net cash flow from operating and investment activities.

Net interest-bearing debt totaled DKK 33,461 million as of December 31, 2009, a decrease of DKK 1,412 million compared with December 31, 2008. The divestment of Invitel had a positive impact of DKK 5,000 million. However, the payment of dividends of DKK 7,990 million more than offset the positive net cash flow from operating and investing activities in 2009.

Net interest-bearing debt totaled DKK 34,873 million as of December 31, 2008, a decrease of DKK 6,577 million compared with December 31, 2007. The decrease in net interest-bearing debt resulted mainly from the divestment of Polkomtel.

Senior Facilities Agreement

TDC is a borrower under a senior facilities agreement (the "Senior Facilities Agreement", and the senior facilities thereunder, the "Senior Facilities"), dated as of November 30, 2005 and amended from time to time, with Barclays Capital, Credit Suisse International, Deutsche Bank AG, London Branch, J.P. Morgan plc, The Royal Bank of Scotland plc, Nordea Bank Danmark A/S and Danske Bank A/S as arrangers.

The Senior Facilities comprise Facility A term loans ("Facility A"), Facility B term loans ("Facility B"), Facility C term loans ("Facility C" and, together with Facility A and Facility B, the "Term Facilities") and a multicurrency Revolving Credit Facility of EUR 700,000,000 (the "Revolving Credit Facility" and, together with Facility A, Facility B and Facility C, the "Senior Facilities"). The Revolving Credit Facility also provides for drawings by way of ancillary facilities.

The outstanding principal amount under the Senior Facilities Agreement as of September 30, 2010 was EUR 3,527 million (of which EUR 34 million was drawn under the Revolving Credit Facility). Following the prepayment of an amount of DKK 8,185 million outstanding under the Term Facilities on November 12, 2010 (as described above), Facility A has been repaid in full. Facility B is repayable in full on January 30, 2014; Facility C is repayable in full on January 30, 2015 and the Revolving Credit Facility is repayable in full on January 30, 2013 (the Revolving Credit Facility is available for drawing up until December 30, 2012).

The following table sets forth the key terms of the Senior Facilities Agreement and the amounts outstanding as of the dates indicated:

Senior facilities		Facilities A	Facilities B	Facilities C	Total
Maturity		Dec. 31, 2011	Jan. 30, 2014	Jan. 30, 2015	
Fixed/floating interest rate		Floating	Floating	Floating	
Interest rate margin		1.250%	1.500%	2.125%	
Outstanding amount(1) at January 1, 2009	EURm	803	1,401	1,670	3,874
Mandatory payment following the divestment of Polkomtel	EURm	(306)	—	—	(306)
Outstanding amount(1) at December 31, 2009	EURm	**497**	**1,401**	**1,670**	**3,568**
Outstanding amount(1) at December 31, 2009	DKKm(2)	**3,696**	**10,428**	**12,432**	**26,556**
Mandatory installment	EURm	**(75)**	**—**	**—**	**(75)**
Outstanding amount(1) at September 30, 2010	EURm	**422**	**1,401**	**1,670**	**3,493**
Outstanding amount(1) at September 30, 2010	DKKm(3)	**3,142**	**10,446**	**12,453**	**26,041**
Outstanding amount(1) at November 23, 2010	EURm	**0**	**1,355**	**1,040**	**2,395**
Outstanding amount(1) at November 23, 2010	DKKm(4)	**0**	**10,102**	**7,754**	**17,856**

(1) Nominal value.

(2) An exchange rate of EUR/DKK 7.4415 is applied for outstanding amounts on December 31, 2009.

(3) An exchange rate of EUR/DKK 7.4519 is applied for outstanding amounts on September 30, 2010.

(4) An exchange rate of EUR/DKK 7.4553 is applied for outstanding amounts on November 23, 2010.

Pursuant to a consent request in January 2010, to which lender consent was received, the Senior Facilities Agreement was amended to, among other things, provide additional flexibility for TDC and its affiliates to undertake certain reorganization steps in preparation for an offering such as the Offering described in this offering memorandum.

The interest payable on the Senior Facilities comprises the relevant margin, IBOR (which is CIBOR, EURIBOR or LIBOR, as the case may be) and any standard mandatory costs. The margin for Facility A is 1.250% per annum, for Facility B is 1.500% per annum, for Facility C is 2.125% per annum and is 1.250% per annum for the Revolving Credit Facility (in the case of Facility A, Facility B and the Revolving Credit Facility, subject to a margin ratchet determined by reference to a prevailing leverage ratio). As a result of a consent request in January 2010, to which lender consent was received, TDC agreed that upon completion of an offering such as the Offering, the margin for each loan under Facility A, Facility B, Facility C and the Revolving Credit Facility will automatically increase by 0.25 percent per annum.

The Senior Facilities Agreement contains mandatory prepayment provisions customary for loan agreements for similar financings including (but not limited to) prepayment in full upon a change of control (including as described below), and partial prepayments with the proceeds of certain disposals and recoveries. Any prepayment must be made with any accrued interest on the amount to be repaid.

Following completion of the Offering and the redemption of NTC's High Yield Notes (such as contemplated in connection with the Offering; see "*Use of Proceeds*"), a change of control resulting in the majority lenders (lenders representing 66.67% of commitments under the Senior Facilities Agreement) being entitled to require full prepayment will occur if (i) any person or group of persons acting in concert (other than the private equity sponsors currently controlling NTC or management) acquire over 50% of the issued voting share capital of TDC such that they are required to make a mandatory offer under the Danish takeover rules for the entire issued share capital of TDC; and (ii) that change of ownership results in a downgrade of the long-term corporate credit rating of TDC to less than Baa3/BBB− (or any downgrade if the TDC rating was already below such level). In addition, at any time, a change of control resulting in a mandatory prepayment will occur if (i) the private equity sponsors currently controlling NTC together cease to directly or indirectly beneficially hold at least 30% of the issued voting capital of NTC (or following transfer of the assets and liabilities of NTC to NTCH) or cease to hold at least 30% of the voting rights in such entity, or (ii) any other person or group of persons acting in concert obtain beneficial ownership of more voting shares or the right to exercise more voting rights in NTC (or following transfer of the assets and liabilities of NTC to NTCH) than the private equity sponsors taken together.

The Senior Facilities Agreement contains representations and warranties, covenants and events of default customary for loan agreements for similar financings. Affirmative covenants, subject to customary terms and conditions including materiality and other negotiated exceptions require TDC to, among other things: (i) provide annual, semi-annual and quarterly financial statements and relevant compliance certificates relating to compliance with the financial covenants set out in the Senior Facilities Agreement; and (ii) comply with financial covenants customary for loan agreements for similar financings, being a cash flow cover covenant, interest cover covenant, and leverage covenant (these financial covenants benefit from certain customary equity cure rights), together with any annual capital expenditure limit. Restrictive covenants, subject to customary terms and conditions including materiality and other negotiated exceptions include limitations on corporate reconstructions, investments, incurring indebtedness, providing credit or guarantees, granting security, and asset dispositions. Certain of these restrictive covenants are relaxed or suspended when a specified leverage ratio (of 3.5x, calculated in accordance with the Senior Facilities Agreement, for the most recent two consecutive quarters) is attained or TDC has a BBB− and Baa3 long term corporate rating (the "Release Condition"). TDC's company ratings as of the date hereof are BB by S&P and Ba2 by Moody's. Upon meeting the Release Condition the restrictions on acquisitions and joint ventures, the incurrence of financial indebtedness, the provision of guarantees, and certain prepayment obligations are suspended. In addition, upon redemption or defeasance of the High Yield Notes many of the covenants in the Senior Facilities Agreement will cease to apply to NTC (and NTCH) and NTC (and NTCH) will cease to be eligible to make drawings under the Revolving Credit Facility. However, NTC or NTCH will continue to provide certain guarantees and security in favor of the lenders under the Senior Facilities Agreement and certain representations, warranties, undertakings and events of default in, and other terms of, the Senior Facilities Agreement and related documents will continue to apply to NTC. Pursuant to a cooperation agreement between the Selling Shareholders and the Company, each of the Selling Shareholders have undertaken, among other things, not to take any action or fail to take any action that it knows would cause a default under the Senior Facilities Agreement and related documents. For more information regarding this cooperation agreement, see "*Related Party Transactions—Cooperation Agreement*".

The Senior Facilities Agreement and related documents impose certain restrictions on TDC's ability to make dividend payments and the quantum of such dividend payments. However, following the covenant defeasance or full redemption of the High Yield Notes, the express restriction on dividend payments will be suspended for so long as the Release Condition is satisfied. In the event the Release Condition ceases to be satisfied, limitations are imposed on, among other things, the source of the funds used for dividend payments. For a description of the planned defeasance of High Yield Notes, see "*Use of Proceeds*".

The events of default under the Senior Facilities Agreement include, but are not limited to, non-payment, breach of obligations, cross default in excess of EUR 50,000,000 and insolvency proceedings, although certain events of default are also subject to customary cure periods and negotiated exceptions.

As is customary for similar financings, group entities in several jurisdictions (including Denmark, Norway and Sweden) provide both guarantees and security (including where relevant security over certain of their holdings in other Group entities) in support of obligations under the Senior Facilities Agreement. The security granted over group assets may not be enforced until an event of default has occurred and the lenders have accelerated all or part of the Senior Facilities. All guarantees provided are joint and several and subject to standard limitations to the jurisdiction of incorporation of each guarantor.

The Company's Euro Medium Term Notes program

TDC's outstanding Euro Medium Term Notes ("Notes") comprise two series:

- the EUR 457,379,000 6.500% series due April 19, 2012; and
- the EUR 273,547,000 5.875% series due December 16, 2015.

The total outstanding principal amount under the Notes is EUR 731 million as of September 30, 2010. The Notes are listed on the Luxembourg Stock Exchange and are issued in bearer form.

The following table sets forth the terms of the Company's Euro Medium Term Notes:

Euro Medium Term Notes (EMTN)		Notes 2009	Notes 2012	Notes 2015	Total
Maturity		Feb. 6, 2009	April 19, 2012	Dec. 16, 2015	
Fixed/floating interest rate		Fixed	Fixed	Fixed	
Coupon		5.625%	6.500%	5.875%	
Outstanding amount[1] at January 1, 2009	EURm	251	724	—	975
Redemption	EURm	(251)	—	—	(251)
Buy-back	EURm		(11)	—	(11)
Exchange offer	EURm		(256)	274	18
Outstanding amount[1] at December 31, 2009	EURm	**—**	**457**	**274**	**731**
Outstanding amount[1] at December 31, 2009	DKKm[2]	**—**	**3,404**	**2,036**	**5,440**
Outstanding amount[1] at September 30, 2010	EURm	**—**	**457**	**274**	**731**
Outstanding amount[1] at September 30, 2010	DKKm[3]	**—**	**3,404**	**2,036**	**5,440**
Outstanding amount[1] at November 23, 2010	EURm	**—**	**457**	**274**	**731**
Outstanding amount[1] at November 23, 2010	DKKm[4]	**—**	**3,407**	**2,043**	**5,450**

(1) Nominal value.

(2) An exchange rate of EUR/DKK 7,4415 is applied for outstanding amounts on December 31, 2009.

(3) An exchange rate of EUR/DKK 7,4505 is applied for outstanding amounts on September 30, 2010.

(4) An exchange rate of EUR/DKK 7.4553 is applied for outstanding amounts on November 23, 2010.

The Notes are subject to redemption at the option of the Company at any time at a price calculated on the basis of a specified comparable issue. The Notes contain provisions on redemption for taxation reasons.

The Notes are subject to negative pledge provisions prohibiting the Company from creating security interests to secure "Relevant Debt", defined as debt instruments capable of trading on securities markets (not, for example, bilateral debt). The negative pledge provisions are subject to exemptions in respect of certain project financing on "non-recourse"-terms, security in the ordinary course of banking transactions, existing security and security arising in connection with certain financial lease transactions.

The Notes are subject to cross-default provisions with a threshold of USD 25,000,000. Also, standard event of default provisions including relating to enforcement by creditors against the Company's assets, insolvency proceedings and winding-up or dissolution apply. The event of default provisions apply similarly if such events occur in relation to principal subsidiaries. Principal subsidiaries are for the purposes of the Notes defined as subsidiaries of the Company with total assets or revenues that equal or exceed ten percent of the consolidated total assets or consolidated total revenues of the Company.

Summary of Commitments

The following table summarizes the contractual obligations, commercial commitments and principal payments TDC would have been obligated to make as of September 30, 2010 under its debt instruments, capital and operating leases and other agreements. The information presented in the table below reflects TDC's estimates of the contractual maturities of its obligations. The maturities may differ significantly from the actual maturity of these obligations.

	Payments Due by Period				
Contractual Obligations and Commitments	Total	Less than 1 year	1-2 years	2-5 years	After 5 years
TDC					
Current maturities of long-term debt	2,121	2,121	—	—	—
Long-term debt	29,700	—	4,914	22,721	2,065
Operating leases	8,515	809	730	1,754	5,222
Purchase commitments regarding property, plant, equipment and intangible assets	203	148	33	22	0
Commitments related to outsourcing contracts	1,084	279	321	484	0
Other purchase commitments	346	246	73	24	3
Total contractual cash obligations	**41,969**	**3,603**	**6,071**	**25,005**	**7,290**

On November 12, 2010, TDC prepaid an amount of DKK 8,185 million under the Term Facilities. Following such prepayment, the total outstanding principal amount under the Term Facilities was DKK 17,853 million.

Off-Balance Sheet Arrangements

TDC presently has no off-balance sheet arrangements as defined in accordance with IFRS. See note 36 to the Audited Annual Financial Statements, which describes certain contingent liabilities.

Pension Obligations

As of December 31, 2009, 2,378 of TDC's employees were entitled to receive a pension from the three pension funds (*Jydsk Telefons Pensionskasse*, *KTAS Pensionskasse* and *Fyns Telefons Pensionskasse*) relating to TDC under conditions similar to those provided by the Danish Civil Servants' Pension Plan (defined benefit plans). In addition, 8,228 other members of the pension funds receive or are entitled to receive pension (defined benefit plans). Since 1990, no new members have joined the pension funds, and the pension funds are prevented from admitting new members under their respective bylaws.

In May, 2010, it was decided by the general meetings of the three pension funds (*Jydsk Telefons Pensionskasse, KTAS Pensionskasse* and *Fyns Telefons Pensionskasse*) to merge with *Jydsk Telefons Pensionskasse* as the continuing entity and the merger was registered with the Danish Commerce and Companies Agency on May 4, 2010. *Jydsk Telefons Pensionskasse* has in connection herewith changed its name to *TDC Pensionskasse*. The transfer of the pension obligations to *TDC Pensionskasse* has been approved by the Danish Financial Supervisory Authority following the expiry of a notice period during which the members of the pension funds could object to the transfer of the pension obligations.

In accordance with the bylaws and pension regulations of *TDC Pensionskasse*, TDC is required to make contributions to meet the capital adequacy requirements under the Danish Act on Company Pension Funds and is not expected to be able to withdraw funds from the pension fund if it has a surplus of assets. TDC Pensionskasse invests in a variety of marketable securities and real estate, including fixed income and equities. The rate of return on these investments has implications for TDC's financial results and pension plan funding requirements. TDC continuously monitors the pension fund investments and the related risks.

The table below sets forth the assets and liabilities of TDC's Danish pension fund, *TDC Pensionskasse*, as of September 30, 2010:

	TDC Pensionskasse (post-merger)
	(unaudited)
	(DKK millions)
Total assets	31,603
Total liabilities	(30,290)
Regulatory surplus	**1,313**
Regulatory solvency ratio	5.3%
IFRS surplus	**6,214**

For accounting purposes only, TDC's balance sheet shows a net positive pension asset related to its Danish defined benefits plans of DKK 7,606 million as of December 31, 2009 (see note 26 to the Audited Annual Financial Statements) and DKK 6,214 million as of September 30, 2010.

The net periodic pension cost for TDC's 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 26 to the Audited Annual Financial Statements, the assumed discount rate was increased from 5.35% to 5.60% in 2009 to reflect changes in market conditions, and the expected return on plan assets has been reduced to reflect changes in market conditions and the mix of assets held by the pension fund. TDC assumptions for 2010 reflect a decrease in the discount rate from 5.60% to 5.00%, an increase in the expected return on plan assets from 5.10% to 5.20%, and unchanged assumptions for inflation. TDC believes 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 decrease by approximately DKK 150 million in 2010 compared with 2009, assuming all other factors remain unchanged. The assumed discount rate was decreased to 3.97% as of September 30, 2010 to reflect changes in market conditions.

Qualitative and Quantitative Disclosure about Market Risk

TDC is exposed to financial market and credit risks when buying and selling goods and services in foreign denominated currencies as well as due to its investing and financing activities. As a consequence of TDC's capital structure and financing, TDC faces interest and exchange rate risks. Furthermore, the Senior Facilities Agreement includes several financial covenants and undertakings related to selected financial ratios to which TDC must adhere. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures approved by the 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 daily (credit risks) or twice weekly (interest and exchange rate risks). All risk measures are reported to the Group chief financial officer on a weekly basis.

Group Treasury is responsible for the treasury management system and methodologies used to calculate and estimate risk positions. Further, TDC's independent accountants review Group Treasury's procedures and methodologies on a regular basis to 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 revised on an annual basis, if necessary. The financial strategy is approved by TDC's board of directors.

Refinancing and liquidity risk

To reduce refinancing risk, the maturity profile of the debt portfolio is spread over several years. Further, voluntary prepayments and buybacks of debt have reduced debt redemption hurdles. Therefore, TDC has no significant debt positions that are required to be refinanced in the near future. The committed Revolving Credit Facility of up to EUR 700 million (or DKK 5,200 million) and cash generated by the business activities are deemed sufficient to handle upcoming redemption of debt. For more detailed information regarding TDC's liquidity risk, see note 25B to the Audited Annual Financial Statements.

The table below summarizes the year-end net interest-bearing debt and total cash, interest-bearing receivables and undrawn credit lines for the periods indicated.

TDC Group[1]	Nine-month period ended September 30, 2010[2]	2009	Year ended December 31, 2009	2008	2007
	(unaudited) (DKK millions)			(DKK millions)	
Cash and interest-bearing receivables	772	3,595	937	6,877	8,366
Short-term interest-bearing debt	(2,123)	(744)	(3,787)	(4,713)	(4,149)
Net liquid assets	(1,351)	2,851	(2,850)	2,164	4,217
Long-term interest-bearing debt	(29,700)	(31,474)	(30,611)	(37,037)	(45,667)
Net interest-bearing debt	**(31,051)**	**(28,623)**	**(33,461)**	**(34,873)**	**(41,450)**
Cash and interest-bearing receivables	772	3,595	937	6,877	8,366
Undrawn committed short-and long-term credit lines	4,729	4,389	3,324	4,716	4,789
Total cash, net interest-bearing receivables and undrawn credit lines	**5,501**	**7,984**	**4,261**	**11,593**	**13,155**

(1) Including discontinued operations.

(2) Figures for the nine-month period ended September 30, 2010 have not been reviewed by PwC.

TDC has no urgent short term refinancing needs. However, TDC will continuously monitor the international capital markets and may refinance the Senior Facilities Agreement at any given time provided terms and conditions are deemed favorable. For more information regarding TDC's corporate credit rating, see "*—Credit rating*".

Interest rate risk

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

TDC monitors and manages its 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 Senior Facilities Agreement.

The following variables are monitored:

- interest rate value at risk ("VaR") on gross debt (including related derivatives) should not exceed DKK 2,500 million;
- interest rate VaR on the derivatives portfolio and marketable securities should not exceed DKK 1,000 million;
- floating interest rate debt should not exceed 60% of the total gross debt (including related derivatives);
- duration of gross debt (including related derivatives) should exceed one and a half years;
- duration of cash accounts, marketable securities and deposits should not exceed half a year; and
- the maximum share of fixed rate gross debt to be reset within one year should not exceed 25% for the next five years (The chief financial officer can approve breaches of the 25% limit

for up to three months during which Group Treasury must take action or have plans approved by the chief financial officer to reduce the interest resetting risk to below 25%).

The following table shows the interest rate risk variables monitored by TDC (in DKK million):

	Maximum/ minimum	Interval 2009	Average 2009	Average 2008	Average 2007
Interest rate VaR on gross debt	Max. 2,500	732-995	861	1,067	1,388
Interest rate VaR on the derivatives portfolio and marketable securities	Max. 1,000	232-421	300	417	510
Share of floating interest rate debt	Max. 60%	27%-49%	43%	38%	35%
Duration of gross debt (years)	Min. 1.5	1.70-2.33	1.91	2.24	2.31
Duration of cash accounts, marketable securities and deposits (years)	Max. 0.5	0.00-0.03	0.01	0.01	0.01
The maximum share of fixed interest rate gross debt to be reset within one year for the next upcoming five years	Max. 25%	22%-40%	28%	18%	22%

Exchange rate risk

TDC is primarily exposed to exchange rate risks from EUR, Swedish Krona and Norwegian Kroner. The exchange rate exposure from TDC's business activities relates principally to profit 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 Danish companies, the net exchange rate exposure arising from accounts payable and receivable has been hedged on the date on which they are recognized. Such exposure mainly arises out of roaming and interconnection agreements with foreign operators and equipment suppliers. For more detailed information regarding TDC's exchange rate risk, see note 25A to the Audited Annual Financial Statements.

Due to TDC's capital structure, the exposure from financial activities in EUR is significant, as 98% of the nominal gross debt (including derivatives) is denominated in EUR. However, attributable to the fixed EUR/DKK exchange rate policy of the Central Bank, TDC does not consider its positions in EUR to constitute a significant risk. For information on the fixed EUR/DKK exchange rate policy of the Central Bank, see "*Exchange Rates and Exchange Controls*".

TDC has not hedged its investments in foreign entities.

Throughout 2009, 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 Senior Facilities Agreement. The following variables are monitored (for TDC):

- exchange rate VaR on equity investments and intra-group loans (both including related hedging instruments) shall not exceed DKK 2,000 million; and
- exchange rate VaR on gross debt, hedging instruments (other than those used for equity investments and intragroup loans), loans to associates, cash accounts, marketable securities and accounts payable and receivable shall not exceed DKK 500 million.

In addition to the above variables, the financial strategy includes a range of exchange rate hedging policies, which, e.g., stipulate that investments in non-core businesses as a guiding rule should be hedged, investments in core businesses should not be hedged and all Group accounts payable and receivable should be hedged against local currencies. Further, exchange rate VaR on EBITDA or Consolidated Cash Flow (as defined in the Senior Facilities Agreement) shall not exceed 3% of EBITDA or Consolidated Cash Flow.

The following table shows the exchange rate risk variables monitored by TDC (in DKK million):

	Maxima	Interval 2009	Average 2009	Average 2008	Average 2007
Exchange rate VaR on equity investments and intragroup loans	2,000	807-1,245	995	577	542
Exchange rate VaR on the financial portfolio[(1)(2)]	500	84-167	113	134	137

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

(2) The average figures for 2007 and 2008 cannot be compared with the figures for 2009. Before 2009, the portfolio was split between a EUR denominated portfolio and non-EUR denominated portfolio. Consequently, the 2007 and 2008 average figures are the sum of these two portfolios without taking into account correlation effects.

Credit risk

TDC is currently exposed to credit risks principally as a supplier of telecommunications services in Denmark and abroad and as a counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by the individual business lines, 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 that 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) or Moody's Investor Services (Moody's). This policy serves to diversify counterparty exposure and reduce exposure to single counterparties. However, should one of TDC's counterparties default, TDC may incur a loss. Credit risk in relation to financial contracts is monitored on a daily basis. For more detailed information regarding TDC's credit risk, see note 25D to the Audited Annual Financial Statements.

Credit rating

TDC has adopted a leverage and ratings policy under which TDC aims to achieve a net debt-to-EBITDA ratio at or below 2.1x and to seek to obtain and maintain a stable investment grade rating, with the ultimate ambition to achieve a rating of BBB with S&P and Baa2 with Moody's. No assurance can be given that the aims of such policy will be achieved. "Net debt/EBITDA" is defined in footnote 13 to the "*Selected Historical Consolidated Financial and Operating Information*".

TDC is rated currently by three international rating agencies. As of the date of this offering memorandum, TDC's company rating is BB, Ba2 and BB by S&P, Moody's and Fitch Ratings, respectively.

On January 30, 2009, Moody's upgraded TDC's company rating to Ba2 from Ba3. At the same time, Moody's upgraded the credit rating of TDC's Senior Facilities to Ba1 from Ba2 and the credit rating of TDC's Euro Medium Term Notes (EMTNs) to Ba3 from B1. The upgrades followed from Moody's upgrade of the company credit rating of NTC, which owns 87.9% of TDC, to Ba2 (stable outlook) from Ba3 (positive outlook).

On November 26, 2009, Fitch upgraded TDC's company rating to BB (positive outlook) from BB− (positive outlook). At the same time, the credit rating of TDC's Euro Medium Term Notes (EMTN) was upgraded to BB from BB−.

On June 14, 2010, Standard & Poor's upgraded TDC's rating to BB (positive outlook) from BB− (positive outlook). Further, the credit rating of TDC's Senior Facilities was upgraded to BBB− from BB+ and the credit rating of TDC's Euro Medium Term Notes (EMTNs) was upgraded to BB from BB−.

Critical Accounting Policies

For more detail on the estimates and accounting policies relating to TDC's results of operations and balance sheet, including recent changes to the accounting policies, see note 2 to the Audited Annual Financial Statements.

PROSPECTIVE FINANCIAL INFORMATION

Statement by the board of directors and the executive committee

The board of directors and the executive committee of the Company present their expectations for the financial years 2010 and 2011 in the paragraphs below. The expectations have been prepared for use in this offering memorandum. The board of directors and the executive committee believe that the expectations have been prepared according to the methodology and based on the material assumptions set out in "*—Methodology and Assumptions*" below and the accounting policies described in the notes to the Audited Annual Financial Statements.

The statements under this section "*Prospective Financial Information*", including the expectations set forth below constitute forward-looking statements. Forward-looking statements are not guarantees of future financial performance and the TDC Group's actual results could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including, but not limited to, the occurrence or non-occurrence, as applicable, of a number of assumptions, the most significant of which are set forth under "*Prospective Financial Information—Methodology and Assumptions*" as well as the factors described under "*Information Regarding Forward-Looking Statements*" and "*Risk Factors*". Accordingly, investors are urged not to place undue reliance on any of the statements set forth below.

Copenhagen, November 25, 2010

Board of directors

Vagn Sørensen *Chairman*	Pierre Danon *Vice Chairman*	Kurt Björklund
Lawrence Guffey	Henrik Kraft	Gustavo Schwed
Andrew Sillitoe	Søren Thorup Sørensen	Lars Rasmussen
Leif Hartmann	Steen M. Jacobsen	Jan Bardino
Bo Magnussen		

Executive committee

Henrik Poulsen	Jesper Ovesen	Eva Berneke
Niels Breining	Carsten Dilling	Jesper Theill Eriksen
Martin Lippert	Jens Munch-Hansen	

Independent Accountant's Report on Prospective Financial Information

To the Readers of this Offering Memorandum:

We have examined the prospective financial information for 2010 and 2011. The prospective financial information is prepared on the basis of the material assumptions described in "*Methodology and Assumptions*" and the accounting policies described on pages F-28 to F-37 of this offering memorandum. The accounting policies applied are in accordance with the recognition and measurement requirements of the International Financial Reporting Standards as adopted by the EU.

The board of directors and the executive committee are responsible for the prospective financial information including the assumptions on which it is based. Our responsibility is, based on our examination, to provide a conclusion on the prospective financial information for 2010 and 2011.

Examination performed

We conducted our examinations in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information (ISAE 3400). This standard requires that we plan and perform our examinations in order to obtain limited assurance that the applied assumptions are well founded and do not contain material misstatements and reasonable assurance that the prospective financial information for 2010 and 2011 have been prepared on the basis of the assumptions stated consistent with the Company's accounting policies.

Our examinations comprise a review of the prospective financial information for 2010 and 2011 with a view to assess whether the assumptions set forth by the board of directors and the executive committee are documented, well-founded and complete. In addition, we have tested whether the prospective financial information for 2010 and 2011 has been prepared on the basis of the board of directors' and executive committee's assumptions and has been presented in accordance with the Company's accounting policies. Furthermore, we have tested the internal numerical consistency in the prospective financial information for 2010 and 2011.

We believe that our examination provides a reasonable basis for our conclusion.

Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the prospective financial information for 2010 and 2011. Further, in our opinion the prospective financial information for 2010 and 2011 has been properly prepared on the basis of the assumptions consistent with the accounting policies of the Company, which are described on pages F-28 to F-37 of this offering memorandum.

Emphasis of matter

Actual results are likely to be different from the prospective financial information for 2010 and 2011 since anticipated events frequently do not occur as expected. The variation may be material.

Copenhagen, November 25, 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorised Public Accountant

Jesper Hansen
State Authorised Public Accountant

Prospective Financial Information

Introduction

The prospective financial information has been prepared on the basis of the Company's accounting principles for the financial year 2009, as described in pages F-28 to F-37 in this offering memorandum. The Company's prospective financial information is based on a number of assumptions and estimates, which, while presented with numerical specificity and considered reasonable by the board of directors and the executive committee, are inherently subject to significant business, operational and economic uncertainties, many of which are beyond the Company's control.

Further, the expectations for future periods have been prepared on the basis of assumptions with respect to future business decisions that may not be made as assumed. The most significant assumptions for the financial years 2010 and 2011 are described in "*—Methodology and Assumptions*" below.

The prospective financial information for the financial years 2010 and 2011 represents the board of directors' and the executive committee's estimates as of the date of this offering memorandum.

The statements under the section "*—Guidance for the financial year 2010*" and "*—Guidance for the Financial Year 2011*" below constitute forward-looking statements. The expectations are based on a number of assumptions and estimates that are subject to a number of uncertainties and significant business, operational and economical risks, many of which are beyond the Company's control. The TDC Group's actual results are likely to be impacted by the occurrence of unanticipated events, the non-occurrence of anticipated events, or the timing of anticipated events, any of which may cause the figures to deviate significantly from the current expectations of the board of directors and the executive committee.

These forward-looking statements are not guarantees of future financial performance and the TDC Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, the factors described under "*—Methodology and Assumptions*" as well as the factors described under "*Information Regarding Forward-Looking Statements*" and "*Risk Factors*". Other than as required by law or the rules of NASDAQ OMX Copenhagen, the Company does not undertake any obligation to release publicly the results of any future revisions it may make to the expectations or to update the expectations to reflect events or circumstances after the date of this offering memorandum. Investors are urged not to place undue reliance on any of the statements set forth below.

Methodology and Assumptions

TDC's prospective financial information for the year ending December 31, 2010 reflects an estimate, based on the actual performance of TDC's business for the ten-month period ended October 31, 2010 and estimates concerning TDC's performance for the two-month period ending December 31, 2010.

TDC's prospective financial information for the year ending December 31, 2011 reflects the budget for the business for the twelve-month period ending December 31, 2011.

The prospective financial information has been prepared on the basis of TDC's accounting policies, which are in accordance with the recognition and measurement regulations of IFRS as adopted by the European Union, consistent in all material respects with those set forth in the Audited Annual Financial Statements included elsewhere in this offering memorandum, and on the estimates and assumptions described herein.

The prospective financial information has been prepared in accordance with TDC's estimating and budgeting procedures on a basis comparable to the historical financial information included elsewhere in this offering memorandum. The budget is initially built up using a bottom-up approach, and during the year the estimate is updated with up- and down-sides.

TDC's revenue estimates are principally based upon prices for its products as of October 31, 2010, price changes are expected to be implemented (market price changes as well as changes reflecting regulatory determinations) and the number of RGUs as of October 31, 2010, in combination with expected numbers of customer intake and churn, as well as a number of assumptions regarding usage (traffic minutes, data, etc.) per RGU for different segments, sale of value-added services, etc.

TDC expects its revenue in 2011 to be level with 2010, assuming that key drivers will be more or less in line with recent developments.

This implies a decelerating decline in landline revenue as well as in internet and network revenue, being offset by increased revenue from mobility services, growth in revenue and in the number of subscribers in Pay-TV and increased revenue from TDC Nordic.

The decline in domestic landline telephony revenue is assumed to continue to decelerate. This positive development is due to expectations of continued successful management of PSTN churn in 2011. In the Consumer division also, continued churn-reducing effects from multi-play products are also assumed and reflected in the increasing number of RGUs per access line. In the TDC Business division, TDC assumes a further decrease in number of traffic minutes that will impact revenue. TDC assumes a continued and accelerated decrease of TDC Group line losses in 2011.

Revenue from internet and network is assumed to continue to decline, however, the decline is expected to decelerate. Such a deceleration is occurring and is primarily taking place in TDC Business, where the first quarter of 2010 was negatively impacted by a reduction in RGUs and ARPU on broadband due mainly to the introduction of a new Danish multimedia tax. As of the second and third quarter of 2010 the trend has stabilized, implying a continued decrease in the number of broadband subscribers and an increase in leased lines and data subscribers.

Mobility services revenue is assumed to exhibit continued growth, mainly attributed to an increase in revenue driven by increased smartphones take-up and associated data usage underpinned by mobile broadband.

Revenue in YouSee is assumed to exhibit continued growth, including both a continued increase number of TV customers and an increase in the sales of digital TV services, such as video-on-demand.

TDC Nordic revenue is expected to increase driven by mobile voice, IP-VPN and hosting services.

TDC's estimates and assumptions concerning EBITDA further take into account expectations regarding transmission costs and cost of goods sold associated with the revenue expectations (including changes in product mix). It also includes estimates of other external expenses and wages, salaries and pension costs, reflecting the expected level of subscriber acquisition and retention costs as well as efficiency improvements in relation to production, supply chain, marketing, administration, etc. With respect to efficiency measures, it should be noted that restructuring costs are treated as Special Items and, thus, are not included in EBITDA. As defined by TDC, neither EBITDA nor any measures derived from EBITDA are recognized measures in accordance with IFRS. As defined by TDC, such measures may not be consistent with similarly named measures used by other companies.

TDC's estimates and assumptions concerning capital expenditure-to-revenue take into account expectations regarding capital expenditure and revenues. Revenue estimates and assumptions are described above. Capital expenditure estimates and assumptions are based on estimates for capital expenditure generated by the expected customer intake and churn, estimated needs for capacity upgrades of existing networks due to increased customer usage as well as known network expansion plans. It should be noted that, as defined by TDC, capital expenditure does not include spending on mobile licenses. Furthermore, expectations with respect to price changes from suppliers are included.

In addition, TDC has made the following assumptions:

- There will be no material change in existing political, legal, fiscal, market or economic conditions, which is material to TDC's results of operations;
- TDC will adhere to its stated policy regarding acquisitions and divestitures;
- There will be no changes in legislation, regulations or rules (including NITA decisions) in Denmark or in any other country in which TDC has arrangements or agreements, which materially affect its business other than as set forth in this offering memorandum. Regulatory price reductions have been included in the estimates in accordance with TDC's expectations as of the date hereof;
- There will be no material changes in foreign currency rates from those applied in the estimates for the current and the upcoming years ending December 31, 2010 and 2011, respectively. Currency rates have been assumed during the estimate and budgeting processes

and are close to current currency rates. The assumed rates are NOK/DKK 0.94, SEK/DKK 0.77 and EUR/DKK 7.44;

- There will be no litigation against TDC which may have a material impact on TDC other than as set forth in this offering memorandum.

Guidance for the Financial Year 2010

TDC expects revenue to be in line with 2009, EBITDA growth of approximately 2% compared with 2009 and a capital expenditure-to-revenue ratio of approximately 13.5%.

Guidance for the Financial Year 2011

TDC expects revenue to be in line with 2010, EBITDA growth at a similar level as the guidance for 2010 and a capital expenditure-to-revenue ratio of approximately 13%.

TDC's financial and operational performance is affected by various factors. For a discussion of some of those that may have an adverse effect on TDC's operational and financial performance, see "*Risk Factors*" and "*Information regarding forward-looking statements*".

REGULATION

Overview

Below is a summary of the regulatory framework of the telecommunications industry in the EU and Denmark in particular. It is intended to provide a general outline of the most relevant regulations applicable to TDC's operations and is not intended to be a comprehensive description of such regulations. The countries in which TDC operates (Denmark, Norway, Sweden and Finland) have differing laws and regulations governing the provision of telecommunications services.

The Regulatory Framework

European Union

Regulatory framework

A revised European regulatory framework (the "2003 Framework") was approved by the European Parliament and the Council of the European Union in March 2002. The 2003 Framework includes five main Directives and a number of other legislative instruments. The legislative instruments of the 2003 Framework include, among other things, the Framework Directive (Directive 2002/21/EC) (the "Framework Directive"), the Access and Interconnection Directive (Directive 2002/19/EC) (the "Access and Interconnection Directive"), the Authorization Directive (Directive 2002/20/EC) (the "Authorization Directive"), the Universal Service Directive (Directive 2002/22/EC) (the "Universal Service Directive"), the Directive on Privacy and Electronic Communications (Directive 2002/58/EC) (the "Directive on Privacy and Electronic Communications") and the Competition Directive (Directive 2002/77/EC) (the "Competition Directive").

The 2003 Framework requires EU Member States to impose certain obligations on providers designated as having Significant Market Power. These obligations are intended to be proportionate to the market failure found in a market where one (or more) participant has Significant Market Power. The legislative instruments constituting the 2003 Framework were supplemented by the European Commission (the "EU Commission") Recommendation (C(2003)497) of February 11, 2003 on relevant product and service markets within the electronic communications sector (the "2003 Significant Market Power Recommendation"). The 2003 Significant Market Power Recommendation defines eighteen specific markets and concerns the identification of product and service markets in which regulatory obligations can be imposed on providers designated as having Significant Market Power. The 2003 Significant Market Power Recommendation was amended and replaced by a new Commission Recommendation (C(2007)5406) of December 17, 2007 (the "2007 Significant Market Power Recommendation"). The 2007 Significant Market Power Recommendation reduces the number of markets from the eighteen original markets to seven new markets. The EU Commission has also issued a memorandum containing explanatory notes to the 2007 Significant Market Power Recommendation (SEC(2007)1483) (the "Explanatory Notes"). In the Explanatory Notes, the EU Commission comments on how the national regulatory authorities (the "NRAs") should handle the transition to the new recommendation. Currently, NITA is in the process of assessing the new markets and reassessing its previous decisions regarding the original eighteen markets where operators with Significant Market Power are under Significant Market Power obligations. Until decisions have been made in relation to the relevant new markets and original markets, the decisions regarding the relevant original markets continue to apply.

On November 4, 2009 the European Parliament and Council of Ministers entered into an agreement regarding a revised regulatory framework (the "EU Telecoms Reform"). The EU Telecoms Reform is to be implemented into national legislation in the EU Member States by May 25, 2011.

The EU Telecoms Reform includes (i) the Better Regulation Directive (Directive 2009/140/EC) amending the Framework Directive, the Access and Interconnection Directive and the Authorization Directive, (ii) the Citizens' Rights Directive (Directive 2009/136/EC) amending the Universal Service Directive and the Directive on Privacy and Electronic Communications and (iii) the Body of European Regulators for Electronic Communications ("BEREC") Regulation (Regulation (EC) No. 1211/2009).

Some of the most prominent elements in the EU Telecoms Reform are (i) the right of European consumers who have concluded an agreement to port a number to a new operator, to have that number activated within one working day (number portability), (ii) the goal of an open and more "neutral" internet, and (iii) functional separation as a way to overcome imperfect competition.

Functional separation entails an obligation imposed on a provider with Significant Market Power to establish operationally separate business units for the wholesale and retail business segments of the provider in order to secure a provision of fully equivalent net access products to all retail providers, including the provider's own vertically integrated retail business.

International roaming

International roaming is the ability to use a mobile phone when a mobile subscriber is travelling abroad. The subscriber's mobile phone company will often not have a network in the country in which a subscriber is travelling and so whenever making or receiving a call while in the foreign country, the subscriber uses the network of an operator in that country. For providing this service, the operator will charge a wholesale rate to the home operator who will, in turn, charge the subscriber a retail rate. Such international roaming is regulated by the EU Roaming Regulation (Regulation (EC) No. 717/2007, as amended by Regulation (EC) No. 544/2009) (the "EU Roaming Regulation").

The international roaming regulation imposes a number of obligations on EU mobile providers such as maximum charges relating to wholesale and retail prices. The EU Roaming Regulation has reduced the level of the roaming charges, which in some areas, has had a negative impact on TDC's revenue and earnings.

Denmark

Denmark has fully implemented the 2003 Framework. The EU Telecoms Reform is expected to be implemented by May 25, 2011. On November 17, 2010, a bill for an amended act on electronic communication network and services was introduced by the Minister of Science (the "Tele Act Bill"). The purpose of this act is, among other things, to implement the EU Telecoms Reform. The Tele Act Bill also proposes several other changes to the Danish Tele Act (Act No. 780 of June 28, 2007 as amended) (the "Danish Tele Act"). As an illustration, it is proposed to grant NITA more room for discretion in its decisions regarding Significant Market Power obligations. The changes are described in greater detail below, where relevant. From TDC's perspective, the changes regarding price control, stand-still and number portability are the most important.

Regulatory framework

The Danish regulation regarding operation of electronic communication networks and provision of electronic communication services is extensive and includes, among other things, the Danish Tele Act, the Danish Tele Order (Executive Order No. 714 of June 26, 2008) (the "Danish Tele Order") and the Danish Executive Order regarding Universal Service Obligations Services (Executive Order No. 701 of June 26, 2008) (the "Danish Executive Order regarding Universal Service Obligations Services").

The Danish Tele Act is the main legal act in the Danish regulatory framework and contains the overall regulation regarding end-user aspects, universal services obligations, numbering aspects and interconnection. Moreover, the Danish Radio Frequencies Act (Act No. 475 of June 12, 2009) (the "Danish Radio Frequencies Act") regulates the use of radio frequencies and authorizations for such use, and the Danish Masts Act (Act No. 681 of June 23, 2004) (the "Danish Masts Act") regulates the establishment and joint utilization of masts.

National Regulatory Authority

NITA is the Danish regulatory authority for electronic communication. NITA is an agency under the Ministry of Science, Technology and Innovation.

NITA supervises operators' and providers' compliance with the Danish Tele Act and the Danish Tele Order and other regulations regarding electronic communication. NITA also has the power to make certain decisions under the Danish Tele Act and the Danish Tele Order. NITA's decisions may be appealed to the Telecommunications Complaints Board.

Licensing and Notification Requirements

Services not requiring frequency use

No license or other authorization is required in Denmark to install or operate electronic communications networks or to provide services through them. A license is only required for frequency use, as set out below.

Services requiring frequency use

In Denmark, the use of frequencies is regulated by the Danish Radio Frequencies Act. The purpose of the act is to promote competition and efficient spectrum use and to ensure that essential public interest considerations are met.

A license from NITA is required for frequency use. Licenses will usually be issued on a first come, first served basis or, if there is frequency scarcity and essential public interest considerations to be met in connection with the issue of a license, the Minister of Science will determine the assignment method (auction, public tender or first come, first served) to be applied by NITA in allocating the license. Where there is frequency scarcity but no essential public interest considerations to be met, NITA will hold an auction of the licenses. Licenses issued through an auction or a public tender process will often be subject to terms prescribing a specific duration (usually long term) in connection with the auction or tender process.

Licenses to use frequencies may be transferred in whole or in part. For licenses issued through an auction or a public tender process, special regulation applies.

TDC has acquired the necessary permits and licenses to provide GSM, UMTS and LTE services. The permits and licenses are the GSM1 License issued February 28, 1997, the DCS1 License issued June 12, 1997, the DCS6 License issued December 21, 2000, the UMTS License issued October 31, 2001, and the LTE License issued May 28, 2010 with effect from June 1, 2010. Each permit and license contains terms and conditions to be fulfilled by TDC. Since some of TDC's licenses have been issued under an earlier regulatory framework, these licenses may contain terms which are still applicable and which may impose obligations for TDC in addition to the current regulation. TDC's GSM1 License expires on December 31, 2019, its DCS1 License and DCS6 License expire on June 12, 2017, its UMTS License expires on October 31, 2021 and its LTE License expires on May 31, 2030.

Regulation of Providers with Significant Market Power

The regulation in the Danish Tele Act

The Danish Tele Act contains several provisions placing obligations on providers designated as having Significant Market Power on an identified market. The designation of Significant Market Power in a particular market segment is based on a market decision by NITA (see "*—Market Analysis*" below).

Interconnection

NITA is required to impose on providers with Significant Market Power one or more of the following obligations with regard to interconnection:

- meeting all reasonable requests for access to interconnection (see "*—Meeting all reasonable requests for access to interconnection*");
- nondiscrimination (see "*—Nondiscrimination*");
- transparency in connection with interconnection and new interconnection products (see "*—Transparency in connection with interconnection and new interconnection products*");
- accounting separation (see "*—Accounting Separation*"); and
- price control and cost accounting system (see "*—Price Regulation*").

In certain events and subject to prior consultation with the EU Commission and with the EU Commission's consent, NITA may impose other obligations than the abovementioned on providers with Significant Market Power.

The Tele Act Bill will grant NITA increased flexibility regarding obligations to be imposed on providers with Significant Market Power. The content and scope of such obligations will no longer be stated directly in the legislation but will be decided by NITA in the market decisions. This will allow NITA to tailor the design of the Significant Market Power obligations, including the content and scope, with the aim of solving any competition problems it may identify.

Further, as part of the implementation of the EU Telecoms Reform, the Tele Act Bill will, under particular exceptional circumstances, allow NITA to impose a functional separation obligation on providers with Significant Market Power. TDC does not expect to be subject to obligations of functional separation.

In addition, as part of the nondiscrimination obligation, the Tele Act Bill introduces an obligation of stand-still periods, where NITA, in a market decision, can require Significant Market Power providers subject to a transparency obligation to apply a stand-still period when the provider is introducing new or amended wholesale products. The stand-still obligation may apply to internal or external provisions of new or amended wholesale products. The wording of the stand-still obligation in the Tele Act Bill could imply that NITA can require a stand-still period to apply only to internal and not external provision of new or amended wholesale products. In the opinion of TDC, this has not been the intention of the relevant provision in the Tele Act Bill and TDC is currently working for a clarification of the wording of the obligation.

Meeting all reasonable requests for access to interconnection

Pursuant to the Danish Tele Act, interconnection agreements must be made on commercial terms subject to negotiation between the parties. Providers of public electronic communications networks or services have both a right and an obligation to negotiate agreements with each other on the exchange of traffic, such as termination of traffic and transit.

However, as discussed above under "—*Interconnection*", providers with Significant Market Power may be subject to an obligation to meet all reasonable requests for access to interconnection. The obligation to meet all reasonable requests for access to interconnection requires providers:

- to offer access to one or more interconnection products (such products are further specified in the Danish Tele Act and the relevant market decision);
- to negotiate in good faith with parties requesting interconnection; and
- not to withdraw access to facilities already granted.

In the markets where a provider has been designated as a Significant Market Power provider and is required to meet all reasonable requests for interconnection, the provider must generally give a provider requesting interconnection access to its network at all geographical locations where it is practically feasible to establish such access. This includes access to all sub-elements in the network or premises in association therewith to which the requesting provider desires access for the purpose of exchanging traffic, leasing infrastructure capacity or placing exchanges and other equipment (co-location) or, under certain circumstances, to make the necessary transmission capacity available free of charge to the premises to which access is desired (the so called "virtual co-location").

TDC is required to meet all reasonable requests for access to interconnection in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5, the new market 6 and the new market 7, whereas other providers are required to meet all reasonable requests for access to interconnection only in relation to the original market 9 (the new market 3) and the new market 7. Please see "*Glossary*" for descriptions of the mentioned markets.

Nondiscrimination

The nondiscrimination obligations require a Significant Market Power provider under similar circumstances to apply similar conditions to other providers of similar services. Furthermore, a Significant Market Power provider must provide services and information to other undertakings on the same conditions and of the same quality as services provided within the provider, or those of its subsidiaries or partners. This obligation also includes situations where services provided to the provider itself, its subsidiaries or partners are composed of several interconnection products, and situations where similar services are included as sub-elements in various interconnection products, such as additional services, value added services or facilities.

TDC is subject to obligations regarding nondiscrimination in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5, the new market 6 and the new market 7, whereas other providers are subject to obligations regarding nondiscrimination only in relation to the new market 7. Please see "*Glossary*" for descriptions of the mentioned markets.

NITA has, in most market decisions designating TDC as Significant Market Power provider, required that TDC publishes reference offers in addition to the nondiscrimination obligation. NITA has specified minimum requirements for the content of such reference offers. Such reference offers shall be sufficiently unbundled to ensure that a party to an agreement is not required (i) to pay for products or services which are not related to the desired interconnection, or (ii) to deliver or receive products and services, or to use prices and contract terms or similar which have no relation to the interconnection for which an agreement has been requested. In addition, reference offers may not contain requirements for services to be rendered in return as a condition for establishing or modifying agreements. Finally, reference offers should contain a description of the offered services (broken down into components according to market needs) and the associated terms and conditions.

Transparency in connection with interconnection and new interconnection products

The transparency obligation in relation to interconnection requires a Significant Market Power provider to publish specified information, such as accounting information, technical specifications, network characteristics, terms and conditions for supply and use, and prices, and the transparency obligation in relation to new interconnection products requires the provider to publish specified information about planned/future interconnection products and coming changes in the existing provision thereof. NITA has specified in the different market decisions how detailed the information should be and how it should be published.

TDC is subject to obligations regarding transparency in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5, the new market 6 and the new market 7, whereas other providers are subject to obligations regarding transparency only in relation to the new market 7. Please see "*Glossary*" for descriptions of the mentioned markets.

Accounting Separation

The obligation of accounting separation requires a Significant Market Power provider to keep separate accounts for specified activities related to interconnection arrangements. For the purpose of being able to present documentation of compliance with this obligation, the provider is required to set up contracts among its departments and subsidiaries. Such contracts shall include, among other things, terms, prices and technical aspects. In addition, NITA may lay down specific rules for the content of such accounting separation obligations.

TDC is subject to obligations regarding accounting separation in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5 and the new market 6. No other provider is subject to obligations regarding accounting separation. Please see "*Glossary*" for descriptions of the mentioned markets.

Price Regulation

A provider with Significant Market Power may be subject to price control. The obligation of price control means that the provider shall meet requirements for cost-based prices in connection with the provision of specific types of interconnection.

The following pricing methods can be applied by NITA:

- the historic cost method;
- the best practice methods;
- the end-user price adjusted for saved costs; or
- the long-run average incremental cost method (LRAIC).

NITA has, in setting requirements under this obligation, taken into account the investment made by the provider and allowed a reasonable rate of return on adequate capital employed, taking into account the risks involved.

Where a Significant Market Power provider is subject to an obligation of price control, NITA may also impose an obligation to use a cost accounting system in order to support price controls. NITA may require that a description of the cost accounting system be made publicly available. NITA checks that cost accounting is performed in accordance with the relevant cost accounting system. A statement concerning compliance is published annually by NITA.

On May 7, 2009, the Commission made a recommendation regarding change of the long-run incremental cost method regarding both wholesale termination rates in fixed networks and in mobile networks. According to this recommendation, incremental costs should be defined as avoidable costs. The application of such an avoidable cost method will lead to a significant reduction in the wholesale prices that TDC will be able to charge. This recommendation was implemented in Denmark through a revised Executive Order on the LRAIC model (Executive Order No. 496 of April 29, 2010), but the principles are not yet implemented in the applied LRAIC models.

TDC is subject to obligations regarding price regulation in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5, the new market 6 and the new market 7, whereas other providers have been designated as Significant Market Power providers and are subject to obligations regarding price regulation only in relation to the new market 7. Please see "*Glossary*" for descriptions of the mentioned markets. In all these markets, the pricing method generally used is the long-run average incremental cost method (LRAIC). The LRAIC model for fixed lines was revised in 2009 and is now based on an assumption of use of an IP-based network (hypothetical "all-internet protocol network"). It means that costs are calculated assuming that all the services are produced based on packet switched technology using an IP protocol and, as a consequence, the calculated costs in the model are not linked to the actual costs connected with use of TDC's circuit-switched PSTN network.

The Tele Act Bill proposes a change of the current price control regulation. The current Danish Tele Act includes an exhaustive list of possible price control methods, whereas the Tele Act Bill does not include such list but provides a definition of the considerations to be regarded and the legal framework applicable to NITA when exercising price control. As a result, the LRAIC method may not be the preferred price regulation method in the future.

In addition, the Tele Act Bill proposes to change the regulation regarding cost allocation. Currently, if several services simultaneously use an electronic network, the price for an interconnection product is determined based on an even allocation of cost between the services. The Tele Act Bill introduces the possibility of changing the allocation of costs from an "even" allocation to a "proportional" allocation which could lead to a reduction of costs that TDC will be able to take into consideration when setting the relevant prices.

Market analyses

According to the Danish Tele Act, NITA is required to conduct market analyses on a regular basis for the purpose of assessing whether individual markets are sufficiently competitive. In the markets where NITA has identified a lack of sufficient competition, it designates one or more providers as having Significant Market Power.

NITA has performed market analyses and made market decisions on the eighteen markets defined in the 2003 Significant Market Power Recommendation. Following the 2007 Significant Market Power Recommendation, the eighteen original markets have been reduced to seven new markets, and NITA is presently in the process of reassessing its previously made decisions regarding those of the eighteen original markets which are comprised by the seven new markets in the 2007 Significant Market Power Recommendation. In addition, as of the date of this offering memorandum, NITA is in the process of assessing the wholesale market for SMS termination.

Currently, drafts for market decisions regarding the new markets 1, 2 and 3 and the wholesale market for SMS termination have been issued by NITA, whereas market decisions for the new markets 4, 5, 6 and 7 have been made by NITA. Please see "*Glossary*" for descriptions of the mentioned markets.

Markets where TDC has Significant Market Power and is subject to Significant Market Power obligations

NITA has designated TDC as Significant Market Power provider in the original market 8 (the new market 2), the original market 9 (the new market 3), the new market 4, the new market 5, the new market 6 and the new market 7, whereas other providers have only been designated as Significant Market Power providers in the original market 9 (the new market 3) and the new market 7. Please see "*Glossary*" for descriptions of the mentioned markets.

The draft market decision for the new market 1 published by NITA on November 8, 2010, suggests that a number of Significant Market Power obligations be imposed on TDC in respect of wholesale purchase of PSTN and ISDN subscriptions, including the use of historic cost pricing method. Wholesale purchase of PSTN and ISDN subscriptions are currently regulated in the original market 8 where TDC is subject to the pricing method "end-user price adjusted for saved costs". The change of pricing method regarding wholesale purchase of PSTN and ISDN subscriptions is expected to reduce the wholesale prices that TDC can charge.

In addition, the draft market decision regarding the wholesale market for SMS termination published by NITA on July 1, 2010, suggests that TDC will be designated as Significant Market Power provider in the market and that a number of Significant Market Power obligations will be designated on TDC, including an obligation to regulate the prices by use of an LRAIC model. The regulation of the prices is expected to reduce TDC's prices for SMS termination. The draft market decision also contemplates designating Telia, Telenor and Hi3G as Significant Market Power providers with Significant Market Power obligations in the market.

The most important market decisions for TDC's business are the new wholesale markets 4, 5 and 7, where TDC is subject to Significant Market Power obligations. These Significant Market Power obligations have generally resulted in favorable conditions for TDC's competitors and are thus expected to negatively affect TDC's competitiveness. Each of these markets is described below. See "*—Interconnection*" for a general description of the content of the Significant Market Power obligations.

The new market 4

The new market 4 is defined as "wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location". The subject of the new market 4 is the same as the subject of the original market 11.

NITA's market decision as of May 1, 2009 sets out regulation regarding access to the local loop in Denmark. This market includes only copper and not fiber or other access infrastructures. TDC is designated as Significant Market Power provider in this market and is under Significant Market Power obligations in respect of, among other things, price control. As a general rule, the prices for access are set using a LRAIC model.

The new market 5

The new market 5 concerns wholesale broadband access and pursuant to NITA's market decision regarding this market as of December 22, 2009, the market definition includes access to broadband via copper, coax and fiber. According to the market decision, TDC has Significant Market Power on this market and is under Significant Market Power obligations regarding access to BSA via copper and coax but not via fiber. The pricing is set using a LRAIC model.

The requirement regarding offering wholesale BSA to broadband via coax comes into effect when the following two conditions are fulfilled: (i) a LRAIC model for wholesale BSA via coax has been developed and comes into effect, and (ii) a competitor has formally asked for BSA to broadband via coax. After the two conditions have been met, TDC has six months to implement and start offering BSA via coax at prices set according to the LRAIC model.

TDC appealed the December 22, 2009, decision made by NITA to the Telecommunications Complaints Board with respect to the obligation to offer wholesale BSA to broadband via coax not owned by TDC but where TDC supplies broadband services to the households connected to the network and controls the frequencies necessary for the broadband distribution. In the opinion of TDC, TDC is not required to offer wholesale BSA to broadband via coax not owned by TDC unless this is explicitly provided for in an agreement between the owner of the network and TDC, but the decision is unclear in relation to these obligations. The Telecommunications Complaints Board decided on September 17, 2010, to uphold NITA's decision regarding the obligation to offer wholesale BSA to broadband via coax. On November 11, 2010, TDC appealed the decision of the Telecommunications Complaints Board to the ordinary courts.

On November 3, 2010, NITA issued a supplementary decision requiring TDC to offer wholesale BSA to broadband via its fiber network. The decision imposes a number of obligations on TDC including establishment of fiber access to homes passed. The prices will be determined based on a LRAIC model. However, until the LRAIC model has been developed and implemented, the pricing will be based on the historic cost method. The decision comes into effect on December 3, 2010, and may have an adverse impact on TDC's earnings and increase the competitive power of TDC's competitors. Currently, TDC is considering whether to appeal the decision to the Telecommunications Complaints Board.

The new market 7

The new market 7 is defined as "voice call termination on individual mobile networks". This includes delivery of traffic to a mobile operator with the aim that this mobile operator terminates the traffic to an end-user, who is a subscriber.

NITA's market decision as of March 8, 2010, designated TDC as Significant Market Power provider in this market and imposes a number of obligations on TDC, including price control. Telia, Telenor and Hi3G have also been designated as Significant Market Power providers in this market and are under Significant Market Power obligations. The mobile termination prices of TDC, Telia, Telenor, and Hi3G are set using a LRAIC mobile model.

Markets where TDC has Significant Market Power but is not subject to Significant Market Power obligations

NITA has decided that TDC has Significant Market Power in the original markets 1, 2, 3 and 4, but TDC has no Significant Market Power obligations in these markets. In respect of the original markets 1 and 2, NITA has reassessed its previous decisions and has with its draft for marked decision for the new market 1 suggested to combine them into a new market 1 and to impose a number of Significant Market Power obligations in respect of wholesale purchase of PSTN and ISDN subscriptions on TDC, including the use of an historic cost pricing method, see "*—Markets where TDC has Significant Market Power and is subject to Significant Market Power obligations*". No other provider has been designated as Significant Market Power provider in these markets. Please see "*Glossary*" for descriptions of the mentioned markets.

Access to the other Parts of the Network

The regulation regarding interconnection under the Danish Tele Act comprises, among other things, access to facilities or services, including access to network elements and associated facilities. The regulation of interconnection applies if certain parts of a network can be considered associated facilities or other elements of such network. Where TDC is under an obligation to meet all reasonable requests for interconnection agreements from other providers (see "*—Meeting all reasonable requests for access to interconnection*" above), TDC shall provide access to such other network parts.

Number Portability

Pursuant to the Danish Tele Act, a provider of electronic communications networks or services shall ensure that its end-users are able to retain their subscriber numbers when changing from one provider to another provider (number portability). Accordingly, end-users shall be able to retain their subscriber numbers when changing between providers. Service providers are not required to provide so-called cross number portability, for example, from a fixed-line number to a mobile phone number, but only mobile to mobile or fixed to fixed.

In connection with an end-user's request to retain his subscriber number when changing provider, the provider with whom the end-user has his customer relationship shall not be entitled to claim any fee from the end-user for establishing this facility. In May 2009, the members of the Telecommunication Industries Association in Denmark have entered into an industry agreement regarding number portability (the "Industry Agreement"). A standard agreement on number portability is included in the Industry Agreement and this standard agreement contains regulations regarding number portability and the payment between the providers for such number portability. TDC (as member of the Telecommunication Industries Association in Denmark) is obliged to comply with the Industry Agreement on number portability.

As part of the implementation of the EU Telecoms Reform in Denmark, the Tele Act Bill requires the providers to ensure that end-users may have their numbers ported within one day in contrast to the EU Telecoms Reform which only requires activation of the number within one day.

Universal Service Obligations

As of January 1, 2009, TDC was designated as the universal service provider in Denmark, in line with the Universal Service Directive and Danish Executive Order regarding Universal Service Obligations Services. This regulation implies that all customers regardless of their geographical location have a right to be offered a number of basic telecommunications services such as voice telephony (can be supplied by either landline or mobile technology), ISDN networks and services, a certain minimum set of leased lines, special universal services for disabled persons, an electronic directory, and certain radio-based maritime distress and safety services within Denmark and Greenland. TDC must deliver on reasonable terms the services covered by the universal service obligation to anyone who requests so. The universal service provider appointment runs until December 31, 2014 with an option for NITA to extend the period by up to two years.

Rights of Way

Providers of public electronic communications networks in Denmark have under certain conditions access to and right of use of public and private property through expropriation in order to install telecommunications infrastructure.

According to the Danish Cable Laying Act (Act No. 662 of July 10, 2003), NITA may allow expropriation to be initiated for the purpose of laying cables, establishing new plants or for extension and modification of established cables, including associated facilities. In addition, most providers in Denmark have signed an industry agreement regarding joint cable laying. The general Danish planning and zoning regimes may contain general regulation of relevance to the installation of network infrastructure.

Under the Danish Masts Act, owners of masts for radio communications purposes shall under certain circumstances allow other parties to use their masts and the associated buildings as well as provide access to mount antenna systems on the mast, building or structure in question.

The principle of guests applies under Danish law. According to this principle if an entity has established cables or equipment on the premises of a third party, such entity has to respect that it may be obliged to change the position or remove these cables or equipment at its own cost, if reasonably required by the owner of the premises. The principle has traditionally been used with respect to cables placed along public roads or bridges.

The Tele Act Bill proposes to implement a legal basis for the Minister of Science to issue further regulation regarding co-location and sharing of network elements and associated facilities, such as buildings, entries to buildings, building wiring, masts, antennas, towers and other supporting constructions, ducts, conduits, manholes, cabinet and wiring inside buildings. These obligations of co-location and sharing should only be imposed on providers in order to protect the environment, public health, public security or to meet town and country planning objectives.

Liability of Internet Service Providers

The Danish E-commerce Act (Act No. 227 of April 22, 2002) (the "Danish E-commerce Act"), which implements part of the Directive on Electronic Commerce (2000/31/EC) regulates internet service providers' liability in respect of content accessible on the internet.

There is no general obligation under Danish law for internet service providers to monitor the information which they transmit or store, nor a general obligation to actively seek facts or circumstances indicating illegal activity in respect of content that is accessible on the internet. Moreover, there is no general obligation to report illegal activities.

The Danish E-commerce Act regulates situations when an internet service provider is exempt from liability where the internet service provider transmits information (mere conduit), automatically, intermediately and temporarily stores information (caching) or stores information (hosting). Generally, an internet service provider acting in compliance with this regulation has no liability for content transmitted or hosted. If, on the contrary, an internet service provider does not comply with this regulation of the Danish E-commerce Act, the service provider may be liable for the content.

Regulation of Prepaid Services

Prepaid services and payment via SIM cards are mainly regulated by the Danish Act on Payment Services (Act No. 385 of May 25, 2009, as amended) (the "Danish Act on Payment Services"), which implements Directive 2007/64/EC of the European Parliament and of the Council of November 13, 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC. Depending on the specific service, under the Danish Act on Payment Services prepaid services and payment via SIM cards can be regarded as either a payment service or a payment surrogate.

Under certain circumstances the services are excluded from the scope of the Danish Act on Payment Services. This applies, among other things, when a payment transaction is executed by means of a telecommunication device and the goods or services purchased are delivered to and are to be used through the telecommunication device, provided that the telecommunication operator does not act only as an intermediary between the payment service user and the supplier of the goods and services.

The Danish Act on Payment Services also restricts the provision of payment services to duly authorized payment institutions, and restricts the issuance of payment surrogates to providers who have been registered.

In addition, the provision of certain prepaid services might be regarded as issuance of electronic money, in which case such services would become subject to the Danish Act on Financial Business regarding the status and supervision of credit institutions (Act No. 1125 of September 23, 2010) which implements Directive 2000/46/EC of the European Parliament and of the Council of September 18, 2000, on the taking up, pursuit of and prudential supervision of the business of electronic money institutions. Under this regulation, the business of issuing electronic money is restricted to duly licensed credit institutions and electronic money institutions. The Danish Act on Payment Services also applies to certain payment transactions executed with electronic money.

Anti-terror measures

As part of the anti-terrorism action plan issued in 2005, the Danish parliament has passed an act requiring telecommunications providers to provide communications interception services without compensation of costs for associated investments. In addition, an executive order regarding registration and retention of information on telecommunication traffic (Executive Order No. 988 of September 27, 2006) (the "Danish Retention Order") was issued. The Danish Tele Act contains regulations regarding how providers must assist the police with intervention in the secrecy of communication in form of, among other things, interception and how providers shall set up and arrange their technical equipment and their technical systems such that the police may have access to intervene in the secrecy of communications. The Danish Tele Act is supplemented by the Danish Administration of Justice Act (Act No. 1053 of October 29, 2009, as amended) which also contains regulations regarding how providers shall assist the police with intervention and access to data, including data contained under the Danish Retention Order. Under the Danish Retention Order a provider of electronic communication network and services to end-users must retain telecommunication traffic generated and processed in the provider's network for such data to be used in criminal proceedings. The retained data must be stored by the provider for one year. The obligation of retention of telecommunication traffic does not apply to the content of such traffic.

Consumer Regulation

The provision of telecommunication services to consumers are subject to specific rules in the Danish Tele Order and the general regulation on consumer protection. The regulation in the Danish Tele Order primarily concerns securing consumers' legal position against the providers, including securing that consumers receive sufficient information when entering into an agreement with a provider.

The Danish Tele Order contains the end-user's right to a written contract and right to terminate the contract, the provider's duty to supply information and provisions regarding complaints. The Danish Tele Order also contains requirements for the content of the contract, including minimum requirements for the content of contract terms in relation to the maximum commitment period of six months and notice in case of alteration of prices and terms, termination and disconnection, such as in case of default on the part of the end-user.

The Danish Consumer Ombudsman has issued guidelines regarding good marketing practices within the telecommunications sector. The guidelines contain the Danish Consumer Ombudsman's understanding of how providers of electronic communication networks or services should fulfill the requirements set forth in the Danish Tele Order in respect of consumers in order to comply with good marketing practices. If a court considers a violation of the guidelines to be a breach of good marketing practices, the provider violating the guidelines may be subject to a fine. In practice, providers will often acquiesce with the Danish Consumer Ombudsman's concrete interpretation of a particular matter and accept a fine without going to court.

Unsolicited approaches

The regulation regarding unsolicited approaches is found in the Danish Act No. 839 of August 31, 2009, on Marketing Practices (the "Danish Marketing Practices Act"), which implements the part on unsolicited approaches of the Directive on Privacy and Electronic Communications.

Subject to certain exceptions under the Danish Marketing Practices Act, a business may not approach anyone by means of electronic mail (e-mail, SMS, MMS), an automated calling system or fax with a view to selling products or services unless the party concerned has consented thereto.

Competition Law

In addition to the regulation in the specific telecommunication regulatory framework, operators in the telecommunications sector are also subject to EU and national competition (antitrust) rules. The EU competition rules, based on Articles 101 and 102 of the EC Treaty (Treaty on the Functioning of the European Union, 2008/C 115/01), are directly applicable in Denmark. These provisions prohibit collusion between competitors that could affect trade between Member States and that has the objective or effect of restricting or preventing competition within the EU, as well as any anti-competitive behavior by a company having a dominant position in the market. The Danish Competition Act (Act No. 972 of August 13, 2010) contains identical provisions that are applicable to situations where the Danish market (as opposed to the EU) is affected. The EU Commission, the Danish Competition Council and the Danish civil courts have jurisdiction in cases involving any violation or suspected violation of these provisions.

The Danish Competition Act also contains merger control provisions which are applicable where either (a) the combined aggregate turnover in Denmark of all the undertakings concerned is more than DKK 900 million and the aggregate turnover in Denmark of each of at least two of the undertakings concerned is more than DKK 100 million; or (b) the aggregate turnover in Denmark of at least one of the undertakings concerned is more than DKK 3.8 billion and the aggregate worldwide turnover of at least one of the other undertakings concerned is more than DKK 3.8 billion. The filing of a merger notification in Denmark is mandatory if the turnover thresholds are met. The turnover threshold means that TDC's acquisition of a company with a turnover of more than DKK 100 million in Denmark would be subject to merger control clearance.

Operations in Other Countries

Besides Denmark, TDC operates in Sweden, Norway and Finland. The regulatory framework in these countries governing the provision of telecommunications services are all based on the EU regulatory framework. However, the application of the regulatory framework in these countries differs from each other and in each of the countries there are also special national regulations.

In Sweden, TDC is designated as a Significant Market Power provider in the market for fixed voice termination and mobile termination. TDC is under obligations regarding, among other things, price control and the applicable pricing method is for the moment "reasonable prices" equivalent with the regulated LRIC prices for TeliaSonera. Reciprocal pricing obligations based on "avoided cost" (LRIC) are under development and will be applied when the LRIC model enters into force.

In Norway, TDC is designated as a Significant Market Power provider in the market for fixed voice termination and mobile termination. TDC is, among other things, under obligations regarding price control and the currently applicable pricing method is "fully allocated costs" for fixed termination which allow recovery of common costs. For mobile termination "reasonable prices" are actively imposed by the national regulatory authority in order to achieve symmetry with the largest Significant Market Power provider, Telenor. However, both for fixed voice and mobile termination "avoided costs" models (LRIC models) are being developed and TDC expects these to be implemented by 2011.

In the Finnish telecommunications market, TDC is designated as a Significant Market Power provider in the market for fixed voice termination and mobile termination and is under a number of obligations, including cost-orientation. Price control methods are different in Finland compared to the other Nordic countries. Instead of setting a maximum price, price control in Finland is based on nondiscrimination and accounting separation obligations.

MANAGEMENT

Board of directors and executive committee

The Company has a two-tier management system encompassing a board of directors and an executive committee. The Company's board of directors has the overall responsibility for the management of the Company and supervises the executive committee. The Company's board of directors is responsible for the overall strategic management of TDC and must ensure that adequate risk management and internal control procedures have been established. The board of directors must also ensure that the bookkeeping and financial reporting procedures are satisfactory and that the board of directors receives ongoing information about the financial performance of TDC. The Company's board of directors appoints and dismisses the Company's executive committee and must ensure that the executive committee performs its duties properly and as directed by the board of directors. The executive committee is responsible for the day-to-day affairs of the Company. The board of directors and the executive committee make up the management of the Group (the "Management"). The two bodies are independent and do not have overlapping members.

The business address of the members of the board of directors and the executive committee is: c/o TDC A/S, Teglholmsgade 1, 2450 Copenhagen SV, Denmark.

Board of directors

The board of directors is currently composed of 13 members. In addition there are eight alternate directors.

The following table presents an overview of the members of the board of directors.

Name	Position	Date of first election to current position	Expiration date of duties	Comments
Vagn Sørensen	Chairman	March 2008	Annual general meeting 2011	Chairman
Pierre Danon	Vice Chairman	March 2009	Annual general meeting 2011	Vice Chairman
Kurt Björklund	Director	February 2006	Annual general meeting 2011	Board member
Lawrence Guffey	Director	February 2006	Annual general meeting 2011	Board member
Henrik Kraft	Director	Elected alternate director in March 2008 for Oliver Haarmann who resigned on June 25, 2010.	Annual general meeting 2011	Board member
Gustavo Schwed	Director	February 2006	Annual general meeting 2011	Board member
Andrew Sillitoe	Director	October 2008	Annual general meeting 2011	Board member
Søren Thorup Sørensen	Director	March 2010	Annual general meeting 2011	Board member
Lars Rasmussen	Director	March 2010	Annual general meeting 2011	Board member
Leif Hartmann	Director	April 1996	2012	Employee representative
Steen M. Jacobsen	Director	April 1996	2012	Employee representative
Jan Bardino	Director	March 2004	2012	Employee representative
Bo Magnussen	Director	April 1996	2012	Employee representative
Jan Thorsgaard Nielsen	Alternate Director	April 2006	Annual general meeting 2011	Alternate Director for Lawrence Guffey

Name	Position	Date of first election to current position	Expiration date of duties	Comments
Bruno Mourgue d'Algue . .	Alternate Director	March 2010	Annual general meeting 2011	Alternate Director for Gustavo Schwed
Gabriele Cipparrone	Alternate Director	March 2009	Annual general meeting 2011	Alternate Director for Andrew Sillitoe
Ola Nordquist	Alternate Director	April 2006	Annual general meeting 2011	Alternate Director for Kurt Björklund
Jakob Kjellberg	Alternate Director	November 2010	Annual general meeting 2011	Alternate Director for Henrik Kraft
Gert Winkelmann	Alternate Director	February 2008	2012	Alternate Director for Jan Bardino
Ole Bak Sørensen	Alternate Director	February 2008	2012	Alternate Director for Bo Magnussen
Lotte Broder Jørgensen . . .	Alternate Director	February 2008	2012	Alternate Director for Leif Hartmann
John Schwartzbach	Alternate Director	February 2008	2012	Alternate Director for Steen Jacobsen

Biographies

Vagn Sørensen (born 1959) has been a member of the Company's board of directors since 2006 and chairman of the board of directors since 2008. He is chairman of the Compensation Committee and member of the Audit Committee. Vagn Sørensen received an MSc in Economics and Business Administration from Aarhus School of Business, University of Aarhus in 1984. Vagn Sørensen is chairman of the boards of directors of E-Force A/S, KMD A/S, KMD Equity Holding A/S, KMD Holding A/S, Select Service Partner Ltd., Select Service Partner Deutschland GmbH and Scandic Hotels AB. Vagn Sørensen is vice chairman of the board of directors of DFDS A/S and members of the boards of directors of Koncertvirksomhedens Fond, Det Rytmiske Musikhus' Fond, C.P. Dyvig & Co. A/S, FLSmidth A/S, FLSmidth &Co. A/S, Scandinavian International Management Institute Fonden, ST Global AG, Air Canada, Bragana AS and Lufthansa Cargo AG. Vagn Sørensen is executive manager of GFKJUS 611 ApS and VOS Invest ApS. Vagn Sørensen is a senior adviser to Morgan Stanley and EQT Partners. Within the past five years, Vagn Sørensen has been chairman of the boards of directors of Codan Forsikring A/S, CODAN A/S, Trygg-Hansa Försäkring AB, De Ster B.V., Holdingselskabet af 24. februar 2006 A/S and BTX Group A/S and member of the boards of directors of Cimber Sterling Group A/S, AustroControl AG, Formueevolution II A/S, IHI Holding A/S, International Health Insurance Danmark Forsikringsaktieselskab and Formueevolution I A/S. Vagn Sørensen has also been president and chief executive officer of Austrian Airlines AG.

Apart from the above, Vagn Sørensen has not held any other managerial positions or directorships within the past five years.

Pierre Danon (born 1956) has been a member of the Company's board of directors since 2008 and vice chairman since 2009. He is a member of the Compensation Committee. Pierre Danon received a degree in civil engineering from Ecole Nationale des Ponts et Chaussées, a law degree from Faculté de Droit Paris II Assas in 1978 and an MBA degree from HEC School of Management in Paris in 1980. Since 2006, he has been a senior advisor at J.P. Morgan and from 2006 to 2008 he was chairman of the board of directors of Eircom Limited in Dublin. Pierre Danon is chief executive officer of Numericable and Completel and he is also a non-executive director at Ciel Investment Limited in Port Louis (Mauritius).

Apart from the above, Pierre Danon has not held any other managerial positions or directorships within the past five years.

Kurt Björklund (born 1969) has been a member of the Company's board of directors since 2006 and is a member of the compensation committee. Kurt Björklund received an MSc in Economics from SSEBA, Helsinki in 1993 and an MBA from INSEAD in 1996. Kurt Björklund is chairman of the board of directors of Nordic Telephone Management Holding ApS. He is co-managing partner of Permira and serves on the board of Permira Holdings Limited and is a member of the executive group, the management group and the investment committee. Within the past five years Kurt Björklund has been chairman of the boards of directors of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger). Kurt Björklund has also served as chairman of TDC.

Apart from the above, Kurt Björklund has not held any other managerial positions or directorships within the past five years.

Lawrence Guffey (born 1968) has been a member of the Company's board of directors since 2006 and is a member of the Audit Committee. He is a Senior Managing Director in Blackstone's Corporate Private Equity Group. Lawrence Guffey is based in London, and leads Blackstone's media and communications investment activities. Lawrence Guffey has led or co-led Blackstone's efforts in virtually all media and communications-related investments and has day-to-day responsibility for the management of Blackstone Communications Advisors. Since joining Blackstone in 1991, Lawrence Guffey has been involved in the execution of Blackstone's investments in Axtel, Bresnan Communications, Centennial Communications, Cine UK/UGC, Crowley Digital/Salmon PCS, CommNet Cellular, CTI Holdings, Deutsche Telekom iPCS, Grupo Iusacell, LiveWire and related follow-ons, New Skies, PaeTec, TDC, TWFanch-two, Universo Online, US Radio and the firm's distressed debt investments in Adelphia Communications, Kabel BW, Charter Communications, Kabelnetz NRW and Primacom. Before joining Blackstone, Lawrence Guffey worked in the Acquisitions Group at Trammell Crow Ventures, the principal investment arm of Trammell Crow Company. Lawrence Guffey graduated magna cum laude from Rice University, where he was elected to Phi Beta Kappa. Lawrence Guffey serves as a director of Axtel SAB de CV, Deutsche Telekom AG and Nordic Telephone Management Holding ApS. Lawrence Guffey is also a director of the Paris Review, the literary foundation, and of the Humanities Advisory Board at Rice University. Within the past five years Lawrence Guffey has been member of the boards of directors of Cineworld PLC, New Skies Satellites Holdings Ltd, Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger).

Apart from the above, Lawrence Guffey has not held any other managerial positions or directorships within the past five years.

Henrik Kraft (born 1974) has been a member of the Company's board of directors since 2010 when he replaced Oliver Haarmann for whom he was elected an alternate director in 2008. Henrik Kraft is a member of the Compensation Committee. Henrik Kraft received an M.Eng from Oxford University in 1996. He is an investment director of KKR where he is responsible for KKR's Telecoms investments in Europe as well as KKR's activities in the Nordic region. Henrik Kraft serves as a director of NTC and is a manager of NTC Parent S.à.r.l and NTC Holding G.P. He is also a director of Ambea Holding AB, Ambea AB and Carema Holding AB. Henrik Kraft is an alternate director of Nordic Telephone Management Holding ApS. Within the past five years, Henrik Kraft has been alternate director of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger). Within the past five years, he has been director of Alliance Boots Limited, AB Acquisitions UK Topco Limited, AB Acquisitions UK Holdco 1 Limited, AB Acquisitions UK Holdco 2 Limited, AB Acquisitions Limited, AB Acquisitions FX Inter Limited, Corvil Limited, Southern X Newco (Pty) Ltd , Southern X Finco (Pty) Ltd, Southern X Holdings RSA I (Pty) Ltd, Southern X Holdings RSA II (Pty) Ltd, and Southern X Holdings RSA III (Pty) Ltd.

Apart from the above, Henrik Kraft has not held any other managerial positions or directorships within the past five years.

Gustavo Schwed (born 1962) has been a member of the Company's board of directors since 2006. Gustavo Schwed is a member of the Compensation Committee. Gustavo Schwed has a BA from Swarthmore College, 1984 and an MBA from Stanford University, 1988. Gustavo Schwed is a member of the boards of directors of Nordic Telephone Management Holding ApS and Mobileserv Ltd. and managing director of Providence Equity LLP. Within the past five years Gustavo Schwed has been a member of the boards of directors of Nordic Telephone Company ApS (dissolved by merger), Nordic

Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger). Gustavo Schwed is a Member of the Board of Managers at Swarthmore College.

Apart from the above, Gustavo Schwed has not held any other managerial positions or directorships within the past five years.

Andrew Sillitoe (born 1972) was elected as alternate of the Company's board of directors in 2006 and has been member of the Company's board of directors since 2008. Andrew Sillitoe is a member of the Audit Committee. Andrew Sillitoe received an MA from Oxford in 1993 and an MBA from INSEAD in 1997. Andrew Sillitoe is member of the board of directors of Nordic Telephone Management Holding ApS, Apax Europe VI No.2 Nominees Ltd., Apax Europe VI Nominees Ltd, Apax Europe VII Nominees Ltd, Apax PP Nominees Ltd, Apax WW No 2 Nominees Ltd and Apax WW Nominees Ltd. He is a partner of Apax Partners LLP and a member of the investment committee and the executive committee of Apax Partners LLP. Within the past five years, Andrew Sillitoe has been member of the boards of directors of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger), Nordic Telephone Company Administration ApS (dissolved by merger), Apax Angel (UK) A1 GP Co Ltd, Apax Angel 1 MLP Co Ltd, Apax Angel A MLP Co Ltd, Apax Partners Europe Managers Ltd, Intelsat (Bermuda) Ltd, Intelsat Holdings Ltd, Intelsat Ltd, Intelsat Subsidiary Holding Company Ltd and Zeus Special Subsidiary Holding Company.

Apart from the above, Andrew Sillitoe has not held any other managerial positions or directorships within the past five years.

Søren Thorup Sørensen (born 1965) has been a member of the Company's board of directors since 2010. He is chairman of the Audit Committee. Søren Thorup Sørensen received an MSc from Copenhagen Business School in 1990 and completed the Advanced Management Program at Harvard Business School in 2009. In 1992, he became a state authorized public accountant. Søren Thorup Sørensen is chairman of the boards of directors of K & C Holding A/S, Toginfo A/S, EP af 27. april 2006 A/S, KIPAL 2007 ApS, and Kirkbi Anlæg A/S, member of the boards of directors of Topdanmark A/S, Topdanmark Forsikring A/S, Lego A/S, Koldingvej 2, Billund A/S, Kirkbi Real Estate Investment A/S, Kirkbi AG, Interlego AG, LEGO Juris A/S and Kirkbi Invest A/S, chief executive officer of Kirkbi A/S and executive manager of Kirkbi A/S and Kirkbi Invest A/S. Within the past five years, Søren Thorup Sørensen has been chairman of the boards of directors of Kirkbi Obligationer A/S (dissolved), TDP Fåborg ApS, Maersk A/S, TDP Svendborg ApS, APM Terminals A/S, KPMG Danmark A/S, TDP Århus ApS, TDP Herning ApS, KPMG Ejendommen Fuglebakken A/S and TDP Aalborg ApS, member of the boards of directors of Damco International A/S, F. Salling A/S, Maersk Olie og Gas A/S, F. Salling Holding A/S, Dansk Supermarked A/S, Rederiet A.P. Møller A/S, Ejendomsselskabet Mølmarksvej 198, Svendborg K/S (dissolved), Ejendomsselskabet Havnefronten, Ejendomsselskabet Bruuns Galleri Århus K/S (dissolved), Aalborg K/S (dissolved), Ejendomsselskabet Birkehuset K/S (dissolved), A.P. Møller USA Ltd., A.P. Møller Finance S.A., APM Terminals BV, APM Terminals Management BV, Maersk Energy UK Ltd., The Mærsk Company Ltd., Maersk Line UK Ltd. and Mærsk Product Tankers AB, chief financial officer of A.P. Møller-Mærsk A/S, managing partner of KPMG, C. Jespersen I/S and partner of Firmaet A.P., Møller I/S.

Apart from the above, Søren Thorup Sørensen has not held any other managerial positions or directorships within the past five years.

Lars Rasmussen (born 1959) has been a member of the Company's board of directors since 2010. Lars Rasmussen is member of the Compensation Committee. Lars Rasmussen received a BSc from Aalborg University in 1986 and an EMBA from Scandinavian International Management Institute (SIMI) in 1995. Lars Rasmussen is chairman of the boards of directors of Coloplast Danmark A/S and Coloplast Ejendomme A/S, member of the boards of directors of Højgaard Holding A/S and MT Højgaard A/S and member of the Central board of directors of the Confederation of Danish Industry. Lars Rasmussen is executive manager of Germination af 2008 ApS, Coloplast A/S, ADO af 26.02.2004 ApS and ADO Holding af 26.02.2004 ApS. Within the past five years, Lars Rasmussen has been vice chairman of the board of directors of Investeringsselskabet af 26. November 2003 A/S, member of the boards of directors of VWR & Bie & Berntsen A/S, Brødrene Hartmann A/S and Amoena Danmark A/S and executive manager of Coloplast Ejendomme A/S.

Apart from the above, Lars Rasmussen has not held any other managerial positions or directorships within the past five years.

Leif Hartmann, Systems Technician at the Company (born 1943) has been an employee elected member of the Company's board of directors since 1996. Leif Hartmann is chairman of the board of directors of Interessekontoret for Medarbejdere i TDC F.M.B.A. Within the past five years, Leif Hartmann has been an alternate director of Teglholm Park A/S and KTAS Pensionskasse (merged into TDC Pensionskasse).

Apart from the above, Leif Hartmann has not held any other managerial positions or directorships within the past five years.

Steen M. Jacobsen, Specialist Technician at the Company (born 1949) has been an employee elected member of the Company's board of directors since 1996. Steen M. Jacobsen is member of the board of directors of TDC Pensionskasse and Teglholm Park A/S. Within the past five years, Steen Jacobsen has been a member of the board of directors of Fyns Telefons Pensionskasse (merged into TDC Pensionskasse).

Apart from the above, Steen M. Jacobsen has not held any other managerial positions or directorships within the past five years.

Bo Magnussen, Senior Clerk at the Company (born 1947) has been an employee elected member of the Company's board of directors since 1996. Bo Magnussen is chairman of Lederforeningen TDC (Association of Managers and Employees in Special Positions of Trust). Within the past five years, Bo Magnussen has been an alternate director of Jydsk Telefons Pensionskasse (merged into TDC Pensionskasse).

Apart from the above, Bo Magnussen has not held any other managerial positions or directorships within the past five years.

Jan Bardino, Information Technology Project Manager at the Company (born 1952) has been an employee elected member of the Company's board of directors since 2004. Jan Bardino has an MSc in Computer Science.

Apart from the above, Jan Bardino has not held any other managerial positions or directorships within the past five years.

Alternate directors

Biographies

Jan Thorsgaard Nielsen (born 1974) has been an alternate director for Lawrence Hall Guffey since 2006. Jan Nielsen is a director of NTC, a manager of NTC Holding G.P., a manager of NTC Parent S.à r.l., an alternate director for Lawrence Hall Guffey of Nordic Telephone Management Holding ApS, and a member of the management committee of Merlin Entertainments Group S.à r.l. Jan Nielsen is a Managing Director of The Blackstone Group International Partners LLP. Within the past five years, Jan Thorsgaard Nielsen has been alternate director of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger).

Apart from the above, Jan Thorsgaard Nielsen has not held any other managerial positions or directorships within the past five years.

Bruno Mourgue d'Algue (born 1973) has been an alternate director for Gustavo Rodolfo Schwed since 2010. Bruno Mourgue d'Algue graduated from ESSEC in 1995. Bruno Mourgue d'Algue is alternate director of Nordic Telephone Management Holding ApS and member of the board of directors of Volia Ltd., Aquorn Ltd and Oisiw Ltd. Bruno Mourgue d'Algue is a director of Providence Equity LLP. Within the past five years, Bruno Mourgue d'Algue has been member of the board of directors of Mill Digital Media Ltd, as well as alternate director of Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger).

Apart from the above, Bruno Mourgue d'Algue has not held any other managerial positions or directorships within the past five years.

Gabriele Cipparrone (born 1975) has been an alternate director for Andrew Sillitoe since 2009. Gabriele Cipparrone is member of the board of directors of NTC, of Farmafactoring S.p.A., of Sisal S.p.A. and of Sisal Holding Finanziaria S.p.A., alternate director of Nordic Telephone Management Holding ApS, partner at Apax Partners LLP and manager of NTC Holding G.P. and NTC Parent S.à. r.l. Within the past five years, Gabriele Cipparrone has been director of Area Giochi Holding S.p.A. (dissolved by merger) and of Lauro Otto S.p.A. (dissolved by merger), alternate director of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger).

Apart from the above, Gabriele Cipparrone has not held any other managerial positions or directorships within the past five years.

Ola Nordquist (born 1970) has been an alternate director for Kurt Björklund since 2006. Ola Nordquist is a director of NTC, a manager of NTC Holding G.P. and a manager of NTC Parent S.à r.l. Ola Nordquist is an alternate director of Nordic Telephone Management Holding ApS and is a director and chief executive officer of Permira Advisers AB, representing Permira Advisers KB. Within the past five years, Ola Nordquist has been alternate director of Nordic Telephone Company ApS (dissolved by merger), Nordic Telephone Company Holding ApS (dissolved by merger), Nordic Telephone Company Finance ApS (dissolved by merger), Nordic Telephone Company Investment ApS (dissolved by merger) and Nordic Telephone Company Administration ApS (dissolved by merger). Ola Nordquist is a director of Neptun Lux Holding One S.à r.l., Neptun Lux Holding Two S.à r.l., Neptun Lux Holding Three S.à r.l. and Reden S.à r.l.

Apart from the above, Ola Nordquist has not held any other managerial positions or directorships within the past five years.

Jakob Kjellberg (born 1977) has been an alternate director for Henrik Kraft since 2010. Jakob Kjellberg is a manager of NTCH and a director at KKR Tower Company Mauritius Limited. Jakob Kjellberg is a principal at KKR.

Apart from the above, Jakob Kjellberg has not held any other managerial positions or directorships within the past five years.

Gert Winkelmann (born 1954) has been an alternate director for Jan Bardino since 2008.

Gert Winkelmann has not held any managerial positions or directorships within the past five years.

Ole Bak Sørensen (born 1954) has been an alternate director for Bo Magnussen since 2008.

Ole Bak Sørensen has not held any managerial positions or directorships within the past five years.

Lotte Broder Jørgensen (born 1964) has been an alternate director for Leif Hartmann since 2008.

Lotte Broder Jørgensen has not held any managerial positions or directorships within the past five years.

John Schwartzbach (born 1959) has been an alternate director for Steen Jacobsen since 2008. John Schwartzbach is a member of the board of directors of Interessekontoret for medarbejdere i TDC F.M.B.A. Within the past five years, John Schwartzbach has been alternate director of Teglholm Park A/S and KTAS Pensionskasse (merged into TDC Pensionskasse).

Apart from the above, John Schwartzbach has not held any other managerial positions or directorships within the past five years.

Executive committee

The executive committee is appointed by the board of directors and shall consist of two to eight members and currently has eight members. The executive committee is responsible for the day-to-day management of the Company and, in doing so, the executive committee shall comply with the guidelines and directions issued by the board of directors.

All matters of material importance to the Company, including the determination of operating and capital budgets, dividend policy, material transactions regarding the acquisition or sale of assets and the Company's incurring of material debt obligations, must be submitted by the executive committee to the board of directors for approval, unless board approval cannot be obtained without considerable inconveniences of the Company's business.

The executive committee ensures that the Company's books are kept in compliance with the pertinent rules laid down by legislation and that its assets are properly managed.

The executive committee is currently composed of the following members:

Name	Area of responsibility	Date of first appointment to executive committee	Expiration date of duties	Contractual remuneration upon termination
Henrik Poulsen	President and Chief Executive Officer	November 11, 2008	December 31, 2012	Entitled to severance payment equal to 12 months base salary, except if terminated for cause. The notice period in the event of termination by the Company is 12 months.
Jesper Ovesen	Senior Executive Vice President and Chief Financial Officer	January 1, 2008	No expiration date	No agreed remuneration will be payable upon TDC's termination of the service agreement. The notice period in the event of termination by the Company is 12 months.
Eva Berneke	Senior Executive Vice President, Chief HR and Chief Strategy Officer	August 1, 2007	No expiration date	No agreed remuneration will be payable upon TDC's termination of the service agreement. The notice period in the event of termination by the Company is 12 months.
Niels Breining	Senior Executive Vice President and Chief Executive Officer, YouSee A/S	December 1, 2008	No expiration date	No agreed remuneration will be payable upon TDC's termination of the service agreement. The notice period in the event of termination by the Company is 12 months.
Carsten Dilling	Senior Executive Vice President and Chief Executive Officer, Operations & Wholesale	August 1, 2007	No expiration date	No agreed remuneration will be payable upon TDC's termination of the service agreement. The notice period in the event of termination by the Company is 15 months.
Jesper Theill Eriksen	Senior Vice President and Chief Executive Officer, Consumer	September 1, 2007	No expiration date	No agreed remuneration will be payable upon TDC's termination of the service agreement. The notice period in the event of termination by the Company is 12 months.
Martin Lippert	Senior Executive Vice President and Chief Executive Officer, TDC Business	March 4, 2010 (nominated October 2009)	No expiration date	Entitled to severance payment equal to 6 months base salary and on-target bonus. The notice period in the event of termination by the Company is 12 months.
Jens Munch-Hansen	Senior Executive President and Chief Executive Officer, TDC Nordic	March 15, 2009	No expiration date	Entitled to severance payment equal to 6 months base salary and on-target bonus. The notice period in the event of termination by the Company is 12 months.

Biographies

Henrik Poulsen (born 1967) has been president, chief executive officer and member of the executive committee since 2008. Henrik Poulsen has an MSc in Economics (Financing and Accounting) from Aarhus School of Business, University of Aarhus, 1994. Henrik Poulsen is member of the board of directors of Chr. Hansen Holding A/S, the Denmark-America Foundation, and member of the central board of directors of the Confederation of Danish Industry. Within the past five years, Henrik Poulsen has been executive vice president of Global Sales and Marketing of Lego A/S and Operating Partner of Kohlberg Kravis Robert & Co. Ltd. Further, Henrik Poulsen has been member of the boards of directors of MNGT Holding A/S (dissolved by demerger), Quartz Strategy Consultants A/S and Toginfo A/S and executive manager of Danora ApS, Kirkbi A/S and MP-AX I Invest ApS.

Apart from the above, Henrik Poulsen has not held any other managerial positions or directorships within the past five years.

Jesper Ovesen (born 1957) has been a member of the Company's executive committee since 2008 and is chief financial officer. Jesper Ovesen has an MSc in Economics (Finance) from Copenhagen Business School, 1984 and is a State Authorised Public Accountant, 1987 (with deposited license). Jesper Ovesen is a member of the board of directors of Danisco A/S, FLSmidth & Co. A/S, FLSmidth A/S and Skandinaviska Enskilda Banken AB. Within the past five years, Jesper Ovesen has been chairman of the boards of directors of Kirkbi Obligationer A/S, Kirkbi Anlæg A/S, Toginfo A/S, Kirkbi Aktier A/S (dissolved), Kirkbi Real Estate Investment A/S, LEGO A/S, Modulex A/S, Dicon A/S (dissolved), LEGO System A/S, Aktieselskabet Koldingvej 2, Billund (dissolved), EP af 27. april 2006 A/S and Kipal 2007 ApS, member of the boards of directors of Forsikringsselskabet SEB Link A/S, Forsikringsselskabet SEB Liv III A/S, Valcon A/S, Kirkbi Insurance A/S (dissolved by winding up), SEB Pensionsforsikring A/S, Forsikringsselskabet SEB Liv A/S (dissolved by merger), Orkla ASA, Valcon Business Development A/S, Potagua FLS A/S (dissolved by merger), LEGO Juris A/S and LEGOLAND A/S, and executive manager of Koldingvej 2, Billund A/S, LEGO A/S, Kirkbi A/S (dissolved), and Kirkbi A/S.

Apart from the above, Jesper Ovesen has not held any other managerial positions or directorships within the past five years.

Eva Berneke (born 1969) has been a member of the Company's executive committee since 2007. Eva Berneke has an MSc in Mechanical Engineering from Technical University of Denmark, 1992 and an MBA from INSEAD in 1995. Eva Berneke is member of the boards of directors of Copenhagen Business School, the Industrialization Fund for Development and Eastern Countries (IFU, 2009) and Schibsted ASA. Eva Berneke is member of the High Speed Infrastructure Committee as well as the Danish Council for Technology and Innovation under the Danish Ministry of Science, Technology & Innovation. Within the past five years, Eva Berneke has been a partner at McKinsey & Co.

Apart from the above, Eva Berneke has not held any other managerial positions or directorships within the past five years.

Carsten Dilling (born 1962) has been a member of the Company's executive committee since 2007. Carsten Dilling has a BSc in Economics and Business Administration from Copenhagen Business School, 1983 and Graduate Diploma in Business Administration (International Trade) from Copenhagen Business School, 1986. Carsten Dilling is chairman of the boards of directors of Traen A/S and Traen Holding A/S and executive manager of CDI Consult ApS. Within the past five years, Carsten Dilling has been chairman of the board of directors of TDC Contact Center Europe A/S, Ementor Consulting A/S and Atea Finans A/S, member of the boards of directors of CHV III A/S, TopNordic Danmark A/S, Atea Danmark Holding A/S, Civitas A/S (dissolved by merger) and Andersen Management International A/S (dissolved by winding up), executive manager of Ementor Field Service ApS, Ementor Consulting A/S, TopNordic Danmark A/S, Atea Danmark Holding A/S, Andersen Management International A/S (dissolved by winding up) and president of Fixnet Nordic.

Apart from the above, Carsten Dilling has not held any other managerial positions or directorships within the past five years.

Jesper Theill Eriksen (born 1968) has been a member of the Company's executive committee since 2007. Jesper Theill Eriksen has a Master of Law from Copenhagen University, 1991 and attended INSEAD (Executive Management Training Program), 1999. Jesper Theill Eriksen is chairman of the boards of directors of FastTV.NET A/S, Fullrate A/S and Telmore A/S. Within the past five years Jesper Theill Eriksen has been chairman of the boards of directors of Zellsoft ApS and Tele Danmark Consult A/S (dissolved by merger), member of the boards of directors of Aktieselskabet af 29. august 1997 (dissolved by merger), TDC Mobile International A/S (dissolved by merger) and YouSee A/S, alternate director of Teglholm Park A/S, Jydsk Telefons Pensionskasse (merged into TDC Pensionskasse), KTAS Pensionskasse (dissolved by merger) and Fyns Telefons Pensionskasse (dissolved by merger) and executive manager of TDC Mobile International A/S (dissolved by merger).

Apart from the above, Jesper Theill Eriksen has not held any other managerial positions or directorships within the past five years.

Niels Breining (born 1955) has been a member of the Company's executive committee since 2008. Niels Breining has an MSc in Economics and Business Administration from University of Aarhus, 1979. Niels Brenning is chairman of the boards of directors of Dansk Kabel TV A/S and executive manager of YouSee A/S. Within the past five years, Niels Brenning has been chairman of the boards of directors of FastTV.NET A/S, Eltel Networks Connect A/S, Fascom A/S (dissolved by merger), Connect Partner A/S (dissolved by merger), Aktieselskabet af 9. november 2006 (dissolved by merger), A+Networks A/S (dissolved by merger), A+Telecom A/S (dissolved by merger), A+Arrownet A/S (dissolved by merger) and Telelet A/S and member of the boards of directors of YouSee A/S and TPNetworks A/S.

Apart from the above, Niels Breining has not held any other managerial positions or directorships within the past five years.

Martin Lippert (born 1967) has been a member of the Company's Executive Committee since 2009. Martin Lippert has an MSc in Economics and Business Administration, 1992 and PhD (Economics), 1996 from University of Aarhus and attended INSEAD (Executive Management Training program), 2004. Martin Lippert is member of the board of directors of Zylinc A/S and Halberg A/S including subsidiaries thereof: Halberg Kapital A/S, SE274711 A/S, Halberg Investering A/S. Within the past five years, Martin Lippert has been chairman of the boards of directors of Mach ApS and Mach Denmark ApS, TDC Hosting A/S, Netdesign A/S and TDC Song Danmark A/S, and member of the boards of directors of WP Roaming Denmark ApS, TDC Song Danmark A/S and Guava Communication - Vest A/S, and executive manager of Mach Connectivity ApS, Mach Content Services ApS, Mach Content Services ApS, Mach S.à r.l. and End2End Mobile. Further, Martin Lippert has been a director of the following entities: Advent MACH S.à r.l., CB Holdings Ventures, Inc, CB Holdings, Inc, Cibernet Corporation, Cibernet Plc, Interfact S.à r.l., International Telecommunications (Mauritius) Ltd, MACH Americas Inc, MACH Connectivity GmbH, MACH Content Services Ltd, MACH FZ LLC, MACH India Private Ltd, MACH Pte Ltd, MACH Solutions Ltd, MACH Teledata Systems Private Ltd, Trans Cibernet Cyprus Ltd, WP Merger S.à r.l., WP Roaming Holdings SA, WP Roaming I S.à r.l., WP Roaming II SA, WP Roaming III S.à r.l., WP Roaming S.à r.l. and WP Roaming V S.à. r.l.

Apart from the above, Martin Lippert has not held any other managerial positions or directorships within the past five years.

Jens Munch-Hansen (born 1955) has been a member of the Company's executive committee since 2009. Jens Munch-Hansen has an MSc in Economics from Copenhagen Business School, 1980. Jens Munch-Hansen is chairman of the board of directors of TDC Hosting A/S and a member of the board of directors of Scan Jour A/S. Within the past five years, Jens Munch-Hansen has been chairman of the boards of directors of TDC Song Danmark A/S, Netdesign A/S and IBM Danmark A/S (now IBM Danmark ApS), member of the boards of directors of IBM Service Delivery Center Denmark A/S (dissolved by merger) and EG A/S, and executive manager of IBM Danmark A/S (now IBM Danmark ApS), Regional General Manager, IBM Nordic and VP Sales and Business Development, IBM North East Europe.

Apart from the above, Jens Munch-Hansen has not held any other managerial positions or directorships within the past five years.

The Company's Key Employees

The Company considers its Key Employees to be the members of the executive committee.

Statement on convictions and indictments

During the past five years, no member of the board of directors or the executive committee have been (i) convicted of fraudulent offences or (ii) been the object of public prosecution and/or public sanctions by authorities or regulatory bodies (including designated professional bodies) or (iii) been disqualified from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management or other affairs.

Within the past five years, no member of the board of directors or the executive committee have been officers or directors, or have been founders or senior managers of companies which have commenced insolvency proceedings or other forms or receivership, entered into a composition with creditors which is not binding on individual creditors, or entered into solvent liquidation, except that Jesper Ovesen was a member of the board of directors of Kirkbi Insurance A/S, which entered into solvent liquidation on December 30, 2009, and Carsten Dilling was a member of the board of directors and served as an executive manager of Andersen Management International A/S, which entered into solvent liquidation on December 31, 2006.

Conflict of Interest

No members of the board of directors or the executive committee have actual or potential conflicts of interest with respect to their duties of members of the board of directors or the executive committee except the directors Kurt Björklund, Lawrence Guffey, Gustavo Schwed, Andrew Sillitoe and Henrik Kraft and the alternate directors Ola Nordquist, Jan Thorsgaard Nielsen, Bruno Mourgue d'Algue and Gabriele Cipparrone with regard to any transactions between the Company and NTC. With regard to any such transactions, these members disqualify themselves from taking part in the board of directors' decision-making, see below.

There are no family relations among the members of the Company's board of directors or executive committee.

The directors Kurt Björklund, Lawrence Guffey, Gustavo Schwed, Andrew Sillitoe and Henrik Kraft and the alternate directors Ola Nordquist, Jan Thorsgaard Nielsen, Bruno Mourgue d'Algue and Gabriele Cipparrone were nominated to the board of directors by NTC. Apart from this the Company is not aware of any members of the board of directors or executive committee having been nominated pursuant to an agreement or understanding with the Company's major shareholders, customers, suppliers or any other party.

No member of the board of directors and executive committee have positions in other companies which could result in a conflict of interest *vis-à-vis* such companies, either because the Company has an equity interest in such company or because the Company and the company concerned have an ongoing business relationship. See "*Remuneration and Benefits—Shares held by directors, alternate directors and executive committee members*" for a description of the board and executive committee members' current indirect ownership interest in TDC. It follows from the rules of procedure of the board of directors that a director or an executive officer may not take part in the approval (vote and discussions) of any business involving transactions between the Company and himself or legal actions brought against himself, or any business involving agreements between the Company and any third party or legal actions brought against any third party, if he has a major interest therein which may conflict with the interests of the Company.

EMPLOYEES

Employees

As of September 30, 2010, TDC had 10,665 full-time employee equivalents (excluding Sunrise). The following table provides a breakdown of TDC's full-time employee equivalents (excluding Sunrise) as of December 31, 2009, 2008 and 2007 and as of September 30, 2010, broken down by business line.

	September 30,	December 31,		
	2010	2009	2008	2007
Consumer	2,094	2,160	2,212	2,681
TDC Business	1,540	1,528	1,620	2,212
TDC Nordic	1,389	1,437	1,619	1,596
Operations & Wholesale	3,981	4,409	4,406	5,557
YouSee	1,227	1,265	1,174	1,110
Headquarters	375	412	679	708
Other (Expats, personnel on leave, etc.)	59	66	62	75
Total	**10,665**	**11,277**	**11,772**	**13,939**

TDC has implemented a number of general Danish redundancy programs in recent years. As a consequence of these programs, in 2009, TDC reduced its workforce by approximately 800 full-time employee equivalents.

Labor Relations

TDC estimates that, as of August 31, 2010, more than 70% of its employees were union members. Almost all employees except for employees on senior management contracts are covered by collective labor agreements.

Collective labor agreements are in place with the telecommunications department of the Danish Metal Workers Union (*Dansk Metal*), the Association of Managers and Employees in Special Positions of Trust in TDC (*Lederforeningen i TDC, LTD*), the Danish Confederation of Professional Associations (*Akademikernes Centralorganisation*) and a few other unions. TDC's agreement with the Association of Managers and Employees in Special Positions of Trust in TDC does not include the right to strike.

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

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

In TDC Nordic a mixture of collective agreements and individual contracts are used.

TDC places considerable importance on employee training, and employee satisfaction is monitored in a quarterly employee survey, *TDC Kompasset* (The TDC Compass). The employee satisfaction survey engages TDC's employees in dialogue to identify ways to improve work environment processes and goal setting. According to a TDC internal survey (covering the entire workforce), employee satisfaction increased from 73/100 in 2008 to 76/100 in 2009.

Pension and Other Benefits

TDC's workforce consists of (i) former civil servants covered by defined benefits plans, (ii) employees with pension rights in TDC Pensionskasse (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 (311 full-time employee equivalents fall into this category as of September 30, 2010) are similar to those that apply to government civil servants under the Danish Civil Servants Plan. When joining TDC in 1994, when TDC was privatized, the former civil servants retained their right to a civil-service pension in accordance with the Danish Act on Pension for Civil Servants. In 1994 TDC made a payment to the Danish State following which the Danish State undertook to pay all civil-service pension benefits and TDC has no further obligation to fund any such pension payments. The agreement between the Danish State and TDC can be renegotiated if the premises it was based upon changes significantly. Employees who are former civil servants have retained their right to receive a lump sum severance payment in the amount of three years' salary (tied-over allowance) in the event of dismissal due to insufficient workload. TDC has the obligation to fund such severance payments.

The pension terms of the members of TDC Pensionskasse (2,281 full-time employee equivalents fall into this category as of September 30, 2010) are similar to those provided by the Danish Civil Servants Plan. However, in the event of dismissal due to insufficient workload only, instead of a right to receive a lump sum severance payment in the amount of three years' salary (tied-over allowance) some of these employees (183 full-time employee equivalents as of September 30, 2010 compared to 633 as of December 31, 2005) have a right to receive stand-off payments consisting of three months' full salary and two-thirds of the full monthly salary for four years and nine months. TDC has the obligation to fund contributions to the pension fund as well as severance pay and stand-off payments.

The pension terms of the remainder of employees in Denmark are defined contribution schemes without further obligations on TDC but to finance agreed contributions to its pension insurance provider. TDC has also undertaken an obligation to finance add-on pension contributions to its pension insurance provider for the benefit of the former civil servants and members of TDC Pensionskasse to make up for an agreed freeze of the salary used as the basis for calculating pension for these employees.

The Nordic activities run various pension schemes which are also mainly in the form of defined contribution schemes.

For a description of bonus programs and other incentive schemes, see "*Remuneration and Benefits—Incentive Programs*".

REMUNERATION AND BENEFITS

Compensation of the board of directors and other agreements

The members of the board of directors receive a fixed cash remuneration, which, as of the date hereof, is determined and approved by the annual general meeting for the previous financial year in connection with the approval of the annual report.

In the year ended December 31, 2009, the members of the board of directors received compensation in the aggregate amount of DKK 3 million.

The Company reimburses the directors for all expenses reasonably connected with the fulfillment of board duties, including expenses incurred for travel for the purpose of attending board meetings.

The Company has not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the board of directors or any of its members.

No member of the board of directors is entitled to receive any kind of remuneration on retirement from his position as board member. The Company has not allocated funds or made provisions for any pension benefits, severance schemes or the like for the board of directors and has no obligations to do so at present.

The chairman and the vice-chairman of the board of directors participate in the Management Investment Program, see "*—Management Investment Program*".

Compensation of the executive committee and other agreements

The remuneration of members of the executive committee consists of a cash salary and standard benefits such as a company car, a company paid telephone line, mobile phone, personal computer, etc. The board of directors has set up a Compensation Committee, which determines the compensation and other conditions of employment of the executive committee and approves TDC's bonus and other short- or long-term incentives or retention programs.

In the year ended December 31, 2009, TDC paid the executive committee compensation in an aggregate amount of DKK 68 million which includes DKK 20 million non-recurring remuneration. With effect from January 1, 2009, the remuneration for the executive committee comprises remuneration for seven members and, with effect from October 1, 2009, the remuneration for the executive committee comprises remuneration for eight members.

The executive committee members' service contracts include 12 to 15 months' notice in the event of termination by the Company. One executive committee member's service contract contains a change-of-control clause that further extends notice in the event of termination by the Company to 24 months, which will however not be triggered by the Offering. No member of the executive committee is entitled to receive any kind of remuneration on retirement from his or her position as executive committee member, except for Henrik Poulsen, Martin Lippert and Jens Munch-Hansen, see "*Management—Executive committee*".

The Company has not granted any loans, issued any guarantees or undertaken any other obligations to or on behalf of the executive committee.

The Company has not allocated funds or made provisions for any pension benefits, severance schemes or the like for the executive committee and has no obligations to do so at present.

All members of the executive committee participate in the Management Investment Program, see "*—Management Investment Program*".

Incentive Programs

Guidelines for incentive pay

At its general meeting on March 13, 2008, the Company has adopted general guidelines for incentive pay of the Company's executive committee. It was decided that the board of directors can conclude ordinary bonus agreements with the executive committee members which afford them the opportunity to obtain a bonus per calendar year of up to 100% of their annual base salary calculated exclusive of pension and before the payment of any bonus. The factors that can trigger a bonus can be (i) specified financial or operational results, (ii) the fulfillment of specified operational or strategic targets, or (iii) the fulfillment of specified personal targets for the relevant executive committee member. The bonus targets can also be a combination of (i) through (iii).

The Company expects to propose to its shareholders to change its guidelines for incentive pay at the next ordinary general meeting in 2011 in order to introduce the new management incentive program for the executive committee with effect from January 1, 2011, see "*—Bonus programs and other incentive schemes of TDC from 2011*".

Bonus programs and other incentive schemes of TDC in 2010

Approximately 275 TDC top managers, including the executive committee, participate in a short-term bonus program under the Top Managers' Compensation Program, and around 1,400 TDC managers and specialists participate in a short-term bonus program under the Managers' Compensation Program. Around 120 Danish and Nordic TDC top managers, excluding the executive committee, 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% to 33% of basic salary (and 50% for members of the executive committee). The on-target bonus percentage is somewhat lower for the Managers' Compensation Program. The bonus percentage achieved can be maximum 200% of the on-target bonus.

The Long-Term Incentive Program is a revolving program based on financial targets for a three-year period for TDC. The bonus varies within a range of 20 to 25% of the employees' basic salary. Payout starts at a performance of 5% below target and payout of 200% is achieved at a performance of 5% above target. Payout is capped at 200% if performance in the third year is below target.

In addition, in connection with the completion of the sale of Sunrise in October, 2010, which marked the fulfillment of TDC's strategy to become a focused Nordic telecommunications operator, the executive committee received an extraordinary bonus of an aggregate amount of DKK 10 million.

Bonus programs and other incentive schemes of TDC from 2011

On November 24, 2010, the board of directors decided, subject to the completion of the Offering, to redesign its bonus programs and incentive schemes with effect from January 1, 2011, however in respect of the executive committee subject to approval by a general meeting of new guidelines for incentive pay, see "*—Guidelines for incentive pay*".

According to the board's decision, the short-term bonus programs will generally remain unchanged with regard to targets and basis for payment. However, for the executive committee and approximately 53 other executives reporting directly to the executive committee, a deferral element will be introduced. Under the new bonus programs, the executive committee members will be obliged to defer 50% of their short-term bonus for three years with an option to defer an additional 50% of their bonus for three years. The other eligible executives will be offered to defer up to 50% of their bonus for three years. Deferred bonus will immediately be converted to deferred share units in the Company having corresponding value. Dividends paid out on Shares in the deferral period will result in annual corresponding increases of each participant's number of share units. Deferred share units will vest and be converted to Shares in the Company after three years, provided, however, that the Company's Equity Free Cash Flow per Share, excluding Corporate income tax paid, is not lower than minus 15% of the base case in TDC's business plan. If this threshold is not met, the deferred share units will lapse without any compensation payable to eligible executives.

Participants will receive additional Shares corresponding to 50%, 75% and 100% of the deferred share units (matching) if the Company's Equity Free Cash Flow per Share excluding corporate income tax paid is minus 5%, equal to or plus 2.5% or higher, respectively, compared to the base case in

TDC's business plan. Participants will receive matching Shares based on a linear correlation between Equity Free Cash Flow per Share, excluding corporate income tax paid, and the matching percentages in the intervals 50% to 100%. Dividends paid on Shares in the vesting period will result in annual corresponding increases of each participant's number of deferred share units and possible matching Shares. A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will not receive any matching Shares. Participants who terminate employment for other reasons will receive matching Shares as if their employment had continued throughout the vesting period.

The current Long-Term Incentive Program will, with effect from January 1, 2011, be replaced by a new Performance Share Program to reward long-term performance. The Performance Share Program is expected to be offered to approximately 275 TDC managers, including the executive committee (subject to approval by a general meeting of new guidelines for incentive pay). When fully rolled out, TDC expects that the Performance Share Program will result in annual operating expenses of approximately DKK 60 million in 2011, which will be partly counterweighed by the savings on the current Long-Term Incentive Program.

All eligible participants will annually be granted performance share units. Vested performance share units will be converted to Shares in the Company. The value of performance share units granted will be calculated as a percentage of participants' base salary depending on tier level and individual performance. The number of performance share units granted will have a value, determined as the fair market value on the basis of a Monte Carlo simulation. For the executive committee this will correspond to 30% of base salary and, for other TDC managers, up to 30% of their base salary. There is, at the discretion of the chief executive officer, additional ad hoc quarterly commitments to the next annual grant.

Ownership of Shares will only pass to participants provided the performance share units vest. Performance share units vest three years from the date of grant subject to the Company's performance as measured by total shareholder return[36] relative to a peer group of 14 telecommunications companies (excluding TDC). No performance share units vest if the Company's performance is not among the best ten of the peer group, and all performance share units vest if the Company's performance is among the best three to four of the peer group. Vesting is 150% if performance is among the best one to two of the peer group. Performance as number five to ten of the peer group results in between 20% and 85% of performance share units vesting.

A participant who terminates employment during the vesting period for reasons of voluntary resignation or misconduct will not vest any performance share units. Participants who terminate employment for other reasons will vest performance share units as if their employment had continued throughout the vesting period. Dividends paid out on Shares in the vesting period will result in annual corresponding increases of each participant's number of performance share units.

For the executive committee a mandatory perpetual stock ownership representing a value equivalent to two years annual base salary, net of taxes, will be implemented with effect from January 1, 2011, subject to approval by a general meeting of new guidelines for incentive pay. The required stock ownership will be set as a fixed number of shares based on the individual executive committee member's base salary and the stock price at the time of implementation and for new executive committee members at the time of hire/promotion. The number of Shares required to be owned by executive committee members can be changed by a board decision if the share value or salary level changes significantly. For both new and existing executive committee members the ownership can be built up over a maximum of three years.

Pension plan for the executive committee

For the executive committee a pension element, will subject to the completion of the Offering, be added to the base salary with gradual implementation. The pension plan will be a defined contribution plan. The gradual implementation means that no pension contribution will be made in 2011. As from January 1, 2012, a 10% contribution of base salary will be made and when fully implemented as of January 1, 2013, the contribution will equal 20% of base salary. The changes are made to reflect market terms for major Danish companies in the OMX Copenhagen 20 Index and to ensure a total

(36) Total shareholder return is calculated as Share price movements plus dividends received over a stated period divided by Share price at the beginning of such period.

compensation package that is attractive compared to other major European telecommunication companies.

Employee Share Offering

To celebrate a broader ownership of TDC and to promote stock ownership among all employees it is contemplated, after the Offering, to make a one-time grant to all TDC employees of Shares in the Company, representing a value for each employee of DKK 12,000 which TDC expects will result in an aggregate expenditure of approximately DKK 150 million for the year ended December 31, 2010. For Danish employees, the granted stock will be "locked-up" for a seven-year period in order for the share gift to be exempt from income tax for the employees. For employees outside Denmark, there will be no "lock-up" period. The Company expects any expenditure related to this grant to be reflected in Special Items.

Management Investment Program

The chairman and the vice-chairman of the board of directors, all members of the executive committee and certain other key employees of TDC, as well as certain former directors, managers and key employees of TDC, participate in a management investment program (the "Management Investment Program") under which they hold B shares directly or indirectly in NTC. Whereas the chairman and the vice-chairman of the board of directors and all members of the executive committee as well as certain former directors and executive committee members hold B shares directly (or through designated holding companies) in NTC, some of the other participants hold B shares indirectly in NTC through Nordic Telephone Management Holding ApS, which is controlled by NTC Parent S.á r.l.

NTCH holds all A and C shares in NTC and controls NTC. As a holder of A shares in NTC, NTCH has a right to a preferred return on its investment compared with the holders of B shares in NTC.

The Management Investment Program is governed by shareholders agreements which inter alia include:

- provisions restricting the transferability of shares held by the participants;
- a call option entitling NTCH, in the case of participants who hold shares directly in NTC or NTC Parent S.á r.l., in the case of other participants, or another designated entity to purchase a participant's shares in the event of termination of such participant's employment with the TDC group; and
- drag-along and tag-along provisions.

In connection with the Offering, the Management Investment Program participants have agreed to sell their direct or indirect interest in B shares in NTC to NTC Holding G.P., the general partner of NTCH (the "Buy-Out"). The Buy-Out only applies in the event the Selling Shareholders' gross proceeds from the Offering and the Share Buy-back exceed EUR 2,000 million. Pursuant to the terms of the Buy-Out, Management Investment Program participants will upon completion of the Offering sell B shares in NTC to NTC Holding G.P. For the participants holding shares directly in NTC, the purchase price will at each participant's election consist of Shares in the Company or of 50% Shares in the Company and 50% cash. For participants holding shares indirectly in NTC through Nordic Telephone Management Holding ApS, the purchase price will consist of 50% Shares in the Company and 50% cash. Upon such sales pursuant to the Buy-Out, the shareholders agreements of the selling participants in the Management Investment Program will terminate. The cash component was included in the Buy-out in order to provide participants with cash resources to meet tax obligations arising out of the sale of the B shares of NTC.

If the Selling Shareholders' gross proceeds of the Offering and the Share Buy-back are less than EUR 2,000 million, the participants in the Management Investment Program and Nordic Telephone Management Holding ApS will remain shareholders of NTC until one or more subsequent public offerings that are completed on or before March 31, 2011, have resulted in aggregate gross proceeds of at least EUR 2,000 million for the Selling Shareholders. If the Selling Shareholders' gross proceeds of the Offering, the Share Buy-back and any subsequent public offerings completed no later than on March 31, 2011, are less than EUR 2,000 million, the Buy-Out will automatically terminate and the participants in the Management Investment Program and Nordic Telephone Management Holding ApS will remain shareholders of NTC.

The purchase price that each participant will receive in connection with the Buy-Out will be determined on the basis of an agreed formula, taking the Offer Price, the preference right of the A shares of NTC as of the date of pricing and allotment and other factors into consideration. If the Buy-Out is effected, the participants in the Management Investment Program will in accordance with the agreed formula and based on the elections made with regard to payment in Shares or cash, receive in aggregate approximately(37) 11,481,380 Shares in the Company at the maximum price in the Offer Price Range and approximately(38) 6,364,741 Shares in the Company at the minimum price in the Offer Price Range.

For an approximation(39) of the number of Shares that the chairman and the vice-chairman of the board of directors and each member of the executive committee will receive upon completion of the Buy-Out, see "*—Shares held by directors, alternate directors and executive committee members*".

As part of their agreements to participate in the Management Investment Program reorganization and buyout, the participants in the Management Investment Program have agreed with the Selling Shareholders, for a specified period and with respect to a specified portion of the Shares received by them as consideration for the Buy-Out, as indicated below, not to (i) sell, contract to sell, grant any option, right or warrant to purchase, purchase any option or contract to sell, sell any option, right or warrant to purchase, lend, enter into any agreement regarding the sale of, pledge, mortgage, charge, assign or in any other way directly or indirectly transfer or dispose of, directly or indirectly or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or announce the intention to make any such act (whether any such transaction described in (i) or (ii) above is settled by delivery of shares of a company or in cash or otherwise) (the "Management Lock-up"). The specified portion of the Shares and the specified period covered by the Management Lock-up is:

- For participants in the Management Investment Program who are executive committee members the Management Lock-up applies to 50% of the Shares for 12 months and 50% of the Shares for 18 months from the date of this offering memorandum; and
- For other participants in the Management Investment Program who are currently employed by TDC, the Management Lock-up applies to all the Shares for 12 months except if such participant's consideration with respect to the B shares of NTC included Shares only, then the Management Lock-up applies to 50% of the Shares for 12 months.

The members of the executive committee have also agreed with the Selling Shareholders that the Management Lock-up will apply to all Shares that are owned or acquired by them other than in connection with the Management Investment Program reorganization and buyout for a period of 18 months from the date of this offering memorandum. For MIP participants who are no longer employed by TDC, there is no lock-up.

The Selling Shareholders have agreed that they will not waive the Management Lock-up restrictions described above without the prior written consent of the Joint Global Coordinators. See "*Plan of Distribution*".

(37) Based on an estimate of the preferred return of NTC's A shares as of the date of pricing and allotment.

(38) Based on an estimate of the preferred return of NTC's A shares as of the date of pricing and allotment.

(39) Based on an estimate of the preferred return of NTC's A shares as of the date of pricing and allotment.

Shares held by directors, alternate directors and executive committee members

Name	Shares held in the Company as of 28 October 2010	Approximation of number of Shares received under the Management Investment Program at the maximum price in the Offer Price Range(1)	Approximation of number of Shares received under the Management Investment Program at the minimum price in the Offer Price Range(2)	Has elected to receive 50% of the purchase price under the Buy-out in cash
The board of directors				
Vagn Sørensen	–	418,297	231,885	Yes
Pierre Danon	–	146,693	81,320	Yes
Kurt Björklund	–	–	–	N/A
Lawrence Guffey	–	–	–	N/A
Henrik Kraft	–	–	–	N/A
Gustavo Schwed	–	–	–	N/A
Andrew Sillitoe	–	–	–	N/A
Søren Thorup Sørensen	–	–	–	N/A
Lars Rasmussen	–	–	–	N/A
Leif Hartmann	505	–	–	N/A
Steen M. Jacobsen	505	–	–	N/A
Jan Bardino	805	–	–	N/A
Bo Magnussen	505	–	–	N/A
Jan Thorsgaard Nielsen	–	–	–	N/A
Bruno Mourgue d'Algue	–	–	–	N/A
Gabriele Cipparrone	–	–	–	N/A
Ola Nordquist	–	–	–	N/A
Jakob Kjellberg	–	–	–	N/A
Gert Winkelmann	515	–	–	N/A
Ole Bak Sørensen	3,645	–	–	N/A
Lotte Broder Jørgensen	1,225	–	–	N/A
John Schwartzbach	–	–	–	N/A
The executive committee				
Henrik Poulsen	–	1,249,053	692,419	Yes
Jesper Ovesen	–	1,254,897	695,659	Yes
Eva Berneke	–	418,297	231,885	Yes
Niels Breining	505	209,148	115,942	Yes
Carsten Dilling	–	888,155	492,353	Yes
Jesper Theill Eriksen	55	626,475	347,290	Yes
Martin Lippert	495	315,181	174,722	Yes
Jens Munch-Hansen	–	728,610	403,909	Yes

(1) Based on an estimate of the preferred return of NTC's A shares as of the date of pricing and allotment.

(2) Based on an estimate of the preferred return of NTC's A shares as of the date of pricing and allotment.

BOARD PRACTICES

Pursuant to the Articles of Association of the Company, the members of the board of directors—other than members elected by the employees pursuant to the Danish Companies Act on representation of employees on the board of directors—are elected by the general meeting of shareholders.

The tenure of the members of the board of directors elected at the general meeting expires each year at the annual general meeting but the directors are eligible for re-election. Board members elected by the employees are elected for a four-year term. Under the Rules of Procedure of the board of directors, however, the board members must retire from the board of directors not later than at the first annual general meeting after they attain the age of 67.

According to the Articles of Association of the Company, the board of directors elected by the general meeting shall consist of no less than three and no more than ten members. The general meeting may further elect three to ten alternate directors, one for each board member elected by the general meeting. The employees of TDC may elect a number of members of the board of directors equal to half (rounded up) of the directors elected by the general meeting. The employees may elect alternate directors for the board members elected by them. All members of the board of directors have a duty to act in the best interest of the Company.

Of the current thirteen members of the board of directors, nine members have been elected by the general meeting and four members have been elected by the employees. The chairman and vice chairman of the board of directors are elected by the board of directors from among its members.

All members of the board of directors have equal voting rights, and all resolutions are passed by an absolute majority of the total number of board members. The board of directors forms a quorum when the majority of its members are present. However, according to the Rules of Procedure for the board of directors either the chairman or the vice chairman must be present. Furthermore, a resolution must not be passed without all directors, to the extent possible, having had an opportunity to participate in the consideration of the matter.

The board of directors holds at least four meetings a year (one every three months). In 2009, the board of directors held 22 meetings and one strategy session.

The board of directors may appoint one or more committees to assist in the performance of specific ad hoc duties and established a Compensation Committee and an Audit Committee. For further information on the Committees of the board, see "—*Committees of the board*".

Committees of the board

Compensation Committee

The Compensation Committee must consist of up to five members. The committee members are appointed from among the board members at the first board meeting following the annual general meeting and remain in office until the next annual general meeting. Vagn Sørensen (Chairman), Pierre Danon, Lars Rasmussen, Gustavo Schwed and Henrik Kraft are currently members of the Compensation Committee.

The objectives of the Compensation Committee are to determine the compensation and other terms and conditions of employment of the members of the TDC Group's executive committee, and to approve annually the overall principles of the TDC Group's bonus and other short- or long-term incentives or retention programs. In addition, the Compensation Committee must propose to the board of directors the size of the directors' compensation, which is approved at the annual general meeting.

The Compensation Committee shall, when it deems appropriate, inform the board of directors of the Compensation Committee's activities. The board of directors may consult the Compensation Committee on any matter considered to be of relevance to the board's work. The Compensation Committee may, when deemed relevant, appoint external consultants with a view to perform its duties.

The Compensation Committee meets as often as it deems appropriate, but at least four times each year. The Compensation Committee must meet upon request of a member of the Compensation Committee or the executive committee. The Compensation Committee held six meetings in 2009.

A majority of the members of the Compensation Committee constitute a quorum. All decisions of the Committee are made unanimously by the members present at the meeting duly called and held.

Audit Committee

The Audit Committee must consist of up to four members. At least one member must be independent and have qualifications within accounting or auditing. The committee members are appointed from among the board members at the constituent board meeting immediately after the annual general meeting for a period until the next annual general meeting. The Audit Committee currently consists of Søren Thorup Sørensen (Chairman), Lawrence Guffey, Vagn Sørensen and Andrew Sillitoe.

The sole objective of the Audit Committee is to provide recommendations to the entire board of directors of the Company. The Audit Committee shall continuously keep the board of directors informed of discussions and submit recommendations to the board of directors. The Audit Committee assists the board of directors with audit related functions including:

- the financial reporting process;
- monitoring the efficiency of TDC's internal control system and any internal auditing and risk management systems;
- monitoring the statutory audit of the annual report;
- appointing the Company's independent accountants and monitoring and checking their independences including, in particular, the delivery of non-audit services to the Company.

The Audit Committee must hold meetings as often as the Committee deems appropriate, however no less than three times a year. In addition, the Audit Committee must hold meetings at the request of a member of the Audit Committee or the chief financial officer. The Audit Committee held three meetings in 2009.

A majority of the members of the Audit Committee form a quorum. All decisions of the Audit Committee must be made by a majority of the Committee members present at a duly convened and held meeting.

Corporate Governance

The Company complies with the majority of recommendations for corporate governance of August 15, 2005 as subsequently updated (the "Recommendations") issued by the Committee on Corporate Governance. Of the forty numbered Recommendations, divided into eight main categories, the Company fully complies with 33 recommendations, whereas three are partly complied with, and four are not complied with. The Company's non-compliance with the Recommendations is further described below.

On April 8, 2010, the Committee on Corporate Governance announced new recommendations for corporate governance which includes a number of new recommendations. The new recommendations were approved by NASDAQ OMX Copenhagen on May 31, 2010 and apply to the 2010 financial year i.e. the board of directors must consider the new recommendations in connection with preparing the 2010 annual financial statements. The board of directors has not yet finalized considerations as to what extent the new recommendations will require changes to TDC's corporate governance and to what extent the Company expects to comply with the new recommendations. Accordingly, the following discussion is based on the 2005 Recommendations as amended.

The role of the shareholders and their interaction with the management

The Company has a majority shareholder that owns 87.9% of the issued Shares of the Company, and a number of minority shareholders. Due to the ownership structure with a majority shareholder, the board of directors has not decided how it will act in the event of a takeover bid for the Company. Thus, the board of directors does not comply with Recommendation I.4 regarding 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 of directors are required to protect the Company's and the shareholders' interests by assessing each specific case individually.

The Company 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

The Company complies with all Recommendations on the role of the stakeholders and their importance to the Company.

Openness and transparency

The Company complies with all Recommendations on openness and transparency.

Tasks and responsibilities of the board of directors

The Company complies with all Recommendations on the tasks and responsibilities of the board of directors.

Composition of the board of directors

The board of directors regularly assesses the competence needed for the board of directors to best perform its tasks and assesses its composition, as required under Recommendation V.1 on the composition of the board of directors. However, the board of directors does not comply with all the underlying Recommendations in V.1, as further clarified below.

The board of directors does not comply with the Recommendation on diversity in the board composition and a formal, thorough and transparent process for selection and nomination of candidates for the board of directors. This is due to the Company's ownership structure as described in section "*Ownership Structure and Selling Shareholders*". The majority shareholder selects and nominates candidates for the Company's board of directors, who may be elected by the majority shareholder's votes alone. In the selection and nomination of candidates, the majority shareholder ensures a composition of the board of directors that provides the competence needed for the board of directors to best perform its tasks.

As a result of the board of directors' non-compliance with the Recommendation on a formal and transparent process for selection and nomination of candidates for the board of directors, the Company does not comply with the Recommendations that the notice of the annual general meeting include information on the recruitment criteria and the board of directors' assessment of its composition. A general description of the applied recruitment criteria and the composition of the board of directors may be given at the annual general meeting. For the same reason, the Company does not comply with the Recommendation that in the annual management's review the board of directors account for its composition and for any special competence possessed by the individual board members.

The independence of the board of directors

The Company's ownership structure also results in non-compliance with Recommendation V.4 according to which at least half of the board members elected by the annual general meeting must be independent persons.

Use of board committees

The board of directors has set up an Audit Committee and a Compensation Committee. The Audit Committee complies with Recommendation V.10 that appointment of a committee takes place for the sole purpose of preparing decisions to be made by the entire board of directors. The Compensation Committee, on the other hand, has power of decision on matters relating to specific issues within the Compensation Committee's areas of responsibility, and therefore does not comply with this Recommendation. The board of directors deems it expedient that the Compensation Committee has this limited power of decision. The Compensation Committee reports regularly to the board of directors.

Assessment of the work of the board of directors and the executive committee

The Company does not comply with Recommendation V.11 on the assessment of the composition of the board of directors and the board of directors' and the individual board members' work and results. Due to the Company's ownership structure, the board of directors 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 during the past year. Therefore, the Annual Report does not provide information about board of directors' self-assessment.

Likewise, the board of directors has neither established a formal assessment procedure for evaluating the executive committee's work and results, nor a procedure to assess the collaboration between the board of directors and the executive committee—as required under Recommendation V.11. However, the board of directors regularly assesses the performance of the executive committee by setting goals and evaluating the degree to which such goals are met. The collaboration between the board of directors and the executive committee is regularly assessed at meetings attended by the CEO and the chairman of the board of directors.

Other Recommendations on the composition of the board of directors

The Company complies with all other Recommendations on the composition of the board of directors.

Remuneration of members of the board of directors and the executive committee

Remuneration policy

The Company does not comply with Recommendation VI.2 that the board of directors adopts a remuneration policy and the Recommendations regarding the contents of such remuneration policy and remuneration policy reporting. The board of directors believes that a formal remuneration policy is unnecessary other than to ensure that remuneration should be competitive and promote the Company's long-term value-creation goals.

In accordance with the Danish Companies Act, the board of directors has set out general guidelines for incentive schemes for the executive committee. The guidelines were adopted by the annual general meeting held on March 13, 2008. The Company expects to propose to its shareholders changes to its guidelines for incentive pay at the next annual general meeting in order to introduce the new management incentive program for the executive committee with effect from January 1, 2011. For further details, see "*Remuneration and Benefits*".

The total annual remuneration of the board of directors for the previous year is approved by the annual general meeting in connection with the adoption of the Annual Report. Therefore, the Company does not comply with Recommendation VI.2 according to which the remuneration of the board of directors for the current fiscal year is presented for adoption at the annual general meeting at which an Annual Report for the previous year is adopted. The Company deems this practice expedient because the composition of the board of directors occasionally changes during the year.

Openness about remuneration

The Company does not comply with Recommendation VI.5 according to which the Annual Report should include information about the amount of total remuneration received by individual members of the board of directors and the executive committee granted to such members by the Company and other companies within the same Group. The Company finds the information in the Annual Report on the remuneration of the entire board of directors and the entire executive committee to be adequate.

Other Recommendations on the remuneration of the members of the board of directors and the executive committee

The Company complies with all other Recommendations on the remuneration of the members of the board of directors and the executive committee.

Risk management

The Company complies with all Recommendations on risk management.

Audit

The Company complies with all Recommendations on audit.

OWNERSHIP STRUCTURE AND SELLING SHAREHOLDERS

Ownership Structure

As of the date of this offering memorandum, the Company's issued nominal share capital is DKK 991,875,885 divided into 991,875,885 Shares with a nominal value of DKK 1 each.

The following table sets out the information regarding the Company's ownership structure as of November 22, 2010, and immediately following the closing of the Offering and the Share Buy-back, assuming, among other things, no exercise of the Over-allotment Option.

	As of November 22, 2010		Following completion of the Offering and the Share Buy-back (assuming full placement of the Offer Shares and no exercise of the Over-allotment Option and that NTC tenders 88.02% of the Shares tendered in the Share Buy-back and assuming completion of the Buy-out)	
Shareholders	**Number of Shares**	**Percentage of issued share capital**	**Percentage of outstanding share capital[1] assuming minimum Offer Price**	**Percentage of outstanding share capital[1] assuming maximum Offer Price**
NTC	871,849,550	87.90%	60.94%	61.33%
NTCH			0.00%	0.00%
TDC	1,419,105	0.14%	—	—
Other (including ATP)[2]	118,607,230	11.96%[3]	39.06%	38.67%
Total	991,875,885	100%	100%	100%

(1) Outstanding share capital is the issued share capital excluding the shares owned by TDC, which reflects total voting rights (as the Company cannot vote its own shares at general meetings).

(2) Arbejdsmarkedets Tillægspension ("ATP") has announced in its 2009 annual report for its group that it held 54,695,065 Shares as at December 31, 2009 (adjusted for the Share split). This information has not been confirmed by ATP as of the date of this offering memorandum.

(3) The number of Shares does not take into account the grant of Shares to employees. See "*Remuneration and Benefits—Employee Share Offering*".

The following table sets out the information regarding the Company's ownership structure as of November 22, 2010, and immediately following the closing of the Offering and Share Buy-back, assuming, among other things, full exercise of the Over-allotment Option.

	As of November 22, 2010		Following completion of the Offering and the Share Buy-back (assuming full placement of the Offer Shares and full exercise of the Over-allotment Option and that NTC tenders 88.02% of the Shares tendered in the Share Buy-back and assuming completion of the Buy-out)	
Shareholders	**Number of Shares**	**Percentage of issued share capital**	**Percentage of outstanding share capital[1] assuming minimum Offer Price**	**Percentage of outstanding share capital[1] assuming maximum Offer Price**
NTC	871,849,550	87.90%	57.00%	57.54%
NTCH			0.00%	0.00%
TDC	1,419,105	0.14%	—	—
Other (including ATP)[2]	118,607,230	11.96%[3]	43.00%	42.46%
Total	991,875,885	100%	100%	100%

(1) Outstanding share capital is the issued share capital excluding the shares owned by TDC, which reflects total voting rights (as the Company cannot vote its own shares at general meetings).

(2) ATP has announced in its 2009 annual report for its group that it held 54,695,065 Shares as at December 31, 2009 (adjusted for the Share split). This information has not been confirmed by ATP as of the date of this offering memorandum.

(3) The number of Shares does not take into account the grant of Shares to employees. See "*Remuneration and Benefits—Employee Share Offering*".

The Offer Shares are being offered by NTC and NTCH, each of which is indirectly owned by certain investment funds directly or indirectly advised or managed by Apax Partners LLP, The Blackstone Group L.P., Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity LLP, or their respective affiliates. At present, NTC owns 871,849,550 Shares, corresponding to 87.9% of TDC's outstanding share capital and NTCH does not own any Shares.

Apax Partners LLP is an independent global private equity advisory firm with approximately $37,000 million under management (as of September 30, 2010). Funds advised by Apax Partners LLP invest in five global growth sectors: Retail & Consumer; Technology & Telecommunications; Media; Healthcare and Financial & Business Services. Apax Partners LLP has an established global platform with nine offices in nine countries across three continents. Investments in the communications sector include TIM Hellas, Kabel Deutschland, Intelsat, Inmarsat, Q-Telecom, Bezeq, Versatel and Weather Investments.

The Blackstone Group L.P. is one of the world's leading investment and advisory firms. The Blackstone Group L.P. seek to create positive economic impact and long-term value for its investors, the companies it invests in, the companies it advises and the broader global economy. The Blackstone Group L.P.'s alternative asset management businesses include the management of private equity funds, real estate funds, funds of hedge funds, credit-oriented funds, and closed-end mutual funds. The Blackstone Group L.P. also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Since 1987, The Blackstone Group L.P.'s private equity funds have invested/committed in 150 separate transactions in a variety of industries and geographies, with a total transaction value of more than $300 billion. Investments in the communications sector include Adelphia Communications, Charter Communications, Deutsche Telekom, Global Towers, Kabel BW, Kabel NRW and New Skies Satellites.

Kohlberg Kravis Roberts & Co. L.P. was founded in 1976 and led by Henry Kravis and George Roberts ("KKR"). KKR is a leading global alternative asset manager with $54,400 million in assets under management as of June 30, 2010. With over 600 people and 14 offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets platforms. Investments in the communications sector include PanAmSat, SBS Broadcasting, Nuvox Communications, Bharti Infratel, ProsiebenSat.1 Media and Seven Media Group. KKR is publicly traded through KKR & Co. L.P.

Permira Advisers KB advises the Permira Funds. Permira is a European private equity firm with a global reach. The firm advises funds with a total committed capital of approximately €20 billion. The Permira Funds, raised from pension funds and other institutions, make long-term investments in companies with the ambition of transforming their performance and driving sustainable growth. The firm's teams are based in Frankfurt, Guernsey, Hong Kong, London, Luxembourg, Madrid, Menlo Park, Milan, New York, Paris, Stockholm and Tokyo. The Permira Funds have made over 190 private equity investments since 1985 and have returned €16 billion to their investors over the past decade. Investments in the telecommunications sector include Debitel, SBS Broadcasting, Intelsat, Inmarsat, ProsiebenSat.1 Media and Premiere.

Providence Equity Partners is the leading global private equity firm specializing in equity investments in media, entertainment, communications and information services companies around the world. The principals of Providence Equity Partners manage funds with over $22 billion in equity commitments (as of September 30, 2010) and have invested in more than 100 companies operating in over 20 countries since the firm's inception in 1989. Significant existing and prior investments in the communications sector include Bresnan Broadband Holdings, Casema, Com Hem, Digiturk, eircom, Hulu, Idea Cellular, Kabel Deutschland, PanAmSat, ProSiebenSat.1, VoiceStream Wireless and Western Wireless.

The legal name, address and company registration number of each of the Selling Shareholders are as follows:

NTC S.A.	41, Boulevard du Prince Henri, L-1724 Luxembourg	B116210
NTC Holding G.P. & Cie S.C.A.	41, Boulevard du Prince Henri, L-1724 Luxembourg	B150720

Shareholders Agreement

On April 27, 2006, the investment funds directly or indirectly advised or managed by Apax Partners LLP, The Blackstone Group L.P., Kohlberg Kravis Roberts & Co. L.P., Permira Advisers KB and Providence Equity Partners Limited (each, a "private equity sponsor" and together, the "private equity sponsors") and, among others, Nordic Telephone Company ApS and its indirect parent company, NTC Parent S.à r.l, entered into an Amended and Restated Subscription and Shareholders Agreement in relation to their investment in TDC (the "Shareholders' Agreement"), as amended on November 25, 2010.

Pursuant to its terms, the Shareholders Agreement remains in force until the earlier of (i) the date on which the private equity sponsors shall collectively hold less than 25% of their original investment; (ii) the liquidation or dissolution of NTC Parent S.à r.l. and all intermediate holding companies, (iii) the written agreement of the parties to the Shareholders Agreement; (iv) the twentieth anniversary of the date of the acquisition of TDC by the acquisition vehicle controlled by the private equity sponsors; and (v) a decision by four out of five private equity sponsors to terminate the Shareholders' Agreement.

Under the Shareholders' Agreement, each of the private equity sponsors is entitled to designate a director to the board of the Company (each, a "Sponsor Representative") as long as its affiliated funds continue to hold (i) at least 50% in aggregate of the shares originally underwritten by such funds or (ii) more than 50% in aggregate of the original investment of such fund(s). The number of directors may be increased or decreased as approved by the board of directors.

Under the Shareholders' Agreement, any action by the board of directors of NTC Parent S.à r.l. or the Company requires, as between the parties to the Shareholders' Agreement, the affirmative vote of three of the five Sponsor Representatives, except certain significant decisions including but not limited to (i) initiating bankruptcy proceedings, (ii) declaring or paying any distributions, (iii) issuance of new securities, (iv) undertaking any merger or business combination transaction, (v) amending corporate organizational documents, (vi) hiring or dismissing executive officers, (vii) establishing or amending any incentive plan for management or (viii) incurring debt above certain thresholds, which require the affirmative vote of four of the five Sponsor Representatives. The Company is not bound by the terms of the Shareholders' Agreement.

The investment funds directly or indirectly advised or managed by the private equity sponsors are subject to certain restrictions on the transfer of equity securities issued by NTC Parent S.à r.l, in particular rights of first offer, tag-along rights and drag-along rights.

RELATED PARTY TRANSACTIONS

Certain Lease Transactions

Danish companies within TDC have entered into certain lease transactions with their related Danish pension funds (which have merged into one pension fund, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Pension Obligations*"). For further information about related party transactions, see note 34 to the Audited Annual Financial Statements.

Cooperation Agreement

The Company and the Selling Shareholders have entered into a letter agreement (the "Cooperation Agreement") dated February 3, 2010, which governs the rights and obligations of the parties in relation to an offering of Shares by the Selling Shareholders.

Under the Cooperation Agreement, the Company has undertaken, subject to applicable law and certain limitations and on certain conditions, to provide assistance in connection with the preparation of the Offering and any Offering materials as reasonably requested by the Selling Shareholders, including for example, by making available certain information and members of senior management and assisting with road shows. NTC and NTCH have agreed to pay for the Company's reasonable and documented expenses in relation to such assistance.

The Selling Shareholders have agreed to indemnify the Company, its subsidiaries and their respective directors officers, employees and agents against any liabilities that arise out of a breach of the Cooperation Agreement by the Selling Shareholders or their advisors, or the Offering (excluding in the event of gross negligence or willful misconduct or a material breach of the Company's undertaking to assist the Selling Shareholders with the Offering).

NTC and the Company are both borrowers under the Senior Facilities Agreement, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement*".

In the event that NTC (or following transfer of the assets and liabilities of NTC to NTCH, NTCH) ceases to hold more than 50.0% of the voting rights in the Company, NTC has agreed with the Company, to the extent permitted under the Senior Facilities Agreement and related documents (the "Senior Facility Documents"), (i) that authorized signatories of TDC shall be authorized to represent NTC in all matters relating to the Senior Facility Documents, (ii) not to take any action or fail to take any action that it knows would cause a default under the Senior Facility Documents, (iii) promptly to repay any amount drawn by NTC under the Senior Facility Documents and to refrain from drawing any amount under the Senior Facility Documents, and (iv) to offer the Company such assistance and provide such consents and signatures as may be necessary in order for the Company to enjoy the same position under the Senior Facility Documents as it would have, had NTC not been a party to the Senior Facility Documents.

In the event that NTC (or following transfer of the assets and liabilities of NTC to NTCH, NTCH) ceases to hold more than 50.0% of the voting rights in the Company, the Company has agreed, to the extent permitted under the Senior Facility Documents, (i) not to take any action that would require NTC to pay any amount under the Senior Facility Documents (including in its capacity as a Guarantor thereunder) or increase the liability of NTC under the Senior Facility Documents, and (ii) to promptly pay all amounts payable under the Senior Facility Documents.

Agreement relating to Share Buy-back

For a description of the agreement between the Company and NTC relating to the Share Buy-back, see "*TDC's Share Buy-back*".

DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

General

The Company was incorporated on November 14, 1990 and is organized under the laws of the Kingdom of Denmark under the name TDC A/S (previously named Teledanmark A/S and Tele Danmark A/S). The Company's head office is at Teglholmsgade 1, 2450 Copenhagen SV, Denmark and its telephone number is +45 66 63 77 77.

The following is a summary of the material provisions of the Company's Articles of Association, a copy of which is included in this offering memorandum as Annex B. The current Articles of Association were last modified at the Company's extraordinary general meeting held on November 22, 2010.

Share capital

On May 10, 2010 the Company completed a share split by which each Share of DKK 5 was split into five shares of DKK 1. The total nominal share capital of the Company is unaffected by the share split.

As of the date of this offering memorandum, the nominal share capital of the Company amounted to DKK 991,875,885, divided into 991,875,885 Shares of DKK 1 each. All Shares are fully paid up.

As of the date of this offering memorandum, the Company held 1,419,105 Shares corresponding to a total nominal value of DKK 1,419,105, or 0.14% of the share capital. On the date hereof, the Company announced a Share Buy-back according to which the Company offers to purchase, subject to certain conditions, Shares for an aggregate amount of DKK 9,000 million at the Offer Price pro rata based on number of tendered Shares from the Company's shareholders. NTC has undertaken to the Company to sell Shares at the Offer Price for a total amount equal to the Share Buy-back or such lower amount which would, after allocation or proration, equal NTC's proportionate part of the total amount of the Share Buy-back. The Company has, subject to completion of the Share Buy-back, undertaken to buy Shares at the Offer Price from NTC for a minimum amount equal to 88.02% of the total Share Buy-back amount, which is equal to NTC's proportionate ownership interest in the Company (exclusive of treasury Shares). The number of Shares to be purchased in the Share Buy-back will be between 160,714,285 and 191,489,361 Shares with an Offer Price within the Offer Price Range. If the Offer Price falls outside the Offer Price Range, the number of Shares to be purchased in the Share Buy-back will be adjusted accordingly. The exact number of Shares to be purchased in the Share Buy-back will depend on the Offer Price. For a description of the Share Buy-back, see "*TDC's Share Buy-back*". The Share Buy-back is not being made and will not be made in or into the United States or by using U.S. jurisdictional means and it cannot be accepted from the United States or by using U.S. jurisdictional means. See "*TDC's Share Buy-back—Restrictions Relating to the Share Buy-back*".

The Company has not issued any securities that are convertible, exchangeable or have warrants attached. For a description of TDC's bonus programs and other incentive schemes, see "*Remuneration and Benefits—Incentive Programs*".

Historical movement in the Company's share capital

The table set forth below presents the historical movement in the Company's nominal share capital.

Date of Decision	Transaction Type	Share capital before change (DKK)	Change, nominal value (DKK)	Share capital after change (DKK)	Price (DKK)[1]
November 14, 1990	Incorporation	—	—	5,000,000	100
January 24, 1991	Capital increase	5,000,000	300,000,000	305,000,000	100
February 26, 1991	Capital increase	305,000,000	82,728,800	387,728,800	100
May 7, 1991	Capital increase	387,728,800	780,000,000	1,167,728,800	812.50 and 100
February 14, 1992	Capital increase	1,167,728,800	142,271,200	1,310,000,000	100
April 24, 1998	Capital reduction	1,310,000,000	227,702,300	1,082,297,700	4,381.76
March 17, 2005	Capital reduction	1,082,297,700	90,421,815	991,875,885	3,770

(1) Price per share with nominal value DKK 100

Furthermore, the Company completed a share split on May 10, 2010 by which each Share of nominal DKK 5 was split into five Shares of DKK 1. The total nominal share capital of the Company is unaffected by the share split.

Articles of Association

Objectives

The objectives of the Company are to conduct business within communications, services, directories, media, investment, financing, advisory services, trade and any other related business, whether in Denmark or abroad, if appropriate in the form of joint ventures with other Danish or foreign-based companies. See "*Annex B—Articles of Association—Article 3*".

Summary of provisions concerning the board of directors and the executive committee

The board of directors of the Company must consist of three to ten members elected by the shareholders at the annual general meeting by simple majority of the votes for a term of 12 months. Retiring members are eligible for re-election. The board of directors must elect a chairman and a vice chairman. Three to ten alternates for the members of the board of directors may be elected by the general meeting. Additional members and alternates may be elected by the employees in accordance with the rules in the Danish Companies Act concerning employee representation. See "*Annex B—Articles of Association—Article 14*".

All members of the board of directors have equal voting rights, and all resolutions must be passed by an absolute majority of the total number of board members. Pursuant to the Articles of Association the board of directors forms a quorum when the majority of its members are present. However, according to the Rules of Procedure for the board of directors either the chairman or the vice chairman must be present. Furthermore, a resolution must not be passed without all the directors, to the extent possible, having had the opportunity to participate in the consideration of the matter. The proceedings at board meetings must be recorded in a minute book to be signed by all directors present. See "*Annex B—Articles of Association—Article 15*".

The board of directors must appoint an executive committee of two to eight members to manage the day-to-day affairs of the Company in compliance with the guidelines and directions issued by the board of directors. See "*Annex B—Articles of Association—Article 16*".

The Company is bound by the joint signatures of the chairman of the board of directors and a director or an executive committee member, by the joint signatures of any two members of the executive committee or by the joint signatures of the entire board of directors. See "*Annex B—Articles of Association—Article 18*".

Authorizations to issue shares and distribute dividends

Until March 18, 2014, the board of directors is authorized to increase the Company's share capital by up to DKK 108,229,770 in nominal value. The increase may be effected by cash payment or payment in values other than cash, and subscription of shares may disregard the preemptive rights of shareholders. The new shares shall be negotiable instruments and registered in the name of the holder. No limitations to the negotiability of the new shares will apply. See "*Annex B—Articles of Association—Article 4a*".

Further, until and including April 25, 2011, the board of directors is authorized to issue warrants on one or more occasions in favor of (i) managers in the Company or its subsidiaries, and (ii) the chairman and vice chairman of the Company as determined by the board of directors, entitling the holder to subscribe for shares in the Company at a nominal value of up to DKK 49,593,790. However, a regulation under general adjustment mechanisms, established by the board of directors, may result in a higher nominal amount. The warrants must entitle the holder to subscribe for shares at a price determined by the board of directors on the issue date of the warrants. The subscription price cannot be lower than the listed share price (average of all trades on the NASDAQ OMX Copenhagen) on the trading day immediately before the board of directors' decision to issue warrants. Until and including April 25, 2011, the board of directors is authorized to increase the Company's share capital on one or more occasions by up to DKK 49,593,790 by cash payment when the warrants are exercised. The abovementioned general adjustment mechanisms may result in a higher nominal amount. Company's shareholders will have no preemption right to shares issued through the exercise of the warrants. The new shares shall be registered shares and negotiable instruments, and they shall carry the same rights and be subject to the same provisions as those applying to the existing Shares. See "*Annex B—Articles of Association—Article 5b*".

Finally, the board of directors is authorized by the general meeting to resolve to distribute interim dividend, provided that the Company's and the TDC Group's financial position warrants such distribution. See "*Annex B—Articles of Association—Article 5a*".

Under the Company's Senior Facilities Agreement, the distribution of dividends is subject to certain exemptions. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Liquidity—Financing Arrangements—Senior Facilities Agreement".*

Preemptive rights

Under Danish law, all shareholders of the Company will generally have preemptive rights if the general meeting of the Company resolves to increase the share capital by cash payment. However, the preemptive rights of the shareholders may be derogated from by a majority comprising at least two-thirds of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price.

The exercise of preemptive rights may be restricted for shareholders resident in certain jurisdictions, including but not limited to the United States, Canada, Japan and Australia, unless the Company decides to comply with applicable local requirements. Consequently, U.S. holders and certain other holders of Shares may not be able to exercise their preemptive rights or participate in a rights offer, as the case may be, unless a registration statement under the U.S. Securities Act is effective with respect to such rights or an exemption from the registration requirements is available, see "*Risk Factors—Risks Related to the Offering*".

The Company intends to evaluate at the time of any issue of Shares subject to preemptive rights or in a rights offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements, including any registration statement in the U.S., as well as the indirect benefits to the Company of enabling the exercise of non-Danish shareholders of their preemption rights to Shares or participation in any rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the U.S. No assurance is given that local requirements will be complied with or that any registration statement would be filed in the U.S. so as to enable the exercise of such holders' preemption rights or participation in any rights offer.

Dividend rights

The Offer Shares rank *pari passu* with all of the Company's outstanding Shares and are eligible for dividends paid by the Company. Dividends are paid in DKK to the shareholder's account with VP. No restrictions on dividends or special procedures apply to holders of Shares who are not residing in Denmark. For a discussion of withholding taxes payable in respect of dividends and certain other Danish and U.S. federal income tax considerations relevant to the purchase or holding of Shares, see "*Taxation*". Dividends which are not claimed by shareholders are forfeited under the general statutory limitation rules of Danish law.

In the financial year ended December 31, 2009, the Company distributed an ordinary dividend of DKK 9.00 per Share on March 25, 2009 and an interim dividend of DKK 30.25 per Share on December 23, 2009, or DKK 7,775 million in aggregate. In 2008, the Company distributed a dividend of DKK 3.60 per Share, or DKK 713 million in aggregate. In 2007, the Company distributed a dividend of DKK 3.50 per Share, or DKK 693 million in aggregate. All aggregated amounts exclude dividends on treasury shares. The Company has not distributed any dividends in 2010. The above amounts of dividend per Share are all per Share of DKK 5. As of May 10, 2010, the nominal value of each Share was decreased from DKK 5 to DKK 1 and, as a result, investors should not place undue reliance on the amounts indicated. In addition, the aggregate dividend amounts indicated in this paragraph reflect the dividend per share originally declared by TDC and do not take into account the merger between TDC and NTC (with retroactive effect for accounting purposes as of January 1, 2009).

For further details of the Company's dividend policy, see "*Dividends and Dividend Policy*".

Pursuant to the Danish Companies Act, the Company's shareholders may authorize the distribution of dividend at the annual general meeting based on the latest approved annual report. The shareholders may not authorize a higher dividend than that proposed or approved by the board of directors. A general meeting of the Company's shareholders may resolve to distribute interim dividends. The shareholders may not resolve to distribute interim dividends of a higher amount than that proposed or approved by the board of directors. Finally, a general meeting of the shareholders may authorize the board of directors to resolve to distribute interim dividends. Such authorization may be subject to financial and time restrictions. The board of directors is authorized to distribute interim dividends, see "*—Articles of Association—Authorizations to issue shares and distribute dividends*". Dividends and interim dividends may only be made out of distributable reserves and must not exceed what is considered sound and adequate with regard to the financial position of the Company.

Other rights

None of the Shares carry any redemption or conversion rights or any other special rights.

Transferability

The Shares are in registered form and are freely transferable and negotiable under Danish law. For a discussion of certain restrictions on transfer in other jurisdictions, see "*Transfer Restrictions*".

The Shares are not divided into share classes and all Shares rank *pari passu*.

General meetings and voting rights

General meetings are held in Greater Copenhagen and are convened by the board of directors by notice to any shareholder entered in the Company's register of shareholders who has so requested by a notice published in one or more Danish or foreign daily newspapers as directed by the board of directors and by a notice on the Company's website, www.TDC.dk. See "*Annex B—Articles of Association—Article 6*". The Company's general meetings shall be called by no more than five weeks' and no less than three weeks' notice.

The Company's annual general meeting is held every year not later than April 29. Extraordinary general meetings will be held by resolution of the board of directors, by one of the Company's auditors or by the annual general meeting. Furthermore, extraordinary general meetings must be convened for the consideration of a specified subject when requested in writing by one or more shareholders holding at least 5% of the share capital within two weeks of receipt of the pertinent request. See "*Annex B—Articles of Association—Article 6*".

A shareholder's right to attend general meetings and vote his or her shares is determined on the basis of the shares owned by the shareholder on the date of registration. The date of registration is one week before the date of the general meeting. Further, in order to attend a general meeting a shareholder must have made a request for an admission card on the Company's website, www.TDC.dk or in another way as stated in the notice at least three days before the date of the general meeting. See "*Annex B—Articles of Association—Article 10".*

Each share amount of DKK 1 entitles the holder to one vote at general meetings. All resolutions at general meetings are adopted by a simple majority of votes unless the Danish Companies Act or the Articles of Association prescribe more stringent requirements. The Company cannot vote its own Shares at general meetings. Shareholders have a right to attend general meetings with an advisor or by proxy. Voting rights can be exercised by proxy when the proxy can present a written and dated power of attorney and an admission card. Furthermore, the shareholders have a right to vote by mail clearly identifying the shareholder and shares. A vote given my mail shall, in order to be valid, have been received by VP Services A/S or the Company no later than 10:00 a.m. CET on the weekday before the general meeting. See "*Annex B—Articles of Association—Article 10 and 12*".

Amendments to the Company's Articles of Association

In order to pass a resolution to amend the Articles of Association, it is required that the resolution is passed by at least two-thirds of the votes cast as well as of the share capital represented at the general meeting.

The provisions in the Company's Articles of Association relating to a change of the rights of shareholders or a change to the capital are not more stringent than required by the Danish Companies Act.

Provisions in the Company's Articles of Association that would have an effect of delaying, deferring or preventing a change of control of the Company

The Company's Articles of Association do not contain provisions that would have an effect of delaying, deferring or preventing a change of control of the Company.

Acquisition of own shares

On November 22, 2010, the general meeting of shareholders authorized the board of directors to decide that the Company, in the period until the annual general meeting in 2011, in accordance with the regulations of the Danish Companies Act, acquire up to nominally DKK 500,000,000 own Shares at a maximum price of DKK 100 per Share of nominally DKK 1 and not lower than DKK 1 per Share of nominally DKK 1.

The Company has on the date hereof announced a Share Buy-back according to which the Company offers, subject to certain conditions, to purchase Shares for an aggregate amount of DKK 9,000 million pro rata based on tendered Shares from the Company's shareholders. For a description of the Share Buy-back, see "*TDC's Share Buy-back*".

Dissolution and liquidation

In the event of a dissolution or liquidation of the Company, the Company's shareholders are entitled to participate in the distribution of net assets in proportion to their nominal shareholdings after payment of the Company's creditors.

In order to pass a resolution to dissolve or liquidate the Company, it is required that such resolution is passed by the general meeting by at least two-third of the votes cast as well as of the share capital represented at the general meeting.

Exchange controls relating to non-Danish shareholders

For information on Danish exchange control regulation relating to non-Danish shareholders, see "*Exchange Rates and Exchange Controls*".

Appointment and removal of the board of directors

For a description of the material provisions in the Articles of Association regarding appointment and removal of the board of directors, see "*—Articles of Association—Summary of provisions concerning the board of directors and the executive committee*".

HISTORICAL MARKET INFORMATION

The following table sets forth, for the periods indicated, the high and low sales prices per Share as reported on the NASDAQ OMX Copenhagen on which the Shares are listed under the symbol "TDC".

On November 23, 2010, the latest practicable date for which share price information was available prior to the printing of this offering memorandum, the last sale price of the Shares was DKK 53. As of November 22, 2010, there were 29,243 holders of record of the Company's Shares.

	Market Price	
	DKK	
	High(1)	Low(1)
2010		
October	51.75	45.31
September	46.50	40.47
August	44	40
July	46	43
June	45	41.10
May	55	40.50
April	245	230
March	249	240
February	257	238
January	248	221
2009		
Fourth Quarter	265	192
Third Quarter	206	172
Second Quarter	199	162
First Quarter	210	145
2008		
Fourth Quarter	266.50	180
Third Quarter	290	238
Second Quarter	310	265
First Quarter	282	243.50
2007		
Fourth Quarter	278	258
Third Quarter	279	255
Second Quarter	262	202.50
First Quarter	217	209.50

(1) In the period from January 1, 2007 to May 9, 2010, the nominal value of each Share was DKK 5. As from the share split effected on May 10, 2010, the nominal value of each share was DKK 1. In the period from May 1, 2010 to May 9, 2010, the share price is calculated by dividing the price quoted on NASDAQ OMX Copenhagen by 5 in order to have comparable numbers for May 2010.

Currently, there is a limited public trading market for the Shares. Past performance of the Shares may not be indicative of future prices for the Shares. See "*Risk Factors—Risks Related to the Offering—There is currently a very limited public trading market for the Shares and the price of the Shares, including the Offer Shares, may fluctuate substantially or decline, which could cause investors to lose a significant part of their investment.*"

THE DANISH SECURITIES MARKET

NASDAQ OMX Copenhagen

Trading on NASDAQ OMX Copenhagen is conducted by authorized Danish firms, which include major Danish banks and other securities dealers, as well as certain mortgage credit institutions and the Central Bank.

The trading system for equities trading on NASDAQ OMX Copenhagen operates between 9:00 a.m. and 4:55 p.m. (CET) weekdays. Before the continuous trading begins, there is an opening call session from 8:00 a.m. to 9:00 a.m. (CET) for the purpose of establishing fair opening prices. After the opening prices have been presented, the continuous trading begins. After the end of the continuous trading there is a pre-close call (4:55 p.m. to 5:00 p.m. (CET)). An after market "posttrade" session exists from 5:00 p.m. to 5:20 p.m. (CET).

Registration process

Shares traded on NASDAQ OMX Copenhagen are registered as book entries on accounts maintained in the computer system of VP, which acts as an electronic central record of ownership and as the clearing center for all transactions.

Danish financial institutions, such as banks, are authorized to keep accounts for each specific investor with VP including for Euroclear and Clearstream. All Danish shares listed on NASDAQ OMX Copenhagen are "non-certificated" and registered by computer at VP. Accounts in VP are maintained through authorized account-holding banks.

Shares may be registered in the name of the holder through the account-holding bank.

Nominees

An account with VP may be kept on behalf of one or more owners with beneficial shareholders being entitled to appoint a nominee. A nominee shareholder is entitled to receive dividends and to exercise all subscription and other financial rights attaching to the shares held in its name with VP. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between the parties and the beneficial owner must disclose its identity if any of the abovementioned rights or the administrative rights attaching to the shares are to be exercised directly by the beneficial owner.

The right to appoint a nominee does not set aside a beneficial shareholder's obligation to notify the Company and the Danish Financial Supervisory Authority of a major shareholding, see "*—Disclosure of Shareholders' Interests*" below.

Clearing and settlement

Pursuant to the Nordic Member Rules, members of NASDAQ OMX Copenhagen must participate directly or indirectly in clearing and settlement systems where the relevant instruments are cleared and settled. Trades can be cleared with a central counterparty appointed by NASDAQ OMX Copenhagen and thereafter settled with a central securities depository designated by the member and recognized by NASDAQ OMX Copenhagen or cleared and settled directly with a central securities depository designated by the member and recognized by NASDAQ OMX Copenhagen, depending on the instrument.

Settlement in connection with trading on NASDAQ OMX Copenhagen normally takes place on the third business day after effecting a sale or purchase transaction. Unless otherwise arranged, VP or the "account-holding bank" sends a statement to the name and address recorded with VP showing the amount of shares held by it, which provides the holder with evidence of its rights. The shares may also be settled through the clearing facilities of Clearstream and Euroclear.

Disclosure of shareholders' interests

Pursuant to Section 29 of the Danish Securities Trading Act and Executive Order No. 224 of March 10, 2010, anyone holding shares in a company which has shares admitted to trading on a regulated market or an alternative market place is required to notify the company and the Danish Financial Supervisory Authority as soon as possible of the shareholdings in the company, when:

- the voting rights conferred on the shares represent no less than 5% of the voting rights in the company, or the nominal value of the shares accounts for no less than 5% of the share capital; or
- a change of a holding already notified entails that limits of 5%, 10%, 15%, 20%, 25%, 50% or 90% and limits of ⅓ or ⅔ of the voting rights or nominal value of the share capital are reached or are no longer reached or the change entails that the 5% threshold is no longer reached. When the company has received a notification, it must publish the content of the notification as soon as possible.

Anyone holding shares in a company shall be understood as any natural or legal persons who directly or indirectly hold:

- the company's shares on its own behalf or for its own account;
- the company's shares on its own behalf but for the account of a third-party person; or
- share certificates, where the holder of the share certificate is considered a shareholder of the underlying securities represented by the certificate.

The duty of disclosure described above also applies to persons who are entitled to acquire, sell or exercise voting rights which are:

- held by a third party with whom that person has concluded an agreement which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the relevant company;
- held by a third party pursuant to an agreement concluded with the person about temporary transfer of such voting rights against consideration;
- attached to shares pledged to the person, and where the person controls the voting rights and declares their intention of exercising such rights;
- attached to shares in which the person has the life interest;
- held or can be exercised as set forth in the immediately preceding four bullet points and are controlled by such person;
- attached to shares deposited with the natural or legal person and which such person can exercise in his or her discretion in the absence of specific instructions from the shareholders;
- held by a third party on behalf of and for the account of such person; or
- exercisable by such person by proxy and which are exercisable in the discretion of such person in the absence of specific instructions from the shareholders.

If the obligation to notify the company rests on more than one party, the notification may be made by a joint notification if certain conditions are met. The use of a joint notification does, however, not release the individual shareholders or persons from their individual liability in respect of the duty of disclosure or the contents thereof.

Mandatory takeover bids

The Danish regulation concerning mandatory takeover bids is set out in Part 8 of the Danish Securities Trading Act and Executive Order No. 221 of March 10, 2010.

If a shareholding is transferred, directly or indirectly, in a company with one or several share classes admitted to trading on a regulated market or an alternative marketplace to a transferee or to persons acting in agreement with the transferee, the transferee shall enable all the shareholders of the company to dispose of their shares on identical terms if such transfer involves the transferee obtaining a controlling interest in the company. A controlling interest exists if the transferee:

- directly or indirectly holds more than half of the voting rights in the company unless, in special cases, it can be clearly established that such holding does not constitute a controlling interest;

- is entitled to appoint or dismiss a majority of the members of the company's board of directors or an equivalent management body and the board of directors or the equivalent management body is able to exercise a controlling influence over the company;
- has the right to control the financial and operational affairs of the company pursuant to the articles of association or agreement;
- has the right to control the majority of voting rights in the company according to an agreement with other shareholders; or
- holds more than one-third of the voting rights and the actual majority of votes at the general meeting or in another management body and thereby holds an actual controlling influence over the company.

Warrants, call options and other potential voting rights, which have become exercisable or convertible, will be taken into consideration when assessing whether a transferee holds a controlling interest. Voting rights attached to treasury shares are included in the calculation of percentage of voting rights.

If special conditions apply, the Danish Financial Supervisory Authority may grant an exemption from the obligation to make a mandatory takeover bid.

Public tender offer made by third parties for the shares of the Company during the previous or current financial year

No tender offer from a third party has been launched for the Shares of the Company during the previous or current financial year. For a description of TDC's Share Buy-back, see "*TDC's Share Buy-back*".

Mandatory redemption of shares (squeeze-out)

Where a shareholder holds more than 90.0% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act (Section 70(1)), compulsorily acquire the shares of all remaining shareholders. If so, the remaining shareholders shall be requested under the rules governing notice of general meetings to transfer their shares to said shareholder within a period of four weeks. If the acquisition price cannot be agreed upon, the acquisition price must be determined by an independent expert appointed by the court of the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Specific requirements apply to the contents of the notice.

If all shareholders have not transferred their shares to the redeeming shareholder within four weeks following the notice, they must be requested, by announcement in the computer system of the Danish Commerce and Companies Agency, to transfer their shares to the shareholder subject to at least three months' notice, before the compulsory redemption can be effected.

Furthermore, where a shareholder holds more than 90.0% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act. If the compulsory acquisition price cannot be agreed upon, the compulsory acquisition price must be determined by an independent expert appointed by the court of the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act.

Disclosure requirements for listed companies on NASDAQ OMX Copenhagen

Under the Danish Securities Trading Act, a listed company is obliged to inform the public and the Danish Financial Supervisory Authority as soon as possible of inside information, if such information directly relates to the Company's business. Inside information must be disclosed as soon as possible upon the coming into existence of the relevant circumstances or the occurrence of the relevant event. A listed company is also obliged to disclose any significant changes concerning already publicly disclosed inside information.

A listed company is also required to ensure that no unauthorized person gains access to inside information relating to the issuer prior to its publication to the market. Pursuant to the Danish Securities Trading Act and the rules of NASDAQ OMX Copenhagen, the Company must disclose, e.g., (i) changes to its board of directors or executive management board, (ii) decisions to introduce incentive schemes, (iii) issuance of new shares, (iv) interim reports and accounts and (v) annual reports and accounts.

TAXATION

The following summary is based on the tax laws of Denmark and the United States as of the date of this offering memorandum and is subject to changes in Danish or United States law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Denmark or the United States. You are advised to consult your own professional tax advisors as to the Danish, United States or other tax consequences of the Offering and the purchase, ownership and disposition of the Offer Shares.

Danish taxation

The following is a summary of certain Danish income tax considerations relating to the investment in the Offer Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is based on the tax laws of Denmark as in effect and applied on the date of this offering memorandum and is subject to changes in Danish law, including changes with retroactive effect.

The summary does not cover investors to whom special rules apply, including investors subject to the Danish Act on Pension Investment Return Taxation and professional investors. Therefore the summary may not be relevant for example to certain institutional investors, insurance companies, pension funds, banks and stockbrokers. The summary does not cover taxation of individuals and companies who carry on business purchasing and selling shares.

Potential investors in the Offer Shares are advised to consult their tax advisors regarding the applicable tax consequences of acquiring, holding and disposing of the Offer Shares based on their particular circumstances. Investors who may be affected by the laws of other jurisdictions are advised to consult their tax advisors with respect to tax consequences applicable to their particular circumstances as such may differ significantly from those described herein.

Taxation of shareholders resident in Denmark

Individuals resident in Denmark, individuals who have stayed in Denmark for a consecutive period of at least six months and companies registered in Denmark or having their place of management in Denmark are, as a general rule, tax resident in Denmark and thus fully liable to Danish taxation.

Sale of shares–Individuals

Gains from the sale of shares are taxed as share income at a rate of 28.0% (to be reduced to 27.0% in 2012) on the first DKK 48,300 (for cohabiting spouses, a total of DKK 96,600) and at a rate of 42.0% on share income exceeding DKK 48,300 (for cohabiting spouses DKK 96,600). The DKK 48,300 and DKK 96,600 amounts are subject to annual adjustments and include all share income derived by the individual or cohabiting spouse, respectively.

Gains and losses on sale of shares are calculated as the difference between the purchase price and the sales price. On the sale of part of the shares in the same company held by the investor, the purchase price is generally made up according to the average method as a proportion of the aggregate purchase price for all shares in the company.

Losses on the sale of shares traded on a regulated market can only be offset against other share income deriving from shares traded on a regulated market, i.e. dividends received on shares traded on a regulated market or capital gains on shares traded on a regulated market. To the extent losses on shares traded on a regulated market cannot in the same year be offset against other form of share income deriving from shares traded on a regulated market, such losses can be offset against a cohabiting spouse's share income deriving from shares traded on a regulated market or can be carried forward indefinitely and offset against future share income deriving from shares traded on a regulated market.

Losses deriving from the sale of shares traded on a regulated market can only be offset against share income derived from shares traded on a regulated market to the extent the Danish Tax Authorities have received certain information concerning the acquisition of the shares. This information is usually provided to the Danish Tax Authorities by the securities dealer.

Sale of shares–Companies

A distinction is made between Subsidiary Shares, Group Shares and Portfolio Shares (as defined below) with respect to taxation of gains from the sale of shares by companies.

- "Subsidiary Shares" are generally defined as shares held by a shareholder with a direct holding of 10.0% or more of the share capital of a company.
- "Group Shares" are generally defined as shares in a company in which the shareholder of the company and the company are jointly taxed or meet the criteria for international joint taxation under the Danish joint taxation regime, usually implying that the shareholder directly or indirectly controls more than 50.0% of the votes in the company.
- "Portfolio Shares" are shares not falling within the definitions of Subsidiary Shares or Group Shares as defined above, e.g. where a shareholder holds less than 10.0% of the shares in a company.

Special rules apply in order to prevent avoidance of the 10.0% ownership requirement through the establishment of certain holding company structures. These rules will not be described in further detail.

Capital gains derived from the sale of Subsidiary Shares and Group Shares are exempt from taxation regardless of the ownership period. Capital gains derived from the sale of Portfolio Shares are subject to tax at a rate of 25.0% regardless of the ownership period. Gains on Portfolio Shares are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or tax deductible loss is calculated as the difference between the market value of the shares at the beginning and at the end of the tax year. Thus taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realized.

Losses derived from the sale of Subsidiary Shares and Group Shares are not tax deductible. Losses on Portfolio Shares are tax deductible.

It should be noted that a change of status from Subsidiary Shares or Group Shares to Portfolio Shares and vice versa will be treated as a disposal of the shares and reacquisition at the market price of the shares at the relevant time.

Dividends–Individuals

Dividends paid to individuals are taxed as share income under the same rules as described above under "*—Sale of shares—Individuals*". It should be noted that all share income must be taken into account when calculating whether the amounts of DKK 48,300 and DKK 96,600 are exceeded.

Dividends–Companies

With regard to dividends received by companies the distinction between Subsidiary Shares, Group Shares and Portfolio Shares also apply.

Dividends received on Subsidiary Shares and Group Shares are tax exempt regardless of the ownership period. Dividends received on Portfolio Shares are subject to tax at a rate of 25.0% regardless of the ownership period.

Taxation of non-resident shareholders

Sale of shares—Individuals

Capital gains derived by a non-resident individual from the sale of shares are not subject to Danish taxation.

Sale of shares—Companies

Capital gains derived by a non-resident company from the sale of shares are not subject to Danish taxation unless the shares are attributable to a permanent establishment of the shareholder in Denmark.

Dividends—Individuals

According to Danish law dividends paid to non-resident individuals are subject to Danish (withholding) tax at a rate of 28.0%. The rate will be reduced to 27.0% in 2012.

In the event that a non-resident individual receiving dividends owns less than 10.0% of the shares in the company paying dividends the shareholder may, if resident in the EU or a jurisdiction that has entered into a tax treaty or an exchange of information agreement with Denmark, request a refund of tax withheld in excess of 15.0% or a lower rate provided for in an applicable tax treaty. Where the individual who requests a refund is tax resident outside the EU it is a condition that the individual and associated parties in aggregate holds less than 10.0% of the shares in the company paying dividends.

Denmark has entered into tax treaties with approximately 80 countries, including the United States, Japan and most members of the EU. The treaty between Denmark and the United States generally provides for a 15% rate. Where Denmark has entered into a tax treaty with the jurisdiction in which the shareholder is a tax resident, the shareholder may, subject to specific procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the tax rate that Denmark is entitled to withhold under the treaty. The refund is sought by completing form 06.003 and filing it with the Danish tax authorities.

In addition, there is a special tax regime that applies to dividends distributed to individuals resident in a number of countries, including United States, the United Kingdom, Belgium, Canada, Greece, the Netherlands, Ireland, Luxembourg, Norway, Switzerland, Sweden and Germany. This special tax regime provides that tax on dividends may be withheld at the applicable tax rate specified in the relevant tax treaty. In order to qualify for the application of this specific regime, the shareholder must deposit his shares with a Danish bank, and the shareholding must be registered and administered through VP. Furthermore, the shareholder applying for this scheme must provide documentation from the relevant foreign tax authority proving the shareholders residence and entitlement to benefits under the applicable tax treaty. A special form prepared by the Danish Tax Authorities must be filed by the shareholder in order to take advantage of this special tax regime.

Dividends—Companies

Dividends paid to non-resident companies are generally subject to Danish (withholding) tax at a rate of 28.0%. The rate will be reduced to 27.0% in 2012.

No Danish tax is withheld on dividends derived by non-resident companies from Subsidiary Shares, provided that withholding tax on dividends must be waived or reduced under the EU Parent/Subsidiary Directive (Council directive 90/435/EEC) or an applicable tax treaty entered into between Denmark and the jurisdiction in which the company receiving the dividends is resident. No Danish tax is withheld from dividends derived by non-resident companies from Group Shares, where the company receiving the dividends is resident within the EU or EEA and withholding tax on dividends would have been waived or reduced under the EU Parent/Subsidiary Directive (Council directive 90/435/EEC) or an applicable tax treaty entered into between Denmark and the jurisdiction in which the company receiving the dividends is resident if the shares had been Subsidiary Shares.

Denmark has entered into tax treaties with approximately 80 countries, including the United States, Japan and most members of the EU. The treaty between Denmark and the United States generally provides for a 15% rate. Where Denmark has entered into a tax treaty with the jurisdiction in which the shareholder is a resident, the shareholder may, subject to specific procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the tax rate that Denmark is entitled to withhold under the treaty. The refund is sought by completing form 06.003 and filing it with the Danish tax authorities.

In the event that a non-resident company receiving dividends owns less than 10.0% of the shares in the company paying dividends the shareholder may, if resident in the EU or a jurisdiction that has entered into a tax treaty or an exchange of information agreement with Denmark, request a refund of withheld tax in excess of 15.0% or a lower rate provided in an applicable tax treaty. Where the company requesting a refund is tax resident outside the EU it is a condition that the company and associated parties in aggregate holds less than 10.0% of the shares in the company paying dividends.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark dividends are taxable pursuant to the rules applying to Danish shareholders.

Share transfer tax

No Danish share transfer tax is payable.

Certain United States Federal Income Tax Consequences

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set out in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following summary describes certain United States federal income tax consequences of the ownership of Offer Shares as of the date hereof. The discussion set forth below is applicable to United States Holders (as defined below) (i) who are residents of the United States for purposes of the current income tax treaty between Denmark and the United States (the "Treaty"), (ii) whose Offer Shares are not, for purposes of the Treaty, attributable to a permanent establishment of such holder in Denmark and (iii) who otherwise qualify for the full benefits of the Treaty. Except where noted, this summary deals only with Offer Shares held as capital assets. As used herein, the term "United States Holder" means a beneficial owner of an Offer Share that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding Offer Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10.0% or more of TDC's voting stock;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose "functional currency" is not the United States dollar.

The discussion below is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and final and proposed regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If a partnership holds Offer Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Offer Shares, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. **If you are considering the purchase, ownership or disposition of Offer Shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.**

Except as provided below, this discussion assumes that TDC is not, and will not become, a passive foreign investment company.

Taxation of Dividends

The gross amount of cash distributions on the Offer Shares (including amounts withheld to reflect Danish withholding taxes) will be taxable as dividends to the extent paid out of TDC's current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

With respect to non-corporate United States Holders, dividends received in taxable years beginning before January 1, 2011 may be subject to reduced rates of taxation if certain conditions are met. Dividends received in taxable years beginning on or after January 1, 2011, however, will not be subject to reduced rates of taxation unless Congress enacts legislation providing otherwise. You should consult your own tax advisors regarding the application of these rules in your particular circumstances.

The amount of any dividend paid in Danish Kroner will equal the United States dollar value of the Danish Kroner dividend amount calculated by reference to the exchange rate in effect on the date the dividend is received by you, regardless of whether the Danish Kroner are converted into United States dollars. If the Danish Kroner received as a dividend are converted into United States dollars on the date they are received, you generally will not be required to recognize foreign currency gain or loss in respect of the Danish Kroner you receive. If the Danish Kroner received as a dividend are not converted into United States dollars on the date of receipt, you will have a basis in the Danish Kroner equal to their United States dollar value on the date of receipt. Any exchange gain or loss realized on a subsequent conversion or other disposition of the Danish Kroner will be treated as United States source ordinary income or loss.

Dividends paid on the Offer Shares are generally subject to Danish withholding tax at a rate of 28 percent (27 percent from 2012), which is reduced to the maximum rate of 15 percent pursuant to the Treaty. You may be required to properly demonstrate to the company and the Danish Tax Authorities your entitlement to the reduced rate of withholding under the Treaty, including possibly depositing your shares with a Danish bank and satisfying other procedural requirements. See "*Danish taxation—Taxation of non-resident shareholders*". Subject to certain conditions and limitations, Danish withholding taxes on dividends withheld at a rate not exceeding the applicable rate set forth in the Treaty may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the Offer Shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if you:

- have held Offer Shares for less than a specified minimum period during which you are not protected from risk of loss, or
- are obligated to make payments related to the dividends,

you will not be allowed a foreign tax credit for Danish taxes imposed on dividends paid on the Offer Shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances and the

United States federal income tax consequences of a potential refund of Danish withholding tax (including any foreign currency consequences).

To the extent that the amount of any distribution exceeds TDC's current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the Offer Shares, and the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, TDC does not expect to calculate earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Passive Foreign Investment Company

Based on the projected composition of TDC's income and valuation of its assets, including goodwill, TDC does not expect to be a passive foreign investment company (a "PFIC") for 2010, and TDC does not expect to become one in the future, although there can be no assurance in this regard.

If, however, TDC is or becomes a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the Offer Shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from TDC in taxable years beginning prior to January 1, 2011, if TDC is a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

Taxation of Capital Gains

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of an Offer Share in an amount equal to the difference between the amount realized for the Offer Share and your tax basis in the Offer Share. Such gain or loss will generally be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of Offer Shares and the proceeds from the sale, exchange or redemption of Offer Shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

TDC'S SHARE BUY-BACK

The Company has on the date hereof announced a Share Buy-back according to which the Company offers to purchase Shares for an aggregate amount of DKK 9,000 million pro rata based on the number of tendered Shares from the Company's shareholders. The Share Buy-back is being carried out pursuant to the authorization granted by the general meeting of shareholders to the board of directors of the Company on November 22, 2010, see "*Description of Share Capital and Corporate Structure—Acquisition of own Shares*".

The background for the Share Buy-back is that following the completion of the sale of Sunrise and the partial repayment of the Senior Facilities, the board of directors of the Company believes, having due regard to the Company's existing credit facilities and profits from operations, that the Company is overcapitalized and thus that shareholder value may be increased by returning excess equity to the Shareholders. For a description of TDC's capitalization before and after the Share Buy-back and the partial repayment of the Senior Facilities, see "*Capitalization*".

The purchase price per share under the Share Buy-back is a price equivalent to the Offer Price. The total number of Shares to be purchased in the Share Buy-back will be between 160,714,285 and 191,489,361 Shares with an Offer Price within the Offer Price Range. The exact number of Shares to be purchased in the Share Buy-back will depend on the Offer Price.

As of the date hereof, TDC holds 1,419,105 treasury Shares, corresponding to 0.14% of the share capital in the Company, and, after completion of the Share Buy-back, will hold between 162,133,390 and 192,908,466 treasury Shares, corresponding to between 16.3% and 19.4% of the share capital in the Company, in each case assuming an Offer Price within the Offer Price Range. For a description of TDC's share capital, see "*Description of Share Capital and Corporate Structure*".

Shares acquired in the Share Buy-back may be used:

- in connection with incentive and other remuneration programs for the Company's executive management and employees (for a maximum amount of DKK 190 million) (see "*Remuneration and Benefits—Incentive Programs*");
- in connection with a contemplated one-time grant to the Company's employees of Shares representing a value for each employee of approximately DKK 12,000 (see "*Remuneration and Benefits—Employee Share Offering*");
- as consideration in acquisitions of other businesses (for a maximum amount of DKK 300 million); and
- subject inter alia to the necessary approval of the general meeting, to complete a reduction in the share capital of the Company at a later date.

The Company and NTC have entered into an agreement according to which NTC has undertaken to sell Shares at the Offer Price in the Share Buy-back for a total amount equal to the Share Buy-back or such lower amount which would, after allocation and proration, correspond to NTC's proportionate part of the total amount of the Share Buy-back. The Company has, subject to completion of the Share Buy-back undertaken to buy Shares at the Offer Price for a minimum amount equal to 88.02% of the total Share Buy-back amount, which is equal to NTC's proportionate ownership interest in the Company at the date of the agreement (exclusive of treasury shares).

The Share Buy-back is subject to the following conditions being fulfilled or waived by the Company in its sole discretion at or prior to the Company's acceptance of Shares tendered pursuant to the Share Buy-back and that such conditions remain fulfilled (unless waived) at settlement and completion of the Share Buy-back:

- Pricing of the Offering being announced through NASDAQ OMX Copenhagen no later than on December 9, 2010 and completion of the Offering being unconditional in all material respects;
- The Offering being announced through NASDAQ OMX Copenhagen to comprise a sale by the Selling Shareholders of Shares (excluding all Shares sold under the Over-allotment Option) with an aggregate gross selling price of not less than DKK 9,000 million;
- The Offer Price being not less than DKK 1 per Share and not more than DKK 100 per Share;

- The legal requirements for the completion of the Share Buy-back as set out in the Danish Companies Act being fulfilled and there being no legal obstructions, including pending or threatening lawsuits, to the completion of the Share Buy-back;
- The Company receiving a fairness opinion from a reputable financial advisor stating that, based on the procedures applied in the Offering, and subject to the assumptions, qualifications and other matters considered by the financial advisor, the Offer Price, and thus the price paid for the tendered Shares in the Share Buy-back, in the opinion of the financial advisor at the time of the pricing is fair from a financial point of view to TDC. The Company has appointed FIH Partners A/S as its financial advisor to issue the fairness opinion; and
- The Company's board of directors with due consideration to its duties towards the Company and the Shareholders under Danish law making the decision to exercise the authorisation granted by the Company's general meeting on 22 November 2010 to buy back Shares.

The Company's offer to buy Shares under the Share Buy-back expires on December 8, 2010 unless extended. The Share Buy-back may be closed prior to December 8, 2010. The Share Buy-back is expected to be settled on or around the same day as the Offering.

Restrictions Relating to the Share Buy-back

The Share Buy-back discussed in this offering memorandum is not being made and will not be made directly or indirectly in, or by use of, U.S. mail or any U.S. means or instrumentality of U.S. interstate or foreign commerce or any facility of a U.S. national securities exchange. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of the documentation related to the Share Buy-back are not being, and must not be, mailed or otherwise transmitted or distributed in or into the United States.

TERMS AND CONDITIONS OF THE OFFERING

Information Concerning the Securities to be Offered

The Offer Shares and the Offering

The Company has one class of shares only. The Shares including the Offer Shares are registered under the ISIN code DK0060228559. The Shares have been issued pursuant to Danish law. The Shares including the Offer Shares are traded and officially listed on NASDAQ OMX Copenhagen.

A total of 210,000,000 Offer Shares (before the exercise, if any, of the Over-allotment Option of up to 31,500,000 Offer Shares) are being offered by the Selling Shareholders in the Offering. The exact number of Offer Shares to be sold is expected to be announced through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on December 9, 2010.

The Offering consists of: (i) a public offering to retail and institutional investors in Denmark; and (ii) a private placement to institutional investors in other jurisdictions, including a private placement in the United States to persons reasonably believed to be "qualified institutional buyers" or "QIBs" as defined in and in reliance upon Rule 144A under the U.S. Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales of the Offer Shares outside the United States will be made in reliance on, and in compliance with, Regulation S under the U.S. Securities Act.

Currency

The Offering will be carried out and trading of the Shares will be effected in Danish Kroner. The Shares are denominated in Danish Kroner.

Offer Price, Offer Period and Completion of the Offering

The Offer Price will be determined through a book-building process. Book-building is a process in which the Joint Global Coordinators, prior to the final pricing of the Offering, establish the basis for determining the Offer Price by collecting expressions of interest in the Offer Shares from potential institutional and other investors. The Offer Price is free of brokerage charges and is expected to be between DKK 47 and DKK 56 per Offer Share. This price range is indicative only. This indicative price range has been set by the Selling Shareholders and the Joint Global Coordinators taking into account, among other things, TDC's historic and projected revenues and earnings, the Selling Shareholders' and TDC's objective of establishing an orderly after-market in the Offer Shares, and prevailing market conditions. Following the book-building process, the Offer Price will be determined by the Selling Shareholders and the Joint Global Coordinators and is expected to be announced through NASDAQ OMX Copenhagen no later than 8:00 a.m. (CET) on December 9, 2010.

The Offer Period will commence on, and include, December 1, 2010 and will close no later than December 8, 2010 at 4:00 p.m. (CET). The Offer Period may be closed prior to December 8, 2010. If the Offering is closed before December 8, 2010, the date of payment, settlement and delivery of the Temporary Purchase Certificates and the exchange of the Temporary Purchase Certificates for Offer Shares will be moved forward accordingly.

The Offer Period in respect of applications for purchases of amounts up to and including DKK 3 million may be closed before the remainder of the Offering is closed. Any such early closing, in whole or in part, will be announced through NASDAQ OMX Copenhagen.

Purchase Method

Applications to purchase for amounts up to and including DKK 3 million

Applications by Danish investors to purchase for amounts of up to and including DKK 3 million should be made by submitting the application form that accompanies the Danish language version of the offering memorandum to the investor's own account-holding bank during the Offer Period or such shorter period as may be announced through NASDAQ OMX Copenhagen. Applications are binding and cannot be altered or cancelled. Applications may be made at a maximum price per Offer Share in Danish Kroner. If the Offer Price exceeds the maximum price stated in the application form, then no Offer Shares will be allocated to the investor. Where no maximum price per Offer Share has been indicated, applications will be deemed to be made at the Offer Price (unless the price per Offer Share exceeds the Offer Price Range). Applications should be made for a whole number of Offer Shares or for an amount rounded to the nearest whole Danish Kroner. The Selling Shareholders reserve the right to accept only one application from each VP account.

The application form must be submitted to the investor's own account-holding bank in complete and executed form in due time to allow the investor's own account-holding bank to process and forward the application to ensure that it is in the possession of Danske Bank A/S, Corporate Actions no later than 4:00 p.m. (CET) on December 8, 2010, or such earlier time as may be announced through NASDAQ OMX Copenhagen.

Applications to purchase for amounts of more than DKK 3 million

Investors who wish to apply to purchase for amounts of more than DKK 3 million can indicate their interest to one or more of the Managers during the Offer Period. During the Offer Period, such investors may continuously change or cancel their indications of interest, but they will be bound by their application at the end of the Offer Period, at which point indications of interest become binding applications. Immediately after the determination and announcement of the Offer Price, a number of Offer Shares will be allocated to the investors within the framework of the latest indications of interest made by investors. Applications made at a price equivalent to or exceeding the Offer Price will be settled at the Offer Price following allocation of the Offer Shares.

Minimum and Maximum Purchase Amounts

The minimum purchase amount is 1 Offer Share. No maximum purchase amount applies to the Offering. However, the number of Shares is limited to the number of Offer Shares in the Offering.

Allocation and reduction

Allocation to investors of Offer Shares in the Offering will be made by the Selling Shareholders in consultation with the Joint Global Coordinators at the close of the Offer Period.

In the event that the total number of Shares applied for in the Offering exceeds the total number of Offer Shares, reductions will be made as follows:

(i) In respect of applications for amounts of up to and including DKK 3 million, reductions will be made mathematically; and

(ii) In respect of applications for amounts of more than DKK 3 million, individual allocations will be made. The Joint Global Coordinators will allocate the Offer Shares to investors, after agreement upon such allocations with the Selling Shareholders.

Further, the Managers and Danske Bank A/S reserve the right to require documentation to verify the authenticity of all orders and the name of each investor, and to pass on such information to the Selling Shareholders and the Company and to make individual allocations if deemed appropriate.

It is expected that the result of the Offering and the basis of allocation will be announced through NASDAQ OMX Copenhagen on or about December 9, 2010. If the Offering is closed before December 8, 2010, the announcement of the basis of allocation will be moved forward accordingly.

Following the completion of the Offering, investors will receive a statement indicating the number of Offer Shares allocated to them and the value of such Offer Shares at the Offer Price.

Payment and Settlement

Payment and settlement are expected to take place on or about December 13, 2010 the second business day after the announcement of the Offer Price by way of delivery of Temporary Purchase Certificates with ISIN: DK0060262301 in book-entry form to the investors' accounts with VP against payment in immediately available funds in Danish Kroner. Each Temporary Purchase Certificate evidences the purchase of one Offer Share from the Selling Shareholders. The Temporary Purchase Certificates will not be admitted to trading or official listing on any regulated market. The sole purpose of the Temporary Purchase Certificates is to enable settlement of the Offering.

The Offer Shares are expected to be delivered in book-entry form to the investors' accounts with VP on the third business day after announcement of the Offer Price in exchange for a corresponding number of Temporary Purchase Certificates registered in the investors' accounts with VP (i.e. one Temporary Purchase Certificate will be exchanged for one Offer Share).

Investors who do not have an account with VP may arrange for payment and settlement of Temporary Purchase Certificates through the facilities of Euroclear and Clearstream.

If the Offering is closed before December 8, 2010, the date of payment, settlement and delivery of Temporary Purchase Certificates as well as the date of exchange of Temporary Purchase Certificates for Offer Shares will be moved forward accordingly.

The Shares may be entered in the name of the holder in the Company's register of shareholders through the holder's custodian bank. The address of VP is VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark.

ISIN of the Offer Shares

The Shares, including the Offer Shares, are traded and officially listed on NASDAQ OMX Copenhagen under ISIN DK0060228559.

Withdrawal of the Offering

The completion of the Offering is subject to no events occurring on or before December 13, 2010, which in the opinion of the Joint Bookrunners would make it inadvisable to proceed with the Offering. The Purchase Agreement also contains conditions for the completion of the Offering, which the Selling Shareholders believe are customary for such offerings, including that the completion of the Offering is subject to compliance with all conditions set out in the Purchase Agreement. If one or more conditions for the completion of the Offering are not met, the Joint Bookrunners are entitled, in their discretion, to terminate the Purchase Agreement. Any withdrawal of the Offering will be announced through NASDAQ OMX Copenhagen.

If this right of withdrawal is exercised, the Offering and any associated arrangements will lapse, all applications for purchases submitted will be automatically cancelled and no Offer Shares will be delivered, any monies received in respect of the Offering will be returned to the investors without interest (less any transaction costs).

Consequently, any trades in the Offer Shares affected on or off the market before the Offer Shares have been delivered to investors may subject investors to liability for not being able to deliver the Shares sold and investors who have sold or acquired Shares on or off the market may incur a loss. Furthermore, any off market trades in Temporary Purchase Certificates before settlement may result in loss for the buyer. Any dealings will be at the sole risk of the parties concerned.

Stock Lending Agreement

NTCH intends to agree with the stabilizing manager, acting on behalf of the Managers, that it will make available up to 31,500,000 Shares for the purpose of delivering the Offer Shares to investors in connection with the Over-allotment Option. The stabilizing manager will be appointed prior to the allocation date.

Announcement of Result of the Offering

The result of the Offering including the final Offer Price and the exact number of Offer Shares will be communicated in an announcement which is expected to be published through NASDAQ OMX Copenhagen not later than December 9, 2010.

Expected Timetable of Principal Events relating to the Offering

Start of Offer Period	December 1, 2010
Expected expiry of Offer Period	December 8, 2010
Publication of the pricing statement containing the Offer Price and the exact number of Offer Shares	December 9, 2010
Allocation date	December 9, 2010
Settlement date for payment and delivery of the Temporary Purchase Certificates	December 13, 2010
Date for delivery of the Offer Shares	December 14, 2010

Intentions of Current Shareholders, Members of the board of directors and executive committee to Sell Shares in the Offering

The members of the board of directors and the executive committee of the Company do not intend to sell any of their Shares in connection with the Offering. Except for the Selling Shareholders' intention to sell, the Company and the Selling Shareholders have not received any indications from the Company's major shareholders with respect to any intention to sell Shares in the Offering.

Interests of Natural and Legal Persons Involved in the Offering

As described in "*Remuneration and Benefits—Shares held by directors, alternate directors and executive committee members*", certain members of the board of directors and the executive committee are shareholders of the Company and NTC and therefore have an interest in the Offering. TDC is not aware of any other potential conflict of interest in relation to the Offering that would be material to TDC.

Expenses relating to the Offering

All expenses in relation to the Offering will be borne by the Selling Shareholders.

Selling Agents

Danske Bank A/S (CVR no. 61126228), Holmens Kanal 2-12, 1092 Copenhagen K, Denmark and Skandinaviska Enskilda Banken, Danmark branch of Skandinaviska Enskilda Banken AB (publ.) Sweden (CVR no. 19956075), Bernstorffsgade 50, 1577 Copenhagen V, Denmark are selling agents for the Danish Offering.

Settlement Agent and Paying Agents

Danske Bank A/S is the settlement agent for the Offering.

Euroclear Bank S.A./N.V. and Clearstream Banking S.A. are the paying agents for the Offering.

Availability of offering memorandum

Persons meeting the requirements of the applicable selling restrictions may also request copies of this offering memorandum at:

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: (+45) 70 23 08 34
E-mail: prospekter@danskebank.dk

Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden
Bernstoffsgade 50
DK-1577 Copenhagen V
Denmark
Phone: (+45) 33 28 29 00
E-mail: prospekt@enskilda dk

In addition, copies of the Danish offering memorandum may be downloaded from TDC's website, www.TDC.com/www.TDC.dk, by persons who satisfy applicable selling restrictions.

Applicable law

The offering memorandum is prepared, and the Offering is being conducted, in accordance with Danish law, and the Offering will comply with applicable laws in such other jurisdictions where the Offering is being conducted.

PLAN OF DISTRIBUTION

The Company, the Selling Shareholders and the Managers named below have entered into a purchase agreement dated as at November 25, 2010 (the "Purchase Agreement") with respect to the Offer Shares. Subject to certain conditions set forth in the Purchase Agreement, the Selling Shareholders have agreed, severally but not jointly, to sell to the purchasers procured by the Managers or, failing which, to the Managers themselves, and each of the Managers has agreed, severally but not jointly, to procure purchasers for, or failing such procurement, to purchase from the Selling Shareholders the percentage of total number of Offer Shares offered listed opposite such Manager's name below.

Name of Managers	% of Offer Shares to be purchased
J.P. Morgan Securities Ltd.	14.5%
Morgan Stanley & Co. International plc	14.5%
Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden	13.4%
Deutsche Bank AG, London Branch	12.3%
UBS Limited	12.3%
Credit Suisse Securities (Europe) Limited	6.0%
Goldman Sachs International	6.0%
Nomura International plc	6.0%
Danske Bank A/S	4.5%
HSBC Bank plc	4.5%
BNP PARIBAS	3.0%
Carnegie Bank A/S	3.0%
Total	**100.0%**

The Purchase Agreement provides that the obligations of the Managers to procure purchases for, or failing which, purchase themselves the Offer Shares, and, if applicable, additional Offer Shares pursuant to the Over-allotment Option are subject to: (i) entry into the pricing agreement between the Selling Shareholders and the Joint Global Coordinators acting as representatives on behalf of themselves and the several other Managers, which will contain the Offer Price and the exact number of Offer Shares and size of the Over-allotment Option (the "Pricing Agreement"), (ii) receipt of opinions on certain legal matters from counsel, and (iii) certain other conditions.

The Purchase Agreement provides that, upon the occurrence of certain events, such as the general suspension of all trading on NASDAQ OMX Copenhagen, breach of certain representations and warranties given by each of the Company and each Selling Shareholder and under certain other conditions, the Managers may elect to terminate their several commitments and have the right to withdraw from the Offering before delivery of the Temporary Purchase Certificates. If the Managers elect to terminate their several commitments, the Offering may be canceled and, if it is canceled, no Offer Shares will be delivered. All dealings in the Temporary Purchase Certificates and Offer Shares prior to delivery are at the sole risk of the parties concerned.

In consideration of the agreement by the Managers to purchase the Offer Shares, and, if applicable, additional Shares pursuant to the Over-allotment Option, at the Offer Price and subject to the Offer Shares being sold as provided for in the Purchase Agreement, the Selling Shareholders have agreed to pay to the Managers an underwriting discount and commission of 1.50% in respect of the Offer Shares and 1.00% in respect of the Over-allotment Shares, of the product of the Offer Price and the aggregate number of Offer Shares and Over-allotment Shares (if any), respectively. The Selling Shareholders have also agreed to pay to retail banks other than the Nordic Retail Bookrunners whose customer buys the Offer Shares an additional handling fee of 0.25% of the product of the Offer Price and the aggregate number of Offer Shares and Additional Shares (if any), respectively, purchased in the Offering by Danish retail investors who place an order to buy Offer Shares for an amount of less than DKK 3 million. The Selling Shareholders may, at their discretion, pay additional commissions to the Joint Global Coordinators. The Selling Shareholders have agreed to reimburse the Managers in respect of certain expenses. The Selling Shareholders have agreed to indemnify the Managers against certain losses and liabilities arising out of, or in connection with, the Offering.

The Offering consists of: (i) a public offering to retail and institutional investors in Denmark, and (ii) a private placement to institutional investors in other jurisdictions, including a private placement in the United States to persons reasonably believed to be "qualified institutional buyers" or "QIBs" as defined in and in reliance upon Rule 144A under the U.S. Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. All offers and sales of the Offer Shares outside the United States will be made in reliance on, and in compliance with, Regulation S under the U.S. Securities Act. The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except as described in the immediately preceding sentence. Any offer and sale in the United States will be made by affiliates of the Managers who are broker dealers registered under the U.S. Exchange Act of 1934, as amended (the "U.S. Exchange Act").

Over-allotment Option

NTCH has agreed to grant the Joint Global Coordinators, on behalf of the Managers the Over-allotment Option to purchase up to 31,500,000 additional Shares (the "Over-allotment Shares") at the Offer Price (the "Over-allotment Option"), exercisable, in whole or in part, from the date of public disclosure of the final Offer Price until 30 calendar days after the date of allotment. Unless stated otherwise or the content requires otherwise the term "Offer Shares" includes "Over-allotment Shares".

Stabilization

In connection with the Offering, the stabilizing manager, or its agents, on behalf of the Managers, may engage in transactions that stabilize, maintain or otherwise affect the price of the Shares for up to 30 days from the allotment date of the Offer Shares. Specifically, the Managers may over-allot Offer Shares or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail. The stabilizing manager and its agents are not required to engage in any of these activities and, as such, there is no assurance that these activities will be undertaken; if undertaken, the stabilizing manager or its agents may end any of these activities at any time and they must be brought to an end at the end of the 30-day period mentioned above. Save as required by law or regulation, the stabilizing manager will not be required to disclose the extent of any stabilization transactions under the Offering. The stabilizing manager will be appointed prior to the allotment date and its identity will be announced through NASDAQ OMX Copenhagen.

Lock-up Arrangement

Each of the Selling Shareholders has agreed that, during the period ending 180 days after the publication of this offering memorandum, it will not, except as set forth below, without the prior consultation of each of the Joint Bookrunners and prior written consent of the majority of the Joint Bookrunners, (1) offer, pledge, mortgage, charge, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for ordinary shares of the Company, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares of the Company, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares of the Company or such other securities, in cash or otherwise, or (3) propose any general meeting of the Company, or convene or take action to convene any general meeting for the purpose of proposing, any resolution of the Company authorizing the issue of any Shares or warrants to subscribe for Shares. The foregoing shall not apply to (i) the sale of the Shares under the Purchase Agreement or pursuant to the Share Buy-back, (ii) the lending of ordinary shares under the Stock Lending Agreement and the assignment of certain rights thereunder subject to the conditions thereof, (iii) transfers of ordinary shares between Selling Shareholders or (iv) in connection with any management investment program as described under "*Remuneration and Benefits—Management Investment Program*" (see "*Terms and Conditions of the Offering—Stock Lending Agreement*").

The members of the Company's executive committee (see "*Management—Executive committee*") and certain other members of the Company's management are participants in a Management Investment Program under which such participants own B shares directly or indirectly in NTC (the "Management Investment Program"). In connection with the Offering and subject to certain conditions, the participants in the Management Investment Program have agreed to a reorganization of the

Management Investment Program and buyout of their direct or indirect interest in the B shares of NTC in exchange for a payment in Shares and cash. For participants holding B shares in NTC directly, the purchase price will, at each participant's election, consist of Shares in the Company or of 50% Shares and 50% cash. For participants holding B shares in NTC indirectly through Nordic Telephone Management Holding ApS, the purchase price will consist of 50% Shares in the Company and 50% cash. The cash component was included in the buyout in order to provide participants with cash resources to meet tax obligations arising out of the sale of the B shares of NTC.

As part of their agreements to participate in the Management Investment Program reorganization and buyout, the participants in the Management Investment Program who are currently employed by TDC have agreed with the Selling Shareholders, for a specified period and with respect to a specified portion of the Shares received by them as consideration for the buyout of the B shares of NTC or their indirect interest in the B shares of NTC, as indicated below, not to (i) sell, contract to sell, grant any option, right or warrant to purchase, purchase any option or contract to sell, sell any option, right or warrant to purchase, lend, enter into any agreement regarding the sale of, pledge, mortgage, charge, assign or in any other way directly or indirectly transfer or dispose of, directly or indirectly or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares or announce the intention to make any such act (whether any such transaction described in (i) or (ii) above is settled by delivery of shares of a company or in cash or otherwise) (the "Management Lock-up"). The specified portion of the Shares and the specified period covered by the Management Lock-up is:

- For participants in the Management Investment Program who are executive committee members the Management Lock-up applies to 50% of the Shares for 12 months and 50% of the Shares for 18 months from the date of this offering memorandum; and
- For other participants in the Management Investment Program who are currently employed by TDC: the Management Lock-up applies to all the Shares for 12 months except if such participant's consideration with respect to the B shares of NTC included Shares only, then the Management Lock-up applies to 50% of the Shares for 12 months.

The members of the executive committee have also agreed with the Selling Shareholders that the Management Lock-up will apply to all Shares that are owned or acquired by them other than in connection with the Management Investment Program reorganization and buyout, for a period of 18 months from the date of this offering memorandum.

The Selling Shareholders have agreed that they will not waive the Management Lock-up restrictions described above without the prior written consent of the Joint Global Coordinators. See "*Remuneration and Benefits—Management Investment Program*"

The Company has agreed that, during the period ending 180 days after the date of this offering memorandum, it will not, except as set forth below without the prior consultation of each of the Joint Bookrunners and prior written consent of the majority of the Joint Bookrunners, (1) issue, offer, pledge, mortgage, charge, assign, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in (1) or (2) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (3) submit to its shareholders a proposal to effect any of the foregoing. The foregoing shall not apply to the issuance, sale and delivery of any Shares or options to purchase shares: (i) in any employee offering or plan of the Company as described under "*Remuneration and Benefits—Incentive Programs*" and "*Remuneration and Benefits—Employee Share Offering*" or (ii) any use of Ordinary Shares acquired pursuant to the Share Buy-back to the extent described under "*TDC's Share Buy-back*". The Company's lock-up is subject to and limited by applicable Danish law, including Danish financial assistance rules and other similar rules and principles.

Other Relationships

Certain of the Managers and/or their respective affiliates have in the past engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company and/or the Selling Shareholders or any parties related to any of them, in respect of which they have, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interests that may not be aligned, or could possibly conflict with, the interests of investors.

In connection with the Offering, each of the Managers and any of its affiliates acting as an investor for its own account may take up the Offer Shares and, in that capacity, may retain, purchase or sell for its own account such securities and any securities of the Company or related investments, and may offer or sell such securities or other investments otherwise than in connection with the Offering. Accordingly, references in this offering memorandum to the Offer Shares being offered or placed should be read as including any offering or placement of securities to any of the Managers and any affiliate acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Selling Restrictions

European Economic Area

Other than in Denmark, the Offer Shares have not been publicly offered and will not be publicly offered in any Member State of the European Economic Area that has implemented the Prospectus Directive (a "Relevant Member State"). Notwithstanding the foregoing, the offering of the Offer Shares may be made in a Relevant Member State:

- exclusively to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- exclusively to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than EUR 43 million, and (iii) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than a person that is a qualified investor within the meaning of Article 2(1)(c) of the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Selling Shareholders, the Company or any Manager of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC (as amended from time to time) and includes any relevant implementing measure in each Relevant Member State.

United States

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Offer Shares are being offered and sold (a) in the United States, only to persons reasonably believed to be "qualified institutional buyers" in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and (b) outside the United States in reliance on, and in compliance with, Regulation S. For certain restrictions on transfer of the Offer Shares, see "*Transfer Restrictions*".

United Kingdom

Offers of the Offer Shares pursuant to the Offering are only being made to persons in the United Kingdom who are "qualified investors" or otherwise in circumstances which do not require publication by the Company of a prospectus pursuant to section 85(1) of the UK Financial Services and Markets Act 2000.

Any investment or investment activity to which this offering memorandum relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or high net worth entities falling within Article 49(2), of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, "relevant persons"). Persons who are not relevant persons should not take any action on the basis of this offering memorandum and should not act or rely on it.

Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948), as amended, and may not be offered or sold, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan. Accordingly, the Offer Shares are being offered and sold only to 49 or less purchasers in Japan pursuant to the Securities and Exchange Law.

Each purchaser of the Offer Shares in Japan may not offer, sell, resell or otherwise transfer the Offer Shares or any interest therein, directly or indirectly, in Japan to or for the account of any resident of Japan except where all the Offer Shares held by such purchaser are sold or transferred to one person in whole but not in part. For the purposes hereof, "resident of Japan" has the meaning defined in Article 6, Paragraph 1, Subparagraph 5 of the Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949), as amended.

Australia

This offering memorandum is not a formal disclosure document and has not been, nor will be, lodged with the Australian Securities and Investments Commission. It does not purport to contain all information that an investor or their professional advisers would expect to find in a prospectus or other disclosure document (as defined in the Corporations Act 2001 (Australia)) for the purposes of Part 6D.2 of the Corporations Act 2001 (Australia) or in a product disclosure statement for the purposes of Part 7.9 of the Corporations Act 2001 (Australia), in either case, in relation to the Offer Shares.

The Offer Shares are not being offered in Australia to "retail clients" as defined in sections 761G and 761GA of the Corporations Act 2001 (Australia). This Offering is being made in Australia solely to "wholesale clients" for the purposes of section 761G of the Corporations Act 2001 (Australia) and, as such, no prospectus, product disclosure statement or other disclosure document in relation to the Offer Shares has been, or will be, prepared.

This offering memorandum does not constitute an offer in Australia other than to wholesale clients. By submitting an application for the Offer Shares, you represent and warrant to us that you are a wholesale client for the purposes of section 761G of the Corporations Act 2001 (Australia). If any recipient of this prospectus is not a wholesale client, no offer of, or invitation to apply for, the Offer Shares shall be deemed to be made to such recipient and no applications for the Offer Shares will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient. In addition, by applying for the Offer Shares you undertake to us that, for a period of 12 months from the date of issue of the Offer Shares, you will not transfer any interest in Offer Shares to any person in Australia other than to a wholesale client.

General

No action has been or will be taken in any country or jurisdiction other than Denmark by the Company, the Selling Shareholders or any of the Managers that would, or is intended to, permit a public offering of the Offer Shares, or the possession or distribution of this offering memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this offering memorandum comes are required by the Company, the Selling Shareholders and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute such offering material, in all cases at their own expense.

TRANSFER RESTRICTIONS

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Each purchaser of the Offer Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this offering memorandum and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and subject to certain exceptions, may not be offered or sold within the United States;
- the purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;
- the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;
- the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act;
- if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- the Company or the Selling Shareholders shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions; and
- the purchaser acknowledges that the Company, the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Offer Shares within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act will be deemed to have represented and agreed that it has received a copy of this offering memorandum and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser is authorized to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;
- the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on tranfer;
- the purchaser (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act), (ii) is aware that the sale to it is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act, and (iii) is acquiring such Offer Shares for its own account or for the account of a qualified institutional buyer;
- the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

- if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, or any economic interest therein, such Offer Shares, or any economic interest therein, may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S under the U.S. Securities Act, or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;
- the purchaser acknowledges that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Offer Shares;
- the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;
- the purchaser acknowledges that the Company or the Selling Shareholders shall not recognize any offer, sale pledge or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;
- if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- the purchaser acknowledges that the Company, the Selling Shareholders, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each person in a Relevant Member State, other than persons receiving offers contemplated in the offering memorandum relating to the public offering and sale of the Offer Shares in Denmark, who receives any communication in respect of, or who acquires any Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Managers, the Selling Shareholders and the Company that:

- it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any Offer Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Offer Shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in other circumstances falling within Article 3(2) of the Prospectus Directive and the prior consent of the Joint Global Coordinators has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer" in relation to any of the Offer Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company and the Selling Shareholders by Simpson Thacher & Bartlett LLP as to matters of United States federal law and by Kromann Reumert as to matters of Danish law. Certain legal matters in connection with the Offering will be passed upon for the Managers by Davis Polk & Wardwell LLP as to matters of United States federal law and by Gorrissen Federspiel as to matters of Danish law. Certain partners of Simpson Thacher & Bartlett LLP, members of their respective families, related persons and others have an indirect interest, through limited partnerships that are investors in funds affiliated with Kohlberg Kravis Roberts & Co. L.P. and The Blackstone Group L.P., in less than one percent of the Company's Shares.

INDEPENDENT ACCOUNTANTS

The Audited Annual Financial Statements as of and for the years ended December 31, 2009, with comparative figures for the years ended December 31, 2008 and 2007, included elsewhere in this offering memorandum have been audited by PwC, independent accountants, as stated in their report appearing elsewhere in this offering memorandum. With respect to the Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2010 included in this offering memorandum, PwC reported that they have applied limited procedures in accordance with International Standard on Review Engagement ("ISRE") No. 2410. However, their separate report dated as of November 25, 2010 included in this offering memorandum states they PwC did not audit and does not express an opinion on the financial information contained in the Unaudited Condensed Interim Financial Statements. Accordingly, the degree of reliance on such report should be restricted in light of the limited nature of the review procedures applied. No procedures have been performed by PwC on the financial information for the nine-month period ended September 30, 2009. PwC have been independent accountants to the Company since 1990.

AVAILABLE INFORMATION

Copies of the following documents may be inspected and obtained during usual business hours on any day (excluding Saturdays, Sundays and Danish public holidays) at the Company's registered office, which is Teglholmsgade 1, 2450 Copenhagen SV, Denmark:

- the Company's Articles of Association;
- the Audited Annual Financial Statements for the years ended as of December 31, 2009, 2008 and 2007;
- the audited annual reports of the Company's subsidiaries, including the consolidated and non-consolidated financial statements as of December 31, 2009, 2008 and 2007, prepared in accordance with applicable accounting principles;
- interim accounts for the nine-month period ended September 30, 2010 and September 30, 2009; and
- this offering memorandum.

Persons meeting the requirements of the applicable selling restrictions may also request copies of this offering memorandum at:

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: (+45) 70 23 08 34
E-mail: prospekter@danskebank.dk

Skandinaviska Enskilda Banken, Danmark, branch of Skandinaviska Enskilda Banken AB (publ.), Sweden
Bernstoffsgade 50
DK-1577 Copenhagen V
Denmark
Phone: (+45) 33 28 29 00
E-mail: prospekt@enskilda dk

In addition, copies of the Danish offering memorandum may be downloaded from TDC's website, www.TDC.com/www.TDC.dk, by persons who satisfy applicable selling restrictions.

In accordance with Danish company law, the Company's audited annual reports and those of its Danish subsidiaries, including the financial statements and the independent accountants' opinion contained therein, their respective memorandums of association and articles of association are also available from the Danish Commerce and Companies Agency.

Financial information that the Company has previously published for any financial years or interim periods can differ from subsequently published financial information due to retrospective implementation of subsequent changes in accounting policies and other retrospective adjustments made in accordance with IFRS.

The Danish Companies Act requires the Company to make its audited annual reports, including the financial statements and the independent accountants' opinion contained therein, available to the Company's shareholders on its website three weeks before the annual general meeting.

For so long as any of the Offer Shares remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Securities Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial holder of such restricted securities, or to any prospective purchaser of such restricted securities designated by such holder or beneficial holder, upon the written request of any such holder or beneficial holder the information specified in, and meeting the requirements of, Rule 144A(d)(4) of the U.S. Securities Act. TDC is not currently subject to the periodic reporting and other information requirements of the U.S. Securities Exchange Act. Any such request should be directed to the Company at TDC A/S, Teglholmsgade 1, 2450 Copenhagen SV, Denmark, telephone number (+45) 66 63 77 77.

The contents of TDC's website do not form part of this offering memorandum.

COMPANY AND GROUP INFORMATION

Name and registered office

TDC A/S
Teglholmsgade 1
2450 Copenhagen SV
Denmark

Tel: (+45) 66 63 77 77
Fax: (+45) 66 63 76 19
Website: www.TDC.com/www.TDC.dk

The Company's registered office is in the City of Copenhagen and the Company is registered with the Danish Commerce and Companies Agency under company registration number (CVR) 14 77 39 08.

The Company has registered the following secondary names: Tele Danmark Communications A/S, TDC Totalløsninger A/S, TDC Solutions A/S, TDC Mobile International A/S, TDC Services A/S and TDC Mobil A/S.

Date of incorporation and governing law

The Company was incorporated on November 14, 1990 under the name of TeleDanmark A/S. The name of the Company was changed in 1991 to Tele Danmark A/S and in 2001 to TDC A/S.

The Company is established under Danish law.

Objectives

The objectives of the Company are to conduct business within communications, services, directories, media, investment, financing, advisory services, trade and any other related business, whether in Denmark or abroad, if appropriate in the form of joint ventures with other Danish or foreign-based companies.

Principal subsidiaries

The table below sets forth the principal subsidiaries owned directly or indirectly by the Company as of the date of the offering memorandum:

Company name	Country	Ownership interest
Fullrate A/S	Denmark	100%
TDC Contact Center Europe A/S	Denmark	100%
Telmore A/S	Denmark	100%
NetDesign A/S	Denmark	100%
M1 A/S	Denmark	100%
TDC Mobil Center A/S	Denmark	100%
Libom ApS	Denmark	100%
TDC AS	Norway	100%
TDC Con SQOV AB	Sweden	100%
TDC Nordic AB	Sweden	100%
TDC Sverige AB	Sweden	100%
TDC Hosting AB	Sweden	100%
TDC Oy Finland	Finland	100%
TDC Hosting Oy	Finland	100%
TDC Hosting A/S	Denmark	100%
TDC Song Denmark A/S	Denmark	100%
Companymobile A/S	Denmark	100%
YouSee A/S	Denmark	100%
Dansk Kabel TV A/S	Denmark	100%
FASTTV NET A/S	Denmark	100%
Nordit A/S	Denmark	100%
TDC Reinsurance A/S	Denmark	100%
TDC Danmark Reinsurance S.A.	Luxembourg	100%

The Company's voting rights correspond to its ownership interest in all the companies above.

Financial year and financial reporting

The financial year of the Company runs from January 1 to December 31.

Principal bankers

The Company's principal bankers are Nordea Bank Danmark A/S and Danske Bank A/S. In addition, TDC has a number of other lenders under its Senior Facilities Agreement.

INDEX TO FINANCIAL STATEMENTS

Introduction to financial information

Presented below are the

- unaudited consolidated financial statements for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009 (pages F-3—F-16), prepared in accordance with IAS No 34 (the "Unaudited Condensed Interim Financial Statements"). The Unaudited Condensed Interim Financial Statements for the nine-month period ended September 30, 2010 have been reviewed by PwC. The Unaudited Condensed Interim financial Statements for the nine-month period ended September 30, 2009 have not been reviewed by PwC.
- audited consolidated financial statements for the year ended December 31, 2009 with comparative figures for the years ended December 31, 2008 and 2007 (pages F-17—F-84) prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "Audited Annual Financial Statements") and the related notes and auditors' report thereon and additional Danish requirements for annual financial statements of listed companies.

The historical consolidated financial statements for the full-year periods are based on TDC's published annual reports for 2009, 2008 and 2007, which were considered and approved by the Board of Directors and executive committee on February 4, 2010, February 5, 2009 and February 21, 2008, respectively.

The historical consolidated financial statements for the financial years 2009, 2008 and 2007 included in this offering memorandum were restated compared with the published annual reports, as Sunrise is presented as a discontinued operation throughout this offering memorandum following the divestment. In addition, TDC changed accounting policies in relation to revenue recognition and pensions with effect from January 1, 2009 and restated the comparative figures for 2008 and 2007 in the annual report for 2009.

Furthermore, in connection with the merger between TDC and NTC with TDC as the surviving company, which was effective from January 1, 2009, the financial statements were restated to reflect the values of the original acquisition (NTC).

With respect to the historical consolidated financial statements for the full years 2009, 2008 and 2007, the independent accountants have provided an unqualified auditors' opinion without emphasis of matter. No other information in the offering memorandum has been audited.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

Statement by the board of directors and the executive committee

The board of directors and the executive committee have reviewed and approved the Unaudited Condensed Interim Financial Statements of the TDC Group for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009.

The Unaudited Condensed Interim Financial Statements has been prepared in accordance with IAS 34 and additional Danish disclosure requirements for listed companies.

In our opinion, the Unaudited Condensed Interim Financial Statements provides a true and fair view of the Group's assets, liabilities and financial position at September 30, 2010 with comparative figures at September 30, 2009 as well as the results of its operations and cash flows for the nine-month period ended September 30, 2010 with comparative figures for the nine-month period ended September 30, 2009.

Copenhagen, November 25, 2010

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Lars Rasmussen

Søren Thorup Sørensen

Kurt Björklund

Lawrence Guffey

Henrik Kraft

Gustavo Schwed

Andrew Sillitoe

Leif Hartmann

Steen M. Jacobsen

Jan Bardino

Bo Magnussen

Executive committee

Henrik Poulsen
President and Chief Executive Officer

Eva Berneke
Senior Executive Vice President,
Chief HR and Strategy Officer

Niels Breining
Senior Executive Vice President and
Chief Executive Officer,
YouSee A/S

Carsten Dilling
Senior Executive Vice President and
Chief Executive Officer,
Operations & Wholesale

Jesper Theill Eriksen
Senior Executive Vice President and
Chief Executive Officer, Consumer

Martin Lippert
Senior Executive Vice President and
Chief Executive Officer,
TDC Business

Jens Munch-Hansen
Senior Executive Vice President and
Chief Executive Officer,
TDC Nordic

Jesper Ovesen
Senior Executive Vice President and
Chief Financial Officer

Independent Auditors' Review Report on the Condensed Consolidated Interim Financial Statements for the nine-month period ended September 30, 2010

To the Readers of this Offering Memorandum:

We have reviewed the condensed consolidated interim financial statements of TDC A/S as at September 30, 2010 and for the nine-month period ended September 30, 2010 comprising the management statement, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and Notes ("**the condensed consolidated interim financial statements**"). The condensed consolidated interim financial statements, as presented on pages F-6 to F-16 of this offering memorandum have been prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the EU.

The Board of Directors and the executive committee are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union. Our responsibility is to express an opinion on the condensed consolidated interim financial statements based on our review.

Basis of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 (ISRE 2410), "*Review of interim financial information performed by the independent auditor of the entity*." A review of interim financial statements is limited primarily to inquiries of company personnel responsible for financial and accounting matters as well as analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that would be revealed in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at September 30, 2010 and for the nine-month period ended September 30, 2010 are not prepared, in all material aspects, in accordance with IAS 34 "*Interim financial reporting*" as adopted by the European Union.

Emphasis of Matter

We have not audited or reviewed the comparative figures as at September 30, 2009 and for the nine-month period ended September 30, 2009 and, accordingly, we do not express an opinion on these comparative figures.

Copenhagen, November 25, 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug State Authorised Public Accountant	Jesper Hansen State Authorised Public Accountant

CONSOLIDATED INCOME STATEMENTS

	Note	Q1–Q3 2010	Q1–Q3 2009[(1)]
		(DKKm)	
TDC Group			
Revenue	2	**19,558**	**19,514**
Transmission costs and cost of goods sold		(5,005)	(4,863)
Gross profit		**14,553**	**14,651**
Other external expenses		(3,384)	(3,491)
Wages, salaries and pension costs	4	(3,260)	(3,500)
Other income and expenses		137	194
Profit before depreciation, amortisation and special items (EBITDA)	2	**8,046**	**7,854**
Depreciation		(1,991)	(1,744)
Amortisation		(1,997)	(1,601)
Impairment losses		(58)	(56)
Depreciation, amortisation and impairment losses		**(4,046)**	**(3,401)**
Operating profit (EBIT), excluding special items		**4,000**	**4,453**
Special items		(918)	(641)
Operating profit (EBIT)		**3,082**	**3,812**
Profit from joint ventures and associates		6	86
—of which special items		10	79
Fair value adjustments		(131)	(344)
Currency translation adjustments		(46)	(222)
Financial income		291	720
Financial expenses		(1,446)	(1,843)
Net financials		**(1,332)**	**(1,689)**
Profit before income taxes		**1,756**	**2,209**
Income taxes related to profit, excluding special items		(768)	(838)
Income taxes related to special items		190	149
Total income taxes		**(578)**	**(689)**
Profit for the period from continuing operations		**1,178**	**1,520**
Profit for the period from discontinued operations		386	372
—of which special items		(19)	(22)
Profit for the period		**1,564**	**1,892**
Attributable to:			
Owners of the Parent Company		1,564	1,934
Minority interests		—	(42)
Profit for the period from continuing operations, excluding special items		**1,896**	**1,933**
EPS (DKK)			
Earnings Per Share		1.6	2.0
Earnings Per Share, diluted		1.6	2.0

(1) Financial information for Q1–Q3 2009 has not been reviewed by the auditors.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Q1-Q3 2010	Q1-Q3 2009[(1)]
	(DKKm)	
TDC Group		
Profit for the period	**1,564**	**1,892**
Currency translation adjustments, foreign enterprises	2,022	186
Currency hedging of net investments in foreign enterprises	(706)	—
Actuarial gains/(losses) related to defined benefit pension plans	(1,664)	167
Income tax relating to components of other comprehensive income	414	(37)
Other comprehensive income	**66**	**316**
Total comprehensive income	**1,630**	**2,208**
Attributable to:		
Shareholders of the Parent Company	1,630	2,269
Minority interests	—	(61)
	1,630	**2,208**

(1) Financial information for Q1–Q3 2009 has not been reviewed by the auditors.

CONSOLIDATED BALANCE SHEETS

	Note	30 September 2010	31 December 2009	30 September 2009[1]
			(DKKm)	
TDC Group				
Assets				
Non-current assets				
Intangible assets		35,175	49,550	49,882
Property, plant and equipment		15,499	19,998	19,141
Investments in joint ventures and associates		157	168	171
Other investments		7	7	8
Deferred tax assets		52	52	—
Pension assets[2]		6,214	7,606	7,202
Receivables		230	231	89
Prepaid expenses		261	243	239
Total non-current assets		**57,595**	**77,855**	**76,732**
Current assets				
Inventories		333	323	503
Receivables		4,577	6,758	6,701
Income tax receivables		2	2	1
Derivative financial instruments		133	49	46
Prepaid expenses		624	673	727
Cash		594	763	3,428
Assets held for sale		21,981	—	6,747
Total current assets		**28,244**	**8,568**	**18,153**
Total assets		**85,839**	**86,423**	**94,885**
Equity and liabilities				
Share capital		992	992	992
Reserves		672	(644)	(1,090)
Retained earnings		27,044	26,730	31,953
Equity attributable to owners of the Parent Company		**28,708**	**27,078**	**31,855**
Minority interests		—	—	—
Total equity		**28,708**	**27,078**	**31,855**
Non-current liabilities				
Deferred tax liabilities		6,552	7,313	7,605
Provisions		1,089	1,519	1,334
Pension liabilities[2]		47	244	256
Loans	6	29,700	30,611	31,474
Deferred income		908	1,245	939
Total non-current liabilities		**38,296**	**40,932**	**41,608**
Current liabilities				
Loans	6	2,121	3,787	744
Trade and other payables		5,550	8,004	6,997
Income tax payable		1,736	1,270	1,511
Derivative financial instruments		1,961	1,205	1,341
Deferred income		2,956	3,183	3,498
Provisions		1,007	964	753
Liabilities concerning assets held for sale		3,504	—	6,578
Total current liabilities		**18,835**	**18,413**	**21,422**
Total liabilities		**57,131**	**59,345**	**63,030**
Total equity and liabilities		**85,839**	**86,423**	**94,885**

(1) Financial information as of 30 September 2009 has not been reviewed by the auditors.

(2) The pension assets and pension liabilities are related to defined benefit plans and are measured on a net basis, defined as the fair value of the pension funds' assets less the present value of the expected pension payments. Pension assets are related to TDC's domestic defined benefit plans and pension liabilities are related to TDC's foreign defined benefit plans.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Q1–Q3 2010	Q1–Q3 2009[(1)]
	(DKKm)	
TDC Group		
EBITDA	8,046	7,854
Reversal of items without cash flow effect	(236)	(58)
Pension contributions	(118)	(116)
Payments related to provisions	(6)	(45)
Cash flow related to special items	(575)	(575)
Change in net working capital excl. special items	(442)	(319)
Cash flow from operating activities before net financials and tax	**6,669**	**6,741**
Interest paid, net	(1,016)	(1,232)
Realized currency translation adjustments	26	(72)
Cash flow from operating activities before tax	**5,679**	**5,437**
Income tax paid	(118)	138
Cash flow from operating activities in continuing operations	**5,561**	**5,575**
Cash flow from operating activities in discontinued operations	706	2,418
Total cash flow from operating activities	**6,267**	**7,993**
Investment in enterprises	(286)	(526)
Investment in property, plant and equipment	(1,913)	(2,247)
Investment in intangible assets	(659)	(640)
Investment in other non-current assets	(23)	(3)
Divestment of enterprises	—	35
Sale of property, plant and equipment	43	24
Sale of intangible assets	3	—
Divestment of joint ventures and associates	1	(36)
Sale of other non-current assets	9	3
Dividends received from joint ventures and associates	5	7
Cash flow from investing activities in continuing operations	**(2,820)**	**(3,383)**
Cash flow from investing activities in discontinued operations	(417)	(1,112)
Total cash flow from investing activities	**(3,237)**	**(4,495)**
Repayments of long-term loans	(652)	(4,368)
Change in short-term bank loans	(1,954)	(45)
Dividends paid	(70)	(2,033)
Cash flow from financing activities in continuing operations	**(2,676)**	**(6,446)**
Cash flow from financing activities in discontinued operations	(21)	(193)
Total cash flow from financing activities	**(2,697)**	**(6,639)**
Total cash flow	**333**	**(3,141)**
Cash and cash equivalents (beginning-of-period)	763	6,718
Cash and cash equivalents (end-of-period)	**1,096**	**3,577**

(1) Financial information for Q1–Q3 2009 has not been reviewed by the auditors.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Parent Company						
	Share capital	Reserve for currency translation adjustments	Retained earnings	Proposed dividends	Total	Minority interests	Total
			(DKKm)				
TDC Group							
Equity at 1 January 2009	**992**	**(1,295)**	**29,887**	**2,035**	**31,619**	**61**	**31,680**
Profit for the period	—	—	1,934	—	1,934	(42)	1,892
Currency translation adjustments, foreign enterprises	—	205	—	—	205	(19)	186
Actuarial gains/(losses) related to defined benefit pension plans	—	—	167	—	167	—	167
Income tax relating to components of other comprehensive income	—	—	(37)	—	(37)	—	(37)
Total comprehensive income	0	205	2,064	—	2,269	(61)	2,208
Distributed dividends	—	—	—	(2,035)	(2,035)	—	(2,035)
Dividends, treasury shares	—	—	2	—	2	—	2
Equity at 30 September 2009(1)	**992**	**(1,090)**	**31,953**	**—**	**31,855**	**—**	**31,855**

	Equity attributable to owners of the Parent Company						
	Share capital	Reserve for currency translation adjustments	Retained earnings	Proposed dividends	Total	Minority interests	Total
			(DKKm)				
TDC Group							
Equity at 1 January 2010	**992**	**(644)**	**26,730**	**—**	**27,078**	**—**	**27,078**
Profit for the period	—	—	1,564	—	1,564	—	1,564
Currency translation adjustments, foreign enterprises	—	2,022	—	—	2,022	—	2,022
Currency hedging of net investments in foreign enterprises	—	(706)	—	—	(706)	—	(706)
Actuarial gains/(losses) related to defined benefit pension plans	—	—	(1,664)	—	(1,664)	—	(1,664)
Income tax relating to components of other comprehensive income	—	—	414	—	414	—	414
Total comprehensive income	0	1,316	314	—	1,630	—	1,630
Distributed dividends	—	—	—	—	—	—	—
Equity at 30 September 2010	**992**	**672**	**27,044**	**—**	**28,708**	**—**	**28,708**

(1) Financial information for 1 January 2009—30 September 2009 has not been reviewed by the auditors.

Note 1 Accounting policies

The Interim Financial Report for Q1-Q3 2010 comprises condensed consolidated interim financial statements prepared in accordance with IAS 34 and additional Danish disclosure requirements for interim financial reports of listed companies.

With effect from 1 January 2010, TDC implemented the new IFRS accounting standards and interpretations that became effective for 2010(1). IFRS 3 (Revised 2008) *Business Combinations and* IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* have impacted the financial statements for Q1-Q3 2010:

- TDC acquired M1, Unotel, Nordit and AinaCom's fiber network in Finland. Transaction costs relating to the acquisition of enterprises are now expensed as incurred, and are presented as special items in the Income Statements. Previously, such costs were capitalised. Special items in Q1-Q3 2010 included transaction costs of DKK 2m. Profit for the period, Total comprehensive income and Equity were negatively impacted by DKK 2m.
- TDC increased its ownership share in Unotel from 20% to 100%. The transaction implied an accounting gain related to the earlier 20% ownership in Unotel. Gains or losses resulting from such transactions are now recorded in the Income Statements, and are presented as special items. Previously, such gains or losses impacted goodwill. Special items relating to profit from joint ventures and associates included a gain of DKK 9m. Profit for the period, Total comprehensive income, Total assets and Equity were positively impacted by DKK 9m.

Except for the changes mentioned above, accounting policies remain unchanged from the Consolidated Financial Statements for 2009, cf. TDC's Annual Report 2009.

The preparation of TDC's Consolidated Financial Statements requires Management to make 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 critical accounting estimates and judgments considered material to the preparation of TDC's Consolidated Financial Statements are unchanged compared with the critical accounting estimates and judgments summarized in note 2 to the Consolidated Financial Statements for 2009, cf. TDC's Annual Report 2009.

(1) For more information, see TDC's Annual Report 2009 note 3 to the Consolidated Financial Statements.

Note 2 Segment reporting

Activities

	Consumer		TDC Business		TDC Nordic		Operations & Wholesale	
	Q1-Q3 2010	Q1-Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Q1-Q3 2010	Q1-Q3 2009
	(DKKm)							
External revenue	6,911	7,132	5,501	5,787	2,783	2,425	1,516	1,566
Revenue across segments	160	192	164	178	183	170	386	336
Revenue	7,071	7,324	5,665	5,965	2,966	2,595	1,902	1,902
Total operating expenses before depreciation, etc.	(4,022)	(4,343)	(2,933)	(3,163)	(2,557)	(2,257)	(1,131)	(969)
Other income and expenses	3	5	—	—	5	27	40	92
EBITDA	3,052	2,986	2,732	2,802	414	365	811	1,025

Note 2 Segment reporting (Continued)

	YouSee		Other activities[1]		Total	
	Q1-Q3 2010	Q1-Q3 2009	Q1-Q3 2010	Q1-Q3 2009	Q1-Q3 2010	Q1-Q3 2009
	(DKKm)					
External revenue	2,846	2,582	1	22	19,558	19,514
Revenue across segments	144	70	2	4	1,039	950
Revenue	2,990	2,652	3	26	20,597	20,464
Total operating expenses before depreciation, etc.	(1,992)	(1,806)	(55)	(266)	(12,690)	(12,804)
Other income and expenses	3	1	86	69	137	194
EBITDA	1,001	847	34	(171)	8,044	7,854

(1) Includes Headquarters.

Reconciliation of revenue

	Q1-Q3 2010	Q1-Q3 2009
	(DKKm)	
Reportable segments	20,597	20,464
Elimination of across-segment items	(1,039)	(950)
Consolidated amounts	**19,558**	**19,514**

Reconciliation of profit before depreciation, amortisation and special items (EBITDA)

	Q1-Q3 2010	Q1-Q3 2009
	(DKKm)	
EBITDA from reportable segments	8,044	7,854
Elimination of EBITDA	2	—
Unallocated:		
Depreciation, amortisation and impairment losses	(4,046)	(3,401)
Special items	(918)	(641)
Profit from joint ventures and associates	6	86
Net financials	(1,332)	(1,689)
Consolidated profit before income taxes	**1,756**	**2,209**

Note 3 Adjusted revenue and EBITDA

	Consumer		TDC Business		TDC Nordic		Operations & Wholesale	
	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009
	(DKKm)							
TDC Group								
Reported revenue	7,071	7,324	5,665	5,965	2,966	2,595	1,902	1,902
Acquisitions/Divestments	—	165	—	31	—	33	—	(88)
Currency effects	—	—	—	—	—	210	—	—
Effect from regulation of mobile termination rates	—	(87)	—	(36)	—	—	—	(11)
Effect from regulation of international roaming charges	—	(37)	—	(40)	—	(1)	—	(42)
Adjusted revenue	7,071	7,365	5,665	5,920	2,966	2,837	1,902	1,761
Reported growth, %	(3.5)		(5.0)		14.3		—	
Adjusted growth, %	(4.0)		(4.3)		4.5		8.0	

	YouSee		Other activities[(1)]		Total	
	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009
	(DKKm)					
Reported revenue	2,990	2,652	(1,036)	(924)	19,558	19,514
Acquisitions/Divestments	—	86	—	—	—	226
Currency effects	—	—	—	—	—	210
Effect from regulation of mobile termination rates	—	—	—	36	—	(98)
Effect from regulation of international roaming charges	—	—	—	—	—	(120)
Adjusted revenue	2,990	2,738	(1,036)	(888)	19,558	19,732
Reported growth, %	12.7		(12.1)		0.2	
Adjusted growth, %	9.2		(16.6)		(0.9)	

(1) Includes Headquarters.

	Consumer		TDC Business		TDC Nordic		Operations & Wholesale	
	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009
	(DKKm)							
TDC Group								
Reported EBITDA	3,052	2,986	2,732	2,802	414	365	811	1,025
Acquisitions/Divestments	—	77	—	24	—	(9)	—	(108)
Sale of property, plant and equipment						(1)	(2)	(20)
Currency effects	—	—	—	—	—	33	—	—
Effect from regulation of international roaming charges	—	—	—	—	—	—	—	(40)
Adjusted EBITDA	3,052	3,063	2,732	2,826	414	388	809	857
Reported growth, %	2.2		(2.5)		13.4		(20.9)	
Adjusted growth, %	(0.4)		(3.3)		6.6		(5.5)	

Note 3 Adjusted revenue and EBITDA (Continued)

	YouSee		Other activities[1]		Total	
	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009	Q1–Q3 2010	Q1–Q3 2009
			(DKKm)			
Reported EBITDA	1,001	847	36	(171)	8,046	7,854
Acquisitions/Divestments	—	8	—	—	—	(8)
Sale of property, plant and equipment					(2)	(21)
Currency effects	—	—	—	—	—	33
Effect from regulation of international roaming charges	—	—	—	—	—	(40)
Adjusted EBITDA	1,001	855	36	(171)	8,044	7,818
Reported growth, %	18.2		n.m		2.4	
Adjusted growth, %	17.1		n.m		2.9	

(1) Includes Headquarters.

Note 4 Employees

Full-time equivalents

	Q3 2010	Q4 2009	Q3 2009	Q3 10 vs. Q3 09	Q3 10 vs. Q4 09
			(EoP)		
Consumer[1]	2,094	2,160	2,246	(6.8)	(3.1)
TDC Business	1,540	1,528	1,579	(2.5)	0.8
TDC Nordic	1,389	1,437	1,473	(5.7)	(3.3)
—of which in Denmark	158	153	154	2.6	3.3
Operations & Wholesale[2]	3,981	4,409	4,334	(8.1)	(9.7)
YouSee[3]	1,227	1,265	1,263	(2.9)	(3.0)
Others	434	478	490	(11.4)	(9.2)
—of which in Denmark	432	471	481	(10.2)	(8.3)
TDC Group	10,665	11,277	11,385	(6.3)	(5.4)
TDC Group, domestic	9,432	9,986	10,057	(6.2)	(5.5)

Average full-time equivalents

	Q3 2010	Q4 2009	Q3 2009	Q3 10 vs. Q3 09	Q3 10 vs. Q4 09
			(YTD)		
Consumer[1]	2,124	2,239	2,262	(6.1)	(5.1)
TDC Business	1,546	1,594	1,604	(3.6)	(3.0)
TDC Nordic	1,419	1,556	1,589	(10.7)	(8.8)
—of which in Denmark	154	154	154	—	—
Operations & Wholesale[2]	4,167	4,363	4,365	(4.5)	(4.5)
YouSee[3]	1,249	1,217	1,202	3.9	2.6
Others	460	550	569	(19.2)	(16.4)
—of which in Denmark	457	539	558	(18.1)	(15.2)
TDC Group	10,965	11,519	11,591	(5.4)	(4.8)
TDC Group, domestic	9,697	10,106	10,145	(4.4)	(4.0)

(1) Includes Fullrate as of Q2 2009 and M1 as of Q1 2010.

(2) Includes the acquisition of DONG Energy's fiber network as of Q4 2009 and Unotel as of Q1 2010.

(3) Includes A+ as of Q2 2009 and Nordit as of Q2 2010.

Note 5 Net interest-bearing debt

Net interest-bearing debt totalled DKK 31,051m at the end of Q3 2010, up by DKK 2,428m compared with Q3 2009. This increase in net interest-bearing debt resulted from the dividends (DKK 6.0bn) paid in Q4 2009 that was partly offset by the positive net cash flow from operating and investing activities.

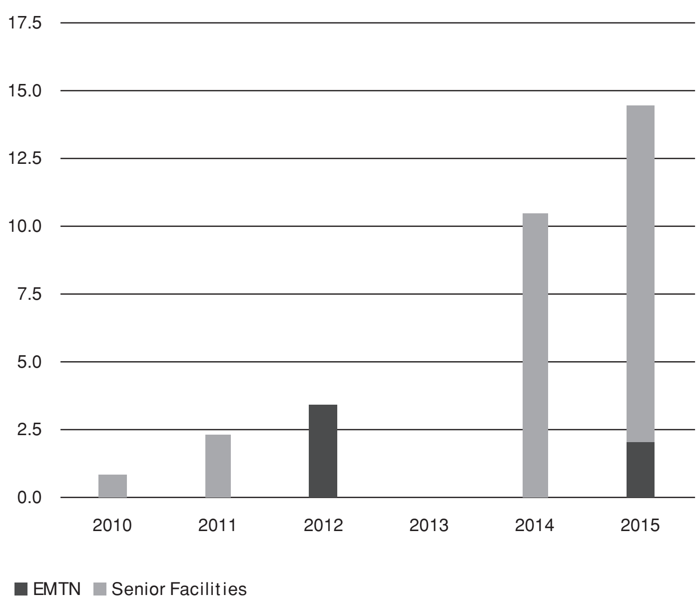
TDC may occasionally continue to make buybacks and prepay its debt, including the Senior Facilities and EMTNs.

Net interest-bearing debt[1]

	30 September 2010	30 September 2009
	(DKKm)	
TDC Group		
Senior loans	25,720	26,148
Euro Medium Term Notes (EMTN)	5,339	5,343
Other loans	762	727
Loans	31,821	32,218
Interest-bearing payables	2	—
Gross interest-bearing debt	31,823	32,218
Interest-bearing receivables	(178)	(167)
Cash and cash equivalents	(594)	(3,428)
Net interest-bearing debt	**31,051**	**28,623**

(1) Net carrying amount measured at amortised cost ensures the difference between the proceeds received and the nominal value is recognised in the Income Statements over the term of the loan.

Maturity profile of gross debt, nominal value[1] (DKKbn)



(1) Nominal value of Senior Facilities and EMTN as of 30 September 2010.

Note 5 Net interest-bearing debt (Continued)

Senior Facilities

		Facilities			
		A	B	C	Total
Maturity		31 Dec 2011	30 Jan 2014	30 Jan 2015	
Fixed/Floating rate		Floating	Floating	Floating	
Margin		1.250%	1.500%	2.125%	
Outstanding amount[1] 1 January 2010	EURm	497	1,401	1,670	3,568
Mandatory instalment	EURm	(75)			(75)
Outstanding amount[1] 30 September 2010	EURm	422	1,401	1,670	3,493
Outstanding amount[1] 30 September 2010	DKKm	3,140	10,453	12,467	26,060

Euro Medium Term Notes (EMTN)

		Bonds		
		2012	2015	Total
Maturity		19 Apr 2012	16 Dec 2015	
Fixed/Floating rate		Fixed	Fixed	
Coupon		6.500%	5.875%	
Outstanding amount[1] 1 January 2010	EURm	457	274	731
Outstanding amount[1] 30 September 2010	EURm	457	274	731
Outstanding amount[1] 30 September 2010	DKKm	3,404	2,036	5,440

(1) Nominal value.

Note 6 Lease commitments for operating leases

The rental commitments relating to all TDC's operating leases in the period of interminability amounted to DKK 7.3bn at 31 December 2009[1]. During Q1 2010 TDC renegotiated certain lease contracts, leading to extended periods of interminability, whereby the rental commitments increased by approximately DKK 1.2bn.

(1) According to TDC's Annual Report 2009, Note 35 to the Consolidated Financial Statements, adjusted for the divestment of Sunrise.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

Statement by the board of directors and the executive committee

The board of directors and the executive committee considered and approved the consolidated financial statements for TDC A/S for the year ended December 31, 2009 with comparative figures for the years ended December 31, 2008 and 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.

In our opinion, the consolidated financial statements provide a true and fair view of the financial position of the Group as at 31 December 2009, 2008 and 2007 and the results of the Group's operations and cash flows for each of the financial years ended 31 December 2009, 2008 and 2007 in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU.

Copenhagen, November 25, 2010

Board of Directors

Vagn Sørensen
Chairman

Pierre Danon
Vice Chairman

Lars Rasmussen

Søren Thorup Sørensen

Kurt Björklund

Lawrence Guffey

Henrik Kraft

Gustavo Schwed

Andrew Sillitoe

Leif Hartmann

Steen M. Jacobsen

Jan Bardino

Bo Magnussen

Executive committee

Henrik Poulsen
President and Chief Executive Officer

Eva Berneke
Senior Executive Vice President,
Chief HR and Chief Strategy Officer

Niels Breining
Senior Executive Vice President
and Chief Executive Officer,
YouSee A/S

Carsten Dilling
Senior Executive Vice President
and Chief Executive Officer,
Operations & Wholesale

Jesper Theill Eriksen
Senior Executive Vice President
and Chief Executive Officer, Consumer

Martin Lippert
Senior Executive Vice President
and Chief Executive Officer,
TDC Business

Jens Munch-Hansen
Senior Executive Vice President
and Chief Executive Officer, TDC Nordic

Jesper Ovesen
Senior Executive Vice President
and Chief Financial Officer

Independent Auditors' Report on the consolidated financial information included on pages F-20 to F-84

To the Readers of this Offering Memorandum:

We have audited the consolidated financial statements as of and for the financial year ended December 31, 2009 including comparative figures as of and for each of the financial years ended December 31, 2008 and 2007 for TDC A/S and its subsidiaries (the "Group"), which comprise Accounting Policies, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes for the Group as presented on pages F-20 to F-84 of this offering memorandum. The consolidated financial statements were prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU.

The board of directors and the executive committee's responsibility for the consolidated financial statements

The board of directors and the executive committee are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements, that are free from material misstatement, whether due to fraud or error. The responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International and Danish Auditing Standards. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation the consolidated financial statements, 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors and the executive committee, as well as evaluating the overall presentation of the consolidated financial statements.

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 consolidated financial statements as presented on pages F-20 to F-84 of this offering memorandum, provide a true and fair view of the financial position of the Group as at December 31, 2009, 2008 and 2007 and the results of the Group's operations and cash flows for each of the financial years ended December 31, 2009, 2008 and 2007 in accordance with the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU.

Copenhagen, November 25, 2010

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Lars Holtug
State Authorised Public Accountant

Jesper Hansen
State Authorised Public Accountant

CONSOLIDATED INCOME STATEMENTS

	Note	2009	2008	2007
			(DKKm)	
Revenue	4,5	**26,079**	**26,917**	**27,951**
Transmission costs and cost of goods sold		(6,444)	(7,239)	(7,945)
Gross profit		**19,635**	**19,678**	**20,006**
Other external expenses		(4,731)	(4,909)	(5,246)
Wages, salaries and pension costs	6	(4,598)	(5,185)	(5,659)
Other income and expenses	7	230	470	275
Profit before depreciation, amortisation and special items (EBITDA)		**10,536**	**10,054**	**9,376**
Depreciation, amortisation and impairment losses		(4,659)	(4,547)	(5,776)
Operating profit excluding special items		**5,877**	**5,507**	**3,600**
Special items	8	(1,119)	(3,212)	664
Operating profit		**4,758**	**2,295**	**4,264**
Profit from joint ventures and associates	15	76	200	266
Fair value adjustments		(253)	(686)	388
Currency translation adjustments		(257)	770	216
Financial income		825	2,160	1,515
Financial expenses		(2,379)	(4,292)	(4,882)
Net financials	9	**(2,064)**	**(2,048)**	**(2,763)**
Profit before income taxes		**2,770**	**447**	**1,767**
Income taxes	10	(809)	(438)	519
Profit for the year from continuing operations		**1,961**	**9**	**2,286**
Profit for the year from discontinued operations	11	422	548	1,346
Profit for the year		**2,383**	**557**	**3,632**
Attributable to:				
Owners of the Parent Company		2,424	708	3,912
Minority interests		(41)	(151)	(280)
Total		**2,383**	**557**	**3,632**
EPS (DKK)	12			
Earnings per share, basic		2.4	0.7	4.0
Earnings per share, diluted		2.4	0.7	4.0
Earnings per share from continuing operations, basic		2.0	0.0	2.3
Earnings per share from continuing operations, diluted		2.0	0.0	2.3
Earnings per share from discontinued operations, basic		0.4	0.7	1.7
Earnings per share from discontinued operations, diluted		0.4	0.7	1.7

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2009	2008	2007
		(DKKm)	
Profit for the year	**2,383**	**557**	**3,632**
Currency translation adjustments, foreign enterprises	460	90	(915)
Currency hedging of net investments in foreign enterprises	0	(2,304)	769
Reversal of currency translation adjustment, foreign enterprises	171	103	14
Actuarial gains/(losses) related to defined benefit pension plans	588	1,166	793
Income tax relating to components of other comprehensive income	(144)	280	(374)
Other comprehensive income/(loss)	**1,075**	**(665)**	**287**
Total comprehensive income/(loss)	**3,458**	**(108)**	**3,919**
Attributable to:			
Owners of the Parent Company	3,519	20	4,260
Minority interests	(61)	(128)	(341)
Total	**3,458**	**(108)**	**3,919**

CONSOLIDATED BALANCE SHEETS DECEMBER 31

	Note	2009	2008	2007
			(DKKm)	
Assets				
Non-current assets				
Intangible assets	13	49,550	53,361	55,365
Property, plant and equipment	14	19,998	22,396	21,227
Investments in joint ventures and associates	15	168	171	5,897
Other investments		7	9	7
Deferred tax assets	10	52	65	125
Pension assets	26	7,606	7,030	5,270
Receivables	16	231	96	95
Derivative financial instruments	25	0	11	39
Prepaid expenses	17	243	211	147
Total non-current assets		**77,855**	**83,350**	**88,172**
Current assets				
Inventories	18	323	489	641
Receivables	16	6,758	8,282	7,575
Income tax receivable	10	2	9	14
Derivative financial instruments	25	49	372	781
Prepaid expenses	17	673	785	665
Cash	19	763	6,718	8,297
Total current assets		**8,568**	**16,655**	**17,973**
Total assets		**86,423**	**100,005**	**106,145**

CONSOLIDATED BALANCE SHEETS DECEMBER 31 (Continued)

	Note	2009	2008	2007
			(DKKm)	
Equity and liabilities				
Equity				
Share capital	20	992	992	992
Reserve for currency translation adjustments		(644)	(1,295)	263
Retained earnings		26,730	29,887	30,130
Proposed dividends		0	2,035	636
Equity attributable to Owners of the Parent Company		**27,078**	**31,619**	**32,021**
Minority interests		0	61	189
Total equity		**27,078**	**31,680**	**32,210**
Non-current liabilities				
Deferred tax liabilities	10	7,313	7,430	7,666
Provisions	23	1,519	1,355	1,275
Pension liabilities	26	244	365	296
Loans	21	30,611	37,037	45,667
Derivative financial instruments	25	0	23	141
Deferred income	22	1,245	1,350	956
Total non-current liabilities		**40,932**	**47,560**	**56,001**
Current liabilities				
Loans	21	3,787	4,713	4,146
Trade and other payables	24	8,004	8,691	8,080
Income tax payable	10	1,270	820	1,856
Derivative financial instruments	25	1,205	2,007	312
Deferred income	22	3,183	3,449	2,953
Provisions	23	964	1,085	587
Total current liabilities		**18,413**	**20,765**	**17,934**
Total liabilities		**59,345**	**68,325**	**73,935**
Total equity and liabilities		**86,423**	**100,005**	**106,145**

CONSOLIDATED STATEMENTS OF CASH FLOW

	Note	2009	2008	2007
			(DKKm)	
Income before depreciation, amortisation and special items (EBITDA)		10,536	10,054	9,376
Reversal of items without cash flow effect	27	(143)	(228)	(221)
Pension contributions		(165)	(401)	(228)
Payments related to provisions		(49)	(164)	(261)
Cash flow related to special items		(793)	(394)	85
Change in working capital	28	147	847	891
Cash flow from operating activities before net financials and tax		**9,533**	**9,714**	**9,642**
Interest received		820	2,188	1,300
Interest paid		(2,429)	(4,488)	(4,639)
Realised currency translation adjustments		(50)	(71)	106
Cash flow from operating activities before tax		**7,874**	**7,343**	**6,409**
Income tax paid		(434)	(1,600)	(624)
Cash flow from operating activities in continuing operations		**7,440**	**5,743**	**5,785**
Cash flow from operating activities in discontinued operations		3,179	1,420	4,086
Total cash flow from operating activities		**10,619**	**7,163**	**9,871**
Investment in enterprises	29	(921)	(164)	(110)
Investment in property, plant and equipment		(3,061)	(2,922)	(2,864)
Investment in intangible assets		(867)	(933)	(806)
Investment in other non-current assets		(4)	(6)	(16)
Investment in marketable securities		0	(1,264)	0
Divestment of enterprises	30	35	223	3,189
Sale of property, plant and equipment		26	85	4,280
Sale of intangible assets		2	41	24
Divestment of joint ventures and associates		(37)	5,383	986
Sale of other non-current assets		9	0	7
Sale of marketable securities		0	1,266	0
Change in loans to joint ventures and associates		0	0	274
Dividends received from joint ventures and associates		7	387	528
Cash flow from investing activities in continuing operations		**(4,811)**	**2,096**	**5,492**
Cash flow from investing activities in discontinued operations	31	(1,503)	(1,496)	2,394
Total cash flow from investing activities		**(6,314)**	**600**	**7,886**
Proceeds from long-term loans		0	1	183
Repayments of long-term loans		(4,427)	(9,004)	(13,072)
Change in short-term bank loans		2,156	(1)	(15)
Change in interest-bearing receivables		0	(80)	0
Capital contribution		0	213	0
Dividends paid		(7,990)	(635)	(866)
Cash flow from financing activities in continuing operations		**(10,261)**	**(9,506)**	**(13,770)**
Cash flow from financing activities in discontinued operations		1	164	571
Total cash flow from financing activities		**(10,260)**	**(9,342)**	**(13,199)**
Total cash flow		**(5,955)**	**(1,579)**	**4,558**
Cash and cash equivalents at January 1	32	6,718	8,297	3,739
Cash and cash equivalents at 31 December		**763**	**6,718**	**8,297**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to Owners of the Parent Company						
	Share capital	**Reserve for currency translation adjustments**	**Retained earnings**	**Proposed dividends**	**Total**	**Minority interests**	**Total**
				(DKKm)			
Equity at 1 January 2007	992	535	26,002	866	28,395	396	28,791
Effect of change in accounting policies	—	4	275	—	279	0	279
Equity at 1 January after change in accounting policies	**992**	**539**	**26,277**	**866**	**28,674**	**396**	**29,070**
Currency translation adjustments, foreign enterprises	—	(854)	0	—	(854)	(61)	(915)
Currency hedging of net investments in foreign enterprises	—	769	0	—	769	0	769
Reversal of currency translation adjustments, foreign enterprises	—	14	0	—	14	0	14
Actuarial gains/(losses) related to defined benefit pension plans	—	—	793	—	793	0	793
Income tax relating to components of other comprehensive income	—	(205)	(169)	—	(374)	0	(374)
Profit for the year	—	—	3,276	636	3,912	(280)	3,632
Total comprehensive income/(loss)	—	(276)	3,900	636	4,260	(341)	3,919
Distributed dividends	—	—	0	(866)	(866)	—	(866)
Dilution gain regarding subsidiaries	—	—	19	—	19	64	83
Premium, minority interests	—	—	(66)	—	(66)	66	0
Additions relating to acquisition of subsidiaries	—	—	—	—	—	5	5
Reductions during the year, minority interests	—	—	—	—	—	(1)	(1)
Equity at 31 December 2007	**992**	**263**	**30,130**	**636**	**32,021**	**189**	**32,210**
Currency translation adjustments, foreign enterprises	—	67	0	—	67	23	90
Currency hedging of net investments in foreign enterprises	—	(2,304)	0	—	(2,304)	0	(2,304)
Reversal of currency translation adjustments, foreign enterprises	—	103	0	—	103	0	103
Actuarial gains/(losses) related to defined benefit pension plans	—	—	1,166	—	1,166	0	1,166
Income tax relating to components of other comprehensive income	—	576	(296)	—	280	0	280
Profit for the year	—	—	(1,327)	2,035	708	(151)	557
Total comprehensive income/(loss)	—	(1,558)	(457)	2,035	20	(128)	(108)
Distributed dividends	—	—	0	(636)	(636)	—	(636)
Dividends, treasury shares	—	—	1	0	1	—	1
Capital contribution	0	—	213	0	213	—	213
Equity at 31 December 2008	**992**	**(1,295)**	**29,887**	**2,035**	**31,619**	**61**	**31,680**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Equity attributable to Owners of the Parent Company						
	Share capital	Reserve for currency translation adjustments	Retained earnings	Proposed dividends	Total	Minority interests	Total
				(DKKm)			
Equity at 31 December 2008	992	(1,295)	29,887	2,035	31,619	61	31,680
Currency translation adjustments, foreign enterprises	—	480	0	—	480	(20)	460
Reversal of currency translation adjustments, foreign enterprises	—	171	0	—	171	0	171
Actuarial gains/(losses) related to defined benefit pension plans	—	—	588	—	588	0	588
Income tax relating to components of other comprehensive income	—	0	(144)	—	(144)	0	(144)
Profit for the year	—	—	2,424	0	2,424	(41)	2,383
Total comprehensive income/(loss)	—	651	2,868	0	3,519	(61)	3,458
Distributed dividends	—	—	(6,036)	(2,035)	(8,071)	—	(8,071)
Dividends, treasury shares	—	—	11	0	11	—	11
Equity at 31 December 2009	**992**	**(644)**	**26,730**	**0**	**27,078**	**0**	**27,078**

The dividends paid in 2009, 2008 and 2007 were DKK 7.85 per share, DKK 0.72 per share and DKK 0.70 per share, respectively. No dividend will be proposed at the Annual General Meeting on 4 March 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Overview

Note 1 Significant Accounting Policies

TDC's Consolidated Financial Statements for 2009 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional disclosure requirements issued by the IFRS Executive Order issued by the Danish Commerce and Companies Agency in pursuance of the Danish Financial Statements Act. For 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.

Merger between TDC and NTC

All figures in these financial statements, including comparative figures for previous periods, reflect the merger between TDC and NTC with TDC as the surviving company, which was effective from January 1, 2009 for accounting purposes. In accordance with IFRS, the financial statements of the merged company are based on the values of the acquirer (NTC). Accordingly, certain assets in these financial statements differ significantly from those in the former financial statements of TDC, as NTC at the time of the acquisition of TDC allocated the total purchase price for the shares in TDC to the underlying assets and liabilities, in accordance with IFRS.

Key figures of TDC for 2008 before and after the merger are shown below. As it appears, Profit for the year was lower after the merger. This is attributable primarily to additional depreciation, amortisation and impairment losses, mainly due to amortisation of customer relationships. Special items also impacted profit for the year negatively due to lower gains from divestment of enterprises, which was partly offset by lower impairment losses.

	2008	
	After the merger	**Before the merger**
	(DKKm)	
Revenue	26,917	26,917
Profit before depreciation, amortization and special items (EBITDA)	10,054	10,079
Depreciation, amortisation and impairment losses	(4,547)	(3,982)
Profit for the year from continuing operations excluding special items	2,959	3,665
Profit for the year	**557**	**2,771**
Intangible assets	53,361	26,130
Total assets	100,005	75,124
Equity	31,680	11,601
Net interest-bearing debt	34,873	35,139

Changes to accounting policies

The accounting policies have been changed in relation to:

- Revenue recognition
- Pensions

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

Note 1 Significant Accounting Policies (Continued)

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

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

	2009			2008			2007		
	Previous accounting policies	Effect of change in accounting policies	New accounting policies	Previous accounting policies	Effect of change in accounting policies	New accounting policies	Previous accounting policies	Effect of change in accounting policies	New accounting policies
					(DKKm)				
Revenue	26,454	(375)	26,079	27,332	(415)	26,917	28,397	(446)	27,951
Transmission costs and cost of goods sold	(6,819)	375	(6,444)	(7,641)	402	(7,239)	(8,378)	433	(7,945)
Other external expenses	(4,731)	0	(4,731)	(4,922)	13	(4,909)	(5,259)	13	(5,246)
Wages, salaries and pension costs	(4,526)	(72)	(4,598)	(5,186)	1	(5,185)	(5,658)	(1)	(5,659)
Profit before depreciation, amortisation and special items (EBITDA)	10,608	(72)	10,536	10,053	1	10,054	9,377	(1)	9,376
Special items	(1,119)	0	(1,119)	(3,212)	0	(3,212)	664	0	664
Income taxes	(827)	18	(809)	(438)	0	(438)	519	0	519
Profit for the year	**2,435**	**(52)**	**2,383**	**583**	**(26)**	**557**	**3,635**	**(3)**	**3,632**
Actuarial gains/(losses) related to defined benefit pension plans	0	588	588	0	1,166	1,166	0	793	793
Income tax relating to components of other comprehensive income	0	(144)	(144)	576	(296)	280	(205)	(169)	(374)
Other comprehensive income	**631**	**444**	**1,075**	**(1,535)**	**870**	**(665)**	**(337)**	**624**	**287**
Total comprehensive income	**3,066**	**392**	**3,458**	**(952)**	**844**	**(108)**	**3,298**	**621**	**3,919**
Pension assets	4,743	2,863	7,606	4,562	2,468	7,030	4,094	1,176	5,270
Total assets	**83,560**	**2,863**	**86,423**	**97,537**	**2,468**	**100,005**	**104,969**	**1,176**	**106,145**
Equity	24,947	2,131	27,078	29,935	1,745	31,680	31,309	901	32,210
Deferred tax liabilities	6,594	719	7,313	6,836	594	7,430	7,365	301	7,666
Pension liabilities, etc.	231	13	244	236	129	365	322	(26)	296
Total equity and liabilities	**83,560**	**2,863**	**86,423**	**97,537**	**2,468**	**100,005**	**104,969**	**1,176**	**106,145**

The impact on revenue from change in revenue recognition in 2005 and 2006 is a decrease of DKK 0m and DKK 351m respectively. There is no impact on profit for the year.

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

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

Note 1 Significant Accounting Policies (Continued)

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

Consolidation policies

The Consolidated Financial Statements include the Financial Statements of the Parent Company and subsidiaries in which TDC A/S has direct or indirect control. Joint ventures in which the Group has joint control are recognised using the equity method. Associates in which the Group has significant influence are recognised 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 realised and unrealised profit 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 recognised if they can be separated and the fair value can be reliably measured. Deferred tax of the revaluation made is recognised.

Any remaining positive differences between cost and fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries are recognised 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 recognised in the Balance Sheets under Investments in joint ventures and associates. Goodwill is not amortised, but is tested annually for impairment. Negative balances (negative goodwill) are recognised in the Income Statements 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 recognised 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 realisation of deferred tax assets not recognised on acquisition will result in the recognition in the Income Statements of the tax benefit concurrently with a write-down of the carrying amount of goodwill to the amount that would have been recognised if the deferred tax asset had been recognised at the time of the acquisition.

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

Acquired enterprises are recognised in the Consolidated Financial Statements from the time of acquisition, whereas divested enterprises are recognised 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 recognised as the difference between the proceeds (less divestment expenses) and the carrying amount of net assets (including goodwill), with the addition of accumulated currency translation adjustments recognised in other comprehensive income at the time of divestment.

Note 1 Significant Accounting Policies (Continued)

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 recognised as net financials in the Income Statements.

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 recognised as net financials in the Income Statements.

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 income statements 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 recognised directly in equity under a separate reserve for currency translation adjustments. This also applies to adjustments arising from the translation of the income statements 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 recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the Balance Sheets on inception at fair values and subsequently remeasured also at fair values. Derivate financial instruments are recognised when the Group becomes party to the contract and are derecognised when the contract expires, is settled or sold. Quoted market prices are used for derivative financial instruments traded in an active market. A number of different, recognised 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 recognised directly in other comprehensive income net of tax. Gains and losses from hedges of future cash flows are transferred from equity and are, as a general rule, recognised in the same item as the hedged transaction when the cash flow is realised (for example when the hedged sale has been effected). If the hedged transaction results in recognition of a non-monetary asset (such as inventories) or a liability, however, gains or losses from equity are included in the cost of the asset or liability.

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

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 recognised directly in other comprehensive income net of tax.

Revenue recognition

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

Note 1 Significant Accounting Policies (Continued)

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

- Revenues from telephony are recognised at the time the call is made
- Sales related to prepaid products are deferred, and revenues are recognised at the time of use
- Revenues from leased lines are recognised over the rental period
- Revenues from subscription fees and flat rate services are recognised over the subscription period
- Revenues from non-refundable up-front connection fees are deferred and amortised over the expected term of the related customer relationship
- Revenues from the sale of equipment are recognised upon delivery. Revenues from the maintenance of equipment are recognised over the contract period.

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

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

Revenues are recognised 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, revenues are recognised net of direct costs.

The percentage of completion method is used to recognise revenue from contract work in progress based on an assessment of the stage of completion. Contract work in progress 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 recognised over the vesting period in the Income Statements under wages, salaries and pension costs. The set-off item is recognised directly in equity.

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

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

Employee shares

When employees are given the opportunity of purchasing shares at a price below market price, the discount is recognised as a cost under wages, salaries and pension costs at the time of acquisition. The set-off item is recognised 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.

Note 1 Significant Accounting Policies (Continued)

Items of a similar nature for non-consolidated enterprises and discontinued operations are recognised under income from joint ventures and associates and profit for the year from discontinued operations, respectively.

Research

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

Intangible assets

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

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

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

Development projects, including costs of computer software purchased or developed for internal use, are recognised 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 amortisation 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 Income Statements.

The main amortisation periods are as follows:

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

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

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

Property, plant and equipment

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

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

Note 1 Significant Accounting Policies (Continued)

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

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

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

The assets' useful lives and residual values are reviewed regularly. If the residual value exceeds the asset's carrying amount, 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 amount at the time of sale. The resulting gain or loss is recognised in the Income Statements 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 finance leases are recognised as assets acquired.

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

Investments in joint ventures and associates

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

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

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

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

Other investments

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

Inventories

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

Note 1 Significant Accounting Policies (Continued)

Receivables

Receivables are measured at amortised cost. Write-downs for anticipated doubtful debts 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 progress

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

Write-downs are made for anticipated losses on work in progress 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 invoicing does not exceed the amount capitalised. Received payments on account exceeding the amount capitalised are recognised as a liability under prepayments from customers.

Marketable securities

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

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 recognised directly in equity.

Dividends

Dividends expected to be distributed for the year are recognised under a separate item in equity. Dividends and interim dividends are recognised 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 recognised in the Income Statements when the net investment is realised.

Current and deferred income taxes

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

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

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases of assets and liabilities at the balance sheet date except for temporary differences arising from goodwill on initial recognition and other items where amortisation 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.

Note 1 Significant Accounting Policies (Continued)

Deferred tax assets including the tax value of tax loss carryforwards are recognised at the value at which they are expected to be realised. Realisation 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 unrealised intra-group profit 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 realised as current income tax. Changes in deferred tax as a result of changes in tax rates are recognised in the Income Statements except for the effect of items recognised directly in other comprehensive income.

Provisions

Provisions are recognised 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 recognised 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 recognised and an equal amount is capitalised as part of the initial carrying amount of the asset.

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

Pensions

The Group's pension plans include defined benefit plans and defined contribution plans.

The Group has an obligation to pay a specific benefit to defined benefit plans at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets at fair value is recognised 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 realised developments in pension assets and pension obligations are referred to as actuarial gains and losses and are recognised in other comprehensive income when gains and losses occur.

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

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

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

Note 1 Significant Accounting Policies (Continued)

Financial liabilities

Interest-bearing loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statements over the term of the loan.

Other financial liabilities are measured at amortised cost.

Deferred income

Deferred income recognised 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 amount will be recovered principally through a sales transaction rather than through continuing use and it seems highly probable that the disposal is effected within twelve months in accordance with a single coordinated plan.

Assets or disposal groups classified as held for sale are measured at the lower of carrying amount at the time of the classification as held for sale and the fair value less costs to sell. No depreciation or amortisation is charged on assets from the date when they are classified as assets held for sale. Furthermore, recognition of income under the equity method ceases when joint ventures and associates are classified as assets held for sale.

Impairment losses arising on initial classification as assets held for sale and gains and losses on subsequent measurement at the lower of carrying amount and fair value less costs to sell are recognised in the Income Statements.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the lease.

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. The cost of finance leases is measured at the lower of the assets' fair value and the present value of future minimum lease payments. The corresponding rental obligations are included in loans. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Disclosure of discontinued operations

Discontinued operations are recognised 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 Income Statements 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.

Note 1 Significant Accounting Policies (Continued)

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, amortisation 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 recognised as cash and cash equivalents. Cash flows from acquired enterprises are recognised from the time of acquisition, while cash flows from enterprises divested are recognised up to the time of divestment.

Cash flow from financing activities comprises changes in interest-bearing debt, purchase of treasury shares and dividends to shareholders.

Cash and cash equivalents cover cash and marketable securities with a remaining life not exceeding three months at the time of acquisition, and with an insignificant risk of changes in value.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The operating segments have been determined based on the financial and operational reports reviewed by the Board of Directors.

The accounting policies of the reportable segments are the same as the Group's accounting policies described above. Income before depreciation, amortisation and special items (EBITDA) represents the profit earned by each segment without allocation of depreciation, amortisation and impairment losses, special items, income from joint ventures and associates, net financials and income taxes. EBITDA is the measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated to operating segments in the financial and operational reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group and for each segment. For IFRS 8 purposes, segment assets for each reportable segment comprise the following assets: Inventories, trade receivables, receivables from joint ventures and associates as well as contract work in progress, 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 financial 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 amount of the asset may not

Note 2 Critical accounting estimates and judgments (Continued)

be recoverable and should therefore be tested for impairment. Any change in the estimated useful lives of these assets is recognised 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 amount 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 26, the assumed discount rate was increased from 5.35% to 5.60% in 2009 to reflect changes in market conditions, and the expected return on plan assets has been reduced to reflect changes in market conditions and in the mix of assets held by our pension funds. Our assumptions for 2010 reflect a decrease in the discount rate from 5.60% to 5.00%, an increase in the expected return on plan assets from 5.10% to 5.20%, and unchanged assumptions for inflation. We believe these assumptions illustrate current market conditions and expectations for market returns in the long term. With these changed assumptions, TDC's total pension costs excluding redundancy programmes are expected to decrease by approximately DKK 150m in 2010 compared with 2009, assuming all other factors remain unchanged.
- Estimates of deferred taxes and significant items giving rise to the deferred assets and liabilities are shown in note 10. These reflect the assessment of actual future taxes to be paid on items in the financial statements, with consideration given to both the timing and probability of these estimates. In addition, such estimates reflect expectations about the amount of future taxable income and, where applicable, tax planning strategies. Actual income taxes and profit for the year could vary from these estimates as a result of changes in expectations about future taxable income, future changes in income tax law or result from the final review of our tax returns by tax authorities.
- The determination of the treatment of contingent assets and liabilities in the financial statements, as shown in note 28, 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 recognised if the likelihood of a positive outcome is virtually certain. A liability is recognised 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 realised gains or losses deviating from the amounts recognised.
- Revenue, as shown in note 4, is recognised when realised or realisable and earned. Revenues from non-refundable up-front connection fees are deferred and recognised 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 31 December 2009 IASB and the EU have approved the following new accounting standards (IFRSs and IASs) and interpretations (IFRICs) that become effective for 2010 or later, and are judged relevant for TDC:

- IFRS 3 (Revised 2008) *Business Combinations* will be effective for financial years starting on or after July 1, 2009. The revised standard continues to apply the purchase method to business

Note 3 New accounting standards (Continued)

combinations, with some significant changes. For example, all payments to purchase a business are to be recognised at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. The non-controlling interest (the minority interests) in the acquiree can be measured on an acquisition-by-acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are to be expensed. The Group will apply IFRS 3 (Revised 2008) prospectively to all business combinations from 1 January 2010.

- IAS 27 (Revised 2008) *Consolidated and Separate Financial Statements* will be effective for financial years starting on or after July 1, 2009. The revised standard requires the effects of all transactions with non-controlling interests (minority interests) to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised 2008) prospectively to transactions with non-controlling interests from 1 January 2010. The Group already uses this economic entity approach on transactions with non-controlling interests.
- IAS 32 (Amended 2009) *Financial Instruments: Presentation—Classification of Rights Issues* will be effective for financial years starting on or after February 1, 2010. The amended standard changes the classification between equity and liabilities in very specific situations where equity instruments are offered in a currency different from the functional currency of the entity. The Group will apply IAS 32 (Amendment) from 1 January 2011, but the amendment is not expected to have any impact.
- IFRIC 17 *Distributions of Non-cash Assets to Owners* will be effective for financial years starting on or after July 1, 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group will apply IFRIC 17 from 1 January 2010. The interpretation has no impact on the group's financial statements as the distributions only take place in cash.

IASB has published the following new accounting standards (IFRSs) and interpretations (IFRICs) that become effective for 2010 or later, and are judged relevant for TDC, but have not yet been approved by the EU:

- IFRS 2 (Amended 2009) *Share-based Payment—Group cash-settled and share-based payment transactions* will be effective for financial years starting on or after 1 January 2010. In addition to incorporate IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2—Group and treasury share transactions* the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The Group will apply IFRS 2 (Amendment) from 1 January 2010, but the amendment is not expected to have any impact.
- IFRS 9 *Financial Instruments* will be effective for financial years starting on or after 1 January 2013. IFRS 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. It applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories. The Group will apply IFRS 9 from 1 January 2013 at the latest, but the amendment is not expected to have any material impact.
- IAS 24 (Amended 2009) *Related Party Disclosures* will be effective for financial years starting on or after 1 January 2011. The amended standard provides a partial exemption from the disclosure requirements for government-related entities and simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Group will apply IAS 24 (Amendment) from 1 January 2011, but the amendment is not expected to have any impact.

Note 3 New accounting standards (Continued)

- As part of the annual improvement project IASB has approved changes to several of the existing standards. The adjustments are effective from 1 January 2010 at the earliest, but are expected to have no material impact on the Group's financial statements.
- IFRIC 14 (Amended 2009) *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* will be effective for financial years starting on or after 1 January 2011. The amendment applies in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The Group will apply IFRIC 14 (Amendment) from 1 January 2011, but the amendment is not expected to have any impact.

Note 4 Segment reporting

For a description of reportable segments and the types of products and services from which each reportable segment derives its revenue, see 'Business activities' under 'The TDC Group'.

In 2009, TDC changed the organisational structure of the company to a customer-centric rather than technology-centric organisation. In addition TDC Business Nordic's organisational structure was divided into two business lines: TDC Business, which is responsible for the Danish business market, and TDC Nordic, which is responsible for activities in the other Nordic countries and TDC Hosting. TDC was reorganised in the following segments (business lines): Consumer, TDC Business, TDC Nordic and Operations & Wholesale. The previous segments Fixnet Nordic and Mobile Nordic were dissolved. The allocation of revenues and expenses to the respective segments was adjusted after TDC changed its organisation. Comparative figures for 2008 and 2007 have been restated accordingly.

Following TDC's reorganisation in Q1 2009, all domestic mobile and landline networks are based in Operations & Wholesale. Operating expenses related to 'Consumer's and TDC Business' mutual use of network infrastructure in Operations & Wholesale are allocated to the respective segments based on measurable cost drivers, e.g. number of MoU. Capital expenditure related to the domestic mobile and landline networks are not allocated between Operations & Wholesale, Consumer and TDC Business.

The cost allocation for TDC Business' and Consumer's use of networks does not include relevant depreciation or cost of tied-up capital and is therefore not comparable with the prices that Operations & Wholesale charges wholesale customers.

Interconnect services between networks—including TDC's mobile and landline networks—are accounted for as revenue billed at regulated prices across segments. Interconnect payments and income concerning TDC customers are allocated to the relevant business line.

Other services from Operations & Wholesale to Consumer, TDC Business and Headquarter, such as delivery of IT solutions, supply of support facilities, i.e. buildings, cars and invoicing services, are allocated to the respective segments based on measurable cost drivers.

Cost allocations from Operations & Wholesale to other segments are recognised as 'Operating expenses allocated to other business lines' in Operations & Wholesale and as 'Operating expenses' in the other segments.

The coaxial-cable network including related operating expenses and capital expenditure is based in YouSee. YouSee's use of the landline network and other services from Operations & Wholesale are accounted for as revenue billed on an arm's length basis.

Headquarters' supply of staff-function services, i.e. HR, legal, finance, etc., is not allocated to other segments.

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

Note 4 Segment reporting (Continued)

Activities

	Consumer			TDC Business		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
External revenue	9,464	9,600	9,682	7,683	8,189	8,522
Revenue across segments	247	301	433	243	357	342
Revenue	9,711	9,901	10,115	7,926	8,546	8,864
EBITDA	3,995	3,902	3,717	3,721	3,659	3,495
Segment assets(2)	1,511	1,386	1,258	2,085	2,457	2,009

	TDC Nordic			Operations & Wholesale		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
External revenue	3,286	3,620	3,694	2,136	2,340	3,142
Revenue across segments	229	234	169	446	408	459
Revenue	3,515	3,854	3,863	2,582	2,748	3,601
EBITDA	497	458	425	1,413	1,500	1,420
Segment assets(2)	854	1,099	1,216	965	900	973

	YouSee		
	2009	2008	2007
		(DKKm)	
External revenue	3,483	3,142	2,797
Revenue across segments	114	46	32
Revenue	3,597	3,188	2,829
EBITDA	1,141	954	814
Segment assets(2)	822	812	758

	Other activities(1)			Total		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
External revenue	27	26	114	26,079	26,917	27,951
Revenue across segments	2	5	26	1,281	1,351	1,461
Revenue	29	31	140	27,360	28,268	29,412
EBITDA	(229)	(415)	(499)	10,538	10,058	9,372
Segment assets(2)	14	642	576	6,251	7,296	6,790

(1) Includes Headquarters.

(2) See the definition under Significant Accounting Policies. Other activities include Invitel in 2008 and 2007.

Reconciliation of revenue

	2009	2008	2007
		(DKKm)	
Reportable segments	27,360	28,268	29,412
Elimination of across segment items	(1,281)	(1,351)	(1,461)
Consolidated amounts	**26,079**	**26,917**	**27,951**

Note 4 Segment reporting (Continued)

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

	2009	2008	2007
		(DKKm)	
EBITDA from reportable segments	10,538	10,058	9,372
Elimination of EBITDA	(2)	(4)	4
Unallocated:			
Depreciation, amortisation and impairment losses	(4,659)	(4,547)	(5,776)
Special items	(1,119)	(3,212)	664
Income from associates and joint ventures	76	200	266
Net financials	(2,064)	(2,048)	(2,763)
Consolidated income before income taxes	**2,770**	**447**	**1,767**

Reconciliation of segment assets

	2009	2008	2007
		(DKKm)	
Segment assets	6,251	7,296	6,790
Unallocated:			
Other current assets(1)	2,560	9,570	11,330
Non-current assets	77,612	83,139	88,025
Consolidated total assets	**86,423**	**100,005**	**106,145**

(1) Other current assets include cash, derivative financial instruments and the segment assets of the former 100% owned subsidiary Sunrise.

Geographical markets

	Domestic operations			Switzerland		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
External revenue(1)	23,003	23,501	24,307	0	0	0
Non-current assets allocated(2)	49,254	48,874	49,712	18,077	18,604	17,181

	Other international operations			Total		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
External revenue	3,076	3,416	3,644	26,079	26,917	27,951
Non-current assets allocated(2)	2,217	8,279	9,699	69,548	75,757	76,592

(1) The revenue of the former 100% owned subsidiary Sunrise is included in Profit for the year from discontinued operations, cf. note 11.

(2) Non-current assets other than Investments in joint ventures and associates, financial instruments, deferred tax assets and post-employment benefit assets including pension assets. Other international operations include Invitel in 2008 and 2007.

Note 4 Segment reporting (Continued)

External revenue from products and services

	2009	2008	2007
		(DKKm)	
Landline telephony	6,087	6,929	8,025
Mobile telephony	7,061	6,635	6,649
Internet and network	7,114	7,073	6,988
Terminal equipment, etc.	2,360	3,026	3,288
Cable TV	2,822	2,480	2,154
Other	635	774	847
External revenue	**26,079**	**26,917**	**27,951**

No customer comprises more than 10% of revenue.

Note 5 Revenue

	2009	2008	2007
		(DKKm)	
Sales of goods	1,941	2,401	2,722
Sales of services	24,138	24,516	25,229
Total	**26,079**	**26,917**	**27,951**

Note 6 Wages, salaries and pension costs

	2009	2008	2007
		(DKKm)	
Wages and salaries	(4,777)	(5,362)	(5,791)
Pensions	(274)	(292)	(285)
Social security	(240)	(284)	(284)
Total	**(5,291)**	**(5,938)**	**(6,360)**
Of which capitalised as non-current assets	693	753	701
Total	**(4,598)**	**(5,185)**	**(5,659)**
Average number of full-time employee equivalents(1),(2)	11,519	13,020	14,531

(1) Denotes the average number of full-time employee equivalents including permanent employees and trainees. Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until 31 December. Employees in divested enterprises are included as the average number of full-time employee equivalents from January 1 to the time of divestment.

(2) The figure covers only continuing operations. Calculated including discontinued operations, the average number of full-time employee equivalents amounted to 14,520 in 2009, 16,193 in 2008 and 18,629 in 2007.

The average number of full-time employee equivalents includes 199 TDC employees who have been seconded to external parties in connection with outsourcing of tasks or divestment of operations and who are entitled to pensions on conditions similar to those provided for Danish civil servants At 31 December 2009, 188 employees were seconded to external parties in connection with outsourcing of tasks or divestment of operations.

Note 6 Wages, salaries and pension costs (Continued)

Remuneration for the Board of Directors and executive committee

	Board of Directors			Executive committee		
	2009	2008	2007	2009	2008	2007
	(DKKm)					
Wages and salaries	3	3	3	68	62	43
Pensions	0	0	0	0	0	2
Total	**3**	**3**	**3**	**68**	**62**	**45**

Remuneration for the executive committee for 2009 includes non-recurring remuneration of DKK 20m compared with DKK 17m in 2008 and DKK 18m in 2007. With effect from 1 January, 15 March, 1 July and 1 August 2007, the remuneration for the executive committee comprises remuneration for two members, four members, six members and seven members, respectively. With effect from 1 September and 2 December 2008, the remuneration for the executive committee comprises remuneration for six members and seven members, respectively. With effect from 1 October 2009, the remuneration for the executive committee comprises remuneration for eight members.

The executive committee members' service contracts include 12 to 15 months' notice in the event of termination by the Company. One executive committee member's service contract contains a change-of-control clause including 24 months' notice in the event of termination by the Company.

Bonus programmes

Approximately 275 TDC top managers participate in a short-term bonus programme called the Top Managers' Compensation Programme, and around 1,400 TDC managers and specialists participate in a short-term bonus programme called the Managers' Compensation Programme. Around 120 Danish and Nordic TDC top managers participate in a long-term bonus programme called the Long-Term Incentive Programme.

The short-term bonus programmes are based on specific, individual annual targets including personal, financial and operational targets. These targets depend on the organisational 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 fulfilment. The bonus percentage achieved when targets are met is called the on-target bonus percentage. For the Top Managers' Compensation Programme, this percentage is fixed in the contract of employment with the individual employee and usually varies within a range of 10-33% of basic salary. The on-target bonus percentage is somewhat lower for the Managers' Compensation Programme. The bonus percentage achieved can be maximum 200% of the on-target bonus.

The Long-Term Incentive Programme is a revolving programme based on financial targets for a three-year period for TDC. The bonus varies within a range of 20-25% of the employees' basic salary. Payout starts at a performance of 5% below target and payout of 200% is achieved at a performance of 5% above target. Payout is capped at 200% if performance in the third year is below target.

The short-term bonus programme for the members of the TDC executive committee is based on the same principles as those for other managers. TDC executive committee members do not participate in the Long-Term Incentive Programme.

Note 6 Wages, salaries and pension costs (Continued)

Share options for certain employees in Danish enterprises

TDC had a revolving share-option programme for employees in TDC's domestic enterprises. The programme ceased in 2006 and was replaced by the Long-Term Incentive Programme. The table below shows the development in the number of outstanding shares[(1)].

	Board of Directors	Executive committee	Other management employees	Total	Average exercise price per option
	(number)	(number)	(number)	(number)	(in DKK)
Outstanding at 1 January 2008	0	0	312,750	312,750	60.4
Share options issued in 2008	0	0	0	0	—
Exercised in 2008	0	0	0	0	—
Cancelled in 2008	0	0	(101,670)	(101,670)	66.4
Outstanding at 31 December 2008	**0**	**0**	**211,080**	**211,080**	**57.6**
Share options issued in 2009	0	0	0	0	—
Exercised in 2009	0	0	0	0	—
Cancelled in 2009			(193,760)	(193,760)	55.6
Outstanding at 31 December 2009	**0**	**0**	**17,320**	**17,320**	**80.4**
Options that may be exercised at 31 December 2009	**0**	**0**	**17,320**	**17,320**	**80.4**
Average remaining option lives at 31 December 2009 (years)	**—**	**—**	**0.8**	**0.8**	**—**
Average remaining option lives at 31 December 2008 (years)	**—**	**—**	**2.7**	**2.7**	**—**
Average remaining option lives at 31 December 2007 (years)	—	—	3.4	3.4	—

No expenses resulted from the Danish share-option programme in 2009, 2008 and 2007.

The exercise prices of outstanding share options are specified as follows:

	2009	2008	2007
Share options (numbers)			
Exercise price in the interval DKK 30-40	0	63,030	63,030
Exercise price in the interval DKK 40-50	0	0	0
Exercise price in the interval DKK 50-60	11,115	97,410	161,505
Exercise price in the interval DKK 60-80	0	19,430	45,600
Exercise price in the interval DKK 80-100	0	11,020	11,020
Exercise price in the interval DKK 100-120	0	2,500	5,000
Exercise price in the interval DKK 120-140	6,205	17,690	26,595
Total	**17,320**	**211,080**	**312,750**

(1) As a result of the share split at 10 May 2010, the nominal share value has been changed from DKK 5 to DKK 1. The number of shares has been increased proportionately. Comparative figures have been restated.

Note 6 Wages, salaries and pension costs (Continued)

Number of shares in TDC A/S

	2009	2008	2007
Present Board of Directors[1]			
Leif Hartmann	505	505	505
Steen M. Jacobsen	505	505	505
Jan Bardino	805	805	805
Bo Magnussen	505	505	505
Total	**2,320**	**2,320**	**2,320**
Present executive committee			
Henrik Poulsen	0	0	0
Eva Berneke	0	0	0
Niels Breining	505	505	505
Carsten Dilling	0	0	0
Jesper Theill Eriksen	55	55	55
Martin Lippert	495	495	495
Jens Munch-Hansen	0	0	0
Jesper Ovesen	0	0	0
Total	**1,055**	**1,055**	**1,055**

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

Management's investment in Nordic Telephone Company Investment ApS

Nordic Telephone Company Investment ApS (NTCI), which is the ultimate Danish holding company in the group of companies holding an ownership interest of 87.9% in TDC A/S, has invited members of the TDC Board of Directors and TDC executive committee, as well as TDC senior executives and other TDC management employees to invest in NTCI.

Note 7 Other income, other expenses and government grants

	2009	2008	2007
		(DKKm)	
Other income	243	479	303
Other expenses	(13)	(9)	(28)
Total	**230**	**470**	**275**

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

Government grants recognised as income during 2009 amounted to DKK 18m compared with DKK 19m in 2008 and DKK 1m in 2007.

Note 8 Special items

	2009	2008	2007
		(DKKm)	
Gain/(loss) from divestments of enterprises and property, net	(18)	(2)	918
Impairment losses	(119)	(1,972)	0
Income/(loss) from rulings	0	0	166
Restructuring costs, etc.	(982)	(1,238)	(420)
Special items before income taxes	**(1,119)**	**(3,212)**	**664**
Income taxes related to special items	276	284	198
Special items after income taxes	**(843)**	**(2,928)**	**862**

Note 9 Net financials

	2009			
	Interest	Currency translation adjustments	Fair value adjustments	Total
		(DKKm)		
Income				
Financial assets and liabilities measured at fair value through profit or loss	649	54	59	762
Loans and receivables	164	93	0	257
Financial liabilities measured at amortised cost	0	60	0	60
Non-financial assets or liabilities	12	4	0	16
Total	**825**	**211**	**59**	**1,095**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,013)	(2)	(312)	(1,327)
Loans and receivables	0	(102)	0	(102)
Financial liabilities measured at amortised cost	(1,311)	(364)	0	(1,675)
Non-financial assets or liabilities	(55)	0	0	(55)
Total	**(2,379)**	**(468)**	**(312)**	**(3,159)**
Net financials	**(1,554)**	**(257)**	**(253)**	**(2,064)**

Note 9 Net financials (Continued)

	2008			
	Interest	Currency translation adjustments	Fair value adjustments	Total
	(DKKm)			
Income				
Financial assets and liabilities measured at fair value through profit or loss	1,813	47	74	1,934
Loans and receivables	299	174	0	473
Financial liabilities measured at amortised cost	0	677	0	677
Non-financial assets or liabilities	48	0	0	48
Total	**2,160**	**898**	**74**	**3,132**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,579)	(43)	(760)	(2,382)
Loans and receivables	0	(65)	0	(65)
Financial liabilities measured at amortised cost	(2,619)(1)	(20)	0	(2,639)
Non-financial assets or liabilities	(94)	0	0	(94)
Total	**(4,292)**	**(128)**	**(760)**	**(5,180)**
Net financials	**(2,132)**	**770**	**(686)**	**(2,048)**

(1) Including DKK 148m as an effect of early redemption.

	2007			
	Interest	Currency translation adjustments	Fair value adjustments	Total
	(DKKm)			
Income				
Financial assets and liabilities measured at fair value through profit or loss	1,184	6	325	1,515
Loans and receivables	321	231	63	615
Financial liabilities measured at amortised cost	0	22	0	22
Non-financial assets or liabilities	10	0	0	10
Total	**1,515**	**259**	**388**	**2,162**
Expenses				
Financial assets and liabilities measured at fair value through profit or loss	(1,116)	(13)	0	(1,129)
Loans and receivables	0	(29)	0	(29)
Financial liabilities measured at amortised cost	(3,674)(1)	(1)	0	(3,675)
Non-financial assets or liabilities	(92)	0	0	(92)
Total	**(4,882)**	**(43)**	**0**	**(4,925)**
Net financials	**(3,367)**	**216**	**388**	**(2,763)**

(1) Including DKK 32m as an effect of early redemption.

Interest income includes interest from joint ventures and associates amounting to DKK 0m compared with DKK 0m in 2008 and DKK 3m in 2007.

Note 10 Income taxes

	2009		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
		(DKKm)	
At January 1	—	811	7,365
Transferred to discontinued operations	—	(86)	(116)
Currency translation adjustments, net	—	0	1
Additions relating to acquisition of enterprises	—	1	93
Income taxes	(1,169)	1,380	(211)
Adjustment of tax for previous years	182	(167)	(15)
Tax related to other comprehensive income	—	0	144
Tax paid	—	(671)	—
Transferred to discontinued operations	178	—	—
Total	**(809)**	**1,268**	**7,261**
which can be specified as follows:			
Tax payable/deferred tax liabilities	—	1,270	7,313
Tax receivable/deferred tax assets	—	(2)	(52)
Total	**—**	**1,268**	**7,261**
Income taxes are specified as follows:			
Income excluding special items	(1,085)	—	—
Special items	276	—	—
Total	**(809)**	**—**	**—**

	2008		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
		(DKKm)	
At January 1	—	1,842	7,541
Currency translation adjustments, net	—	(5)	20
Additions relating to acquisition of enterprises	—	15	49
Disposals relating to divestment of enterprises	—	4	1
Income taxes	(889)	1,488	(599)
Adjustment of tax for previous years	154	(211)	57
Tax related to other comprehensive income	—	(576)	296
Tax paid	—	(1,746)	—
Transferred to discontinued operations	297	—	—
Total	**(438)**	**811**	**7,365**
which can be specified as follows:			
Tax payable/deferred tax liabilities	—	820	7,430
Tax receivable/deferred tax assets	—	(9)	(65)
Total	**—**	**811**	**7,365**
Income taxes are specified as follows:			
Income excluding special items	(722)	—	—
Special items	284	—	—
Total	**(438)**	**—**	**—**

Note 10 Income taxes (Continued)

	2007		
	Income taxes cf. the Statements of Income	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
		(DKKm)	
At January 1	—	586	10,139
Effect of changes in accounting policies	—	—	132
Currency translation adjustments, net		(2)	(11)
Additions relating to acquisition of enterprises	—	(3)	155
Disposals relating to divestment of enterprises	—	(9)	(58)
Income taxes	(517)	1,619	(1,102)
Change of income tax rate	945	0	(945)
Adjustment of tax for previous years	(44)	27	17
Tax related to other comprehensive income	—	205	169
Tax paid	—	(762)	—
Transferred to discontinued operations	135	181	(955)
Total	**519**	**1,842**	**7,541**
which can be specified as follows:			
Tax payable/deferred tax liabilities	—	1,856	7,666
Tax receivable/deferred tax assets	—	(14)	(125)
Total	**—**	**1,842**	**7,541**
Income taxes are specified as follows:			
Income excluding special items	321	—	—
Special items	198	—	—
Total	**519**	**—**	**—**

Reconciliation of effective tax rate

	2009	2008	2007
Danish income tax rate	25.0	25.0	25.0
Joint ventures and associates	0.0	(1.4)	(7.4)
Other non-taxable income and non-tax deductible expenses	0.1	0.8	1.3
Tax value of non-capitalised tax losses and utilised tax losses, net	(2.8)	(2.6)	2.1
Different tax rates in foreign subsidiaries	0.2	0.3	0.6
Adjustment of tax for previous years	(3.8)	(4.9)	0.3
Change of tax legislation, including change of come tax rate	0.0	0.0	(78.5)
Re-taxation of formerly deducted losses in foreign enterprises	0.0	0.0	2.3
Limitation on the tax deductibility of interest expenses	9.8	2.3	27.2
Other	0.0	0.1	(0.1)
Effective tax rate excluding special items	**28.5**	**19.6**	**(27.2)**
Special items	0.7	78.4	(2.2)
Effective tax rate including special items	**29.2**	**98.0**	**(29.4)**

Note 10 Income taxes (Continued)

Specification of deferred tax

	2009				
	Deferred tax assets	Deferred tax liabilities	Total	2008	2007
			(DKKm)		
Allowances for doubtful debts	(4)	0	(4)	(1)	(1)
Provisions for redundancy payments	(95)	0	(95)	(106)	(92)
Current	**(99)**	**0**	**(99)**	**(107)**	**(93)**
Intangible assets	(5)	5,535	5,530	6,069	6,410
Property, plant and equipment	(60)	578	518	464	425
Pension assets and pension liabilities	(43)	1,901	1,858	1,735	1,328
Tax value of tax loss carryforwards	(12)	0	(12)	(30)	(108)
Other	(702)	168	(534)	(766)	(421)
Non-current	**(822)**	**8,182**	**7,360**	**7,472**	**7,634**
Deferred tax liabilities at 31 December	**(921)**	**8,182**	**7,261**	**7,365**	**7,541**

The Group's capitalised tax loss carryforwards are expected to be utilised before the end of 2012.

Furthermore, the Group has tax losses to carry forward against future taxable income that have not been recognised in these Financial Statements due to uncertainty of their recoverability. At 31 December 2009, these tax losses amounted to a tax value of DKK 232m, compared with DKK 293m at 31 December 2008 and DKK 311m at 31 December 2007.

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 assumes liability for this payment.

Note 11 Discontinued operations

	2009	2008	2007
		(DKKm)	
Revenue	**11,907**	**11,499**	**15,102**
Total operating costs	**(8,625)**	**(8,388)**	**(11,740)**
Income taxes	**(222)**	**(292)**	**(246)**
Results from discontinued operations excluding gain/loss from divestment	575	352	198
Special items relating to divestment of discontinued operations	(153)	196	1,148
Profit for the year from discontinued operations	**422**	**548**	**1,346**

Discontinued operations comprise the former 64.6% owned subsidiary Invitel Holdings A/S and the former 100% owned subsidiary Sunrise Communications AG. Invitel was formerly known as Hungarian Telephone and Cable Corp. (HTCC), and is a Hungarian-based landline operator with wholesale operations in Eastern Europe. Sunrise is the second-largest integrated telecommunications provider in Switzerland. In addition, in 2007 discontinued operations include the formerly 100% owned subsidiary Talkline, a German service provider operating under its own brand through T-Mobile's network.

Note 12 Earnings per share

	2009	2008	2007
Profit for the year (DKKm)	2,383	557	3,632
Minority interests' share of consolidated income (DKKm)	41	151	280
Shareholders' share of profit for the year (DKKm)	**2,424**	**708**	**3,912**
Average number of shares	991,875,885	991,875,885	991,875,885
Average number of treasury shares	(1,419,105)	(1,419,105)	(1,419,105)
Average number of outstanding shares	**990,456,780**	**990,456,780**	**990,456,780**
Average dilutive effect of outstanding share options (number)	0	26,459	23,522
Average number of diluted outstanding shares	**990,456,780**	**990,483,239**	**990,480,302**
EPS (DKK)			
Earnings per share, basic	2.4	0.7	4.0
Earnings per share, diluted	2.4	0.7	4.0
Earnings per share from continuing operations, basic	2.0	0.0	2.3
Earnings per share from continuing operations, diluted	2.0	0.0	2.3
Earnings per share from discontinued operations, basic	0.4	0.7	1.7
Earnings per share from discontinued operations, diluted	0.4	0.7	1.7

As a result of the share split at 10 May 2010, the nominal share value has been changed from DKK 5 to DKK 1. The number of shares increased proportionately. Comparative figures have been restated.

Note 13 Intangible assets

	2009				
	Goodwill	Customer relationships	Brands	Other rights, software, etc.	Total
			(DKKm)		
Accumulated cost at January 1	26,606	24,158	8,101	8,000	66,865
Transferred to discontinued operations	(633)	(895)	(138)	(790)	(2,456)
Additions relating to the acquisition of subsidiaries	318	241	24	38	621
Additions during the year	0	62	0	885	947
Currency translation adjustments	134	100	47	(13)	268
Disposals relating to the divestment of subsidiaries	0	0	0	0	0
Assets disposed of or fully amortised during the year	0	(15)	(747)	(200)	(962)
Accumulated cost at 31 December	**26,425**	**23,651**	**7,287**	**7,920**	**65,283**
Accumulated amortisation and write-downs for impairment at January 1	(1,227)	(7,190)	(1,216)	(3,871)	(13,504)
Transferred to discontinued operations	(3)	94	1	116	208
Currency translation adjustments	(42)	(78)	(20)	20	(120)
Amortisation for the year	0	(1,966)	(170)	(949)	(3,085)
Write-downs for impairment during the year	(27)	(26)	0	(141)	(194)
Disposals relating to the divestment of subsidiaries	0	0	0	0	0
Assets disposed of or fully amortised during the year	0	15	747	200	962
Accumulated amortisation and write-downs for impairment at 31 December	**(1,299)**	**(9,151)**	**(658)**	**(4,625)**	**(15,733)**
Carrying amount at 31 December	**25,126**	**14,500**	**6,629**	**3,295**	**49,550**
Carrying amount of capitalised interest at 31 December	**—**	**0**	**0**	**3**	**3**

Note 13 Intangible assets (Continued)

	2008				
	Goodwill	Customer relationships	Brands	Other rights, software, etc.	Total
			(DKKm)		
Accumulated cost at January 1	25,853	23,171	8,081	7,036	64,141
Transferred (to)/from other items	0	61	0	(61)	0
Additions relating to the acquisition of subsidiaries	(31)	472	9	297	747
Additions during the year	0	0	0	1,005	1,005
Currency translation adjustments	803	456	72	165	1,496
Disposals relating to the divestment of subsidiaries	(19)	0	0	(56)	(75)
Assets disposed of or fully amortised during the year	0	(2)	(61)	(386)	(449)
Accumulated cost at 31 December	**26,606**	**24,158**	**8,101**	**8,000**	**66,865**
Accumulated amortisation and write-downs for impairment at 1 January	(266)	(4,944)	(844)	(2,722)	(8,776)
Transferred (to)/from other items	0	(1)	0	1	0
Currency translation adjustments	22	(214)	8	(73)	(257)
Amortisation for the year	0	(1,853)	(158)	(958)	(2,969)
Write-downs for impairment during the year	(984)	(180)	(283)	(555)	(2,002)
Disposals relating to the divestment of subsidiaries	1	0	0	54	55
Assets disposed of or fully amortised during the year	0	2	61	382	445
Accumulated amortisation and write-downs for impairment at 31 December	**(1,227)**	**(7,190)**	**(1,216)**	**(3,871)**	**(13,504)**
Carrying amount at 31 December	**25,379**	**16,968**	**6,885**	**4,129**	**53,361**
Carrying amount of capitalised interest at 31 December	**—**	**0**	**0**	**10**	**10**

In 2009, write-downs for impairment of rights, software, etc. totalled DKK 167m. Of this, DKK 137m related to assets jointly operated by Consumer, TDC Business and Operations & Wholesale, DKK 23m related to TDC Nordic, and DKK 7m related to YouSee.

In 2008, write-downs for impairment of rights, brands, software, etc. totalled DKK 1,018m. Of this, DKK 465m related to assets operated jointly by Consumer, TDC Business and Operations and Wholesale, DKK 477m related to TDC Nordic, DKK 11m related to YouSee, DKK 42m related to Sunrise, and DKK 23m related to other activities. The write-downs related to jointly operated assets comprised primarily write-downs of software. The write-downs related to TDC Nordic resulted primarily from reduced cash-flow expectations.

The carrying amount of software amounted to DKK 1,515m, compared with DKK 1,707m in 2008. In 2009, the addition of internally developed software totalled DKK 123m, compared with DKK 114m in 2008.

Interest capitalised during 2009 amounted to DKK 0m, compared with DKK 11m in 2008.

The carrying amount of mortgaged intangible assets amounted to DKK 0m at 31 December 2009, compared with DKK 343m in 2008.

Note 13 Intangible assets (Continued)

Impairment tests of goodwill and intangible assets with indefinite useful lives

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at July 1, 2009 and October 1, 2008, respectively.

The impairment test is an integrated part of the Group's budget and planning process that is based on three-year business plans. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on three-year business plans approved by Management.

Following the completion of the annual impairment test at October 1, 2008, write-downs for impairment of goodwill amounting to DKK 984m relating primarily to TDC Sweden, TDC Finland and TDC Norway, were recognised. The write-downs resulted primarily from reduced cash-flow expectations.

Goodwill and intangible assets with indefinite useful lives relate primarily to Consumer, TDC Business, YouSee and Sunrise. The assumptions for calculating the value in use for the most significant goodwill amounts are given below. Any reasonably possible changes in the key assumptions are deemed not to cause the carrying amount of goodwill to exceed the recoverable value.

The carrying amount of assets with indefinite useful lives other than goodwill amounted to DKK 5,592m at 31 December 2009, compared with DKK 5,567m in 2008.

Consumer

The carrying amount of goodwill relating to Consumer amounted to DKK 5,051m at 31 December 2009. The projected earnings are relatively stable with growth relating to VoIP, mobile broadband and TVoIP, partly offset by decline within PSTN. The growth rate applied to extrapolate projected future cash flows for the year following 2012 equals an expected market based rate of 2.5%. A pre-tax discount rate of 8.4% (October 1, 2008: 9.1% for the former Fixnet Nordic and 9.4% for the former Mobile Nordic) has been applied.

TDC Business

The carrying amount of goodwill relating to TDC Business amounted to DKK 8,249m at 31 December 2009. The projected earnings are relatively stable. The recoverable amount is primarily sensitive to the applied assumptions regarding the growth within VoIP offset by decline within traditional landline telephony. Furthermore, projected growth will stem mainly from mobile broadband, mobile telephony, fibre activities as well as increased activity within the systems integrator business. The growth rate applied to extrapolate projected future cash flows for the year following 2012 equals an expected market-based rate of 2.5%. A pre-tax discount rate of 8.6% (October 1, 2008: 9.3% for the former Business Nordic excluding TDC Sweden, TDC Norway and TDC Finland) has been applied.

YouSee

The carrying amount of goodwill relating to YouSee amounted to DKK 2,089m at 31 December 2009. The projected growth in earnings was driven by growth in TV (both YouSee Clear and YouSee Plus), broadband and VoIP. The growth rate applied to extrapolate projected future cash flows for the period following 2012 equals an expected market-based rate of 2.0%. A pre-tax discount rate of 8.9% (October 1, 2008: 9.1%) has been applied.

Sunrise

The carrying amount of goodwill relating to Sunrise amounted to DKK 9,403m at 31 December 2009. The recoverable amount is primarily sensitive to changes in the expected revenue growth. The projected revenue growth stems mainly from broadband and data services, mobile offerings and wholesale. The growth rate applied to extrapolate projected future cash flows for the year following 2012 equals an expected market-based rate of 2.0%. A pre-tax discount rate of 6.8% (31 December 2008: 7.7%) has been applied.

Note 14 Property, plant and equipment

	2009					
	Land and buildings	Telecommuni-cations installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
	(DKKm)					
Accumulated cost at January 1	752	29,627	3,295	201	1,019	34,894
Transferred to discontinued operations	(35)	(4,485)	(133)	0	(155)	(4,808)
Currency translation adjustments	2	240	38	3	9	292
Transfers (to)/from other items	2	1,201	210	(226)	(1,187)	0
Additions relating to the acquisition of subsidiaries	0	467	62	8	78	615
Work performed for own purposes and capitalised	0	1,000	0	9	7	1,016
Acquisitions from third parties	5	938	305	473	1,265	2,986
Disposals relating to the divestment of subsidiaries	0	(110)	(3)	0	0	(113)
Assets disposed of during the year	(40)	(1,812)	(400)	(10)	0	(2,262)
Accumulated cost at 31 December	**686**	**27,066**	**3,374**	**458**	**1,036**	**32,620**
Accumulated depreciation and write-downs for impairment at January 1	(32)	(10,353)	(2,044)	(68)	(1)	(12,498)
Transferred to discontinued operations	0	892	23	0	1	916
Currency translation adjustments	0	(135)	(28)	0	0	(163)
Transfers to/(from) other items	0	178	(1)	(177)	0	0
Depreciation for the year	(14)	(2,539)	(554)	0	0	(3,107)
Write-downs for impairment during the year	(4)	(57)	(16)	(15)	0	(92)
Disposals relating to the divestment of subsidiaries	0	104	1	0	0	105
Assets disposed of during the year	11	1,805	391	10	0	2,217
Accumulated depreciation and write-downs for impairment at 31 December	**(39)**	**(10,105)**	**(2,228)**	**(250)**	**0**	**(12,622)**
Carrying amount at 31 December	**647**	**16,961**	**1,146**	**208**	**1,036**	**19,998**
Carrying amount of finance leases at 31 December	**81**	**263**	**95**	**—**	**—**	**439**
Carrying amount of capitalised interest at 31 December	**0**	**43**	**0**	**—**	**0**	**43**

Note 14 Property, plant and equipment (Continued)

	2008					
	Land and buildings	Telecommunications installations	Other installations	Installation materials	Property, plant and equipment under construction	Total
	(DKKm)					
Accumulated cost at January 1	1,125	25,383	2,772	247	953	30,480
Currency translation adjustments	(25)	48	52	(5)	47	117
Transfers (to)/from other items	(148)	2,071	253	(155)	(2,021)	0
Additions relating to the acquisition of subsidiaries	11	355	70	0	358	794
Work performed for own purposes and capitalised	0	1,251	5	4	40	1,300
Acquisitions from third parties	4	669	361	143	1,647	2,824
Disposals relating to the divestment of subsidiaries	0	(58)	(21)	0	(3)	(82)
Assets disposed of during the year	(215)	(92)	(197)	(33)	(2)	(539)
Accumulated cost at 31 December	**752**	**29,627**	**3,295**	**201**	**1,019**	**34,894**
Accumulated depreciation and write-downs for impairment at January 1	(34)	(7,539)	(1,634)	(45)	(1)	(9,253)
Currency translation adjustments	10	(121)	(33)	2	0	(142)
Transfers to/(from) other items	19	(22)	3	0	0	0
Depreciation for the year	(237)	(2,759)	(562)	0	0	(3,558)
Write-downs for impairment during the year	(3)	(37)	(10)	(30)	(3)	(83)
Disposals relating to the divestment of subsidiaries	0	36	14	0	0	50
Assets disposed of during the year	213	89	178	5	3	488
Accumulated depreciation and write-downs for impairment at 31 December	**(32)**	**(10,353)**	**(2,044)**	**(68)**	**(1)**	**(12,498)**
Carrying amount at 31 December	**720**	**19,274**	**1,251**	**133**	**1,018**	**22,396**
Carrying amount of finance leases at 31 December	**94**	**386**	**141**	**—**	**—**	**621**
Carrying amount of capitalised interest at 31 December	**0**	**31**	**0**	**—**	**0**	**31**

In 2009, write-downs for impairment totalled DKK 92m. Of this, DKK 36m related to assets operated jointly by TDC Business, Operations & Wholesale and Consumer, DKK 4m related to TDC Nordic, DKK 49m related to Sunrise and DKK 3m related to Other activities.

In 2008, write-downs for impairment totalled DKK 83m. Of this, DKK 63m related to assets operated jointly by TDC Business, Operations & Wholesale and Consumer, DKK 9m related to TDC Nordic, DKK 2m related to Sunrise and DKK 9m related to Other activities.

Interest capitalised during 2009 amounted to DKK 18m compared with DKK 18m in 2008 and DKK 12m in 2007. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4% in 2009.

TDC has recourse guarantee obligations of payment and performance in connection with lease contracts. Reference is made to note 36 Contingencies.

The carrying amount of mortgaged property, plant and equipment amounted to DKK 2m at 31 December 2009 compared with DKK 2,790m at 31 December 2008 and DKK 3,396m at 31 December 2007.

In 2009, damages received relating to property, plant and equipment of DKK 47m were recognised as income compared with DKK 65m in 2008 and DKK 61m in 2007.

Note 15 Investments in joint ventures and associates

	2009	2008
	(DKKm)	
Accumulated cost at January 1	108	6,832
Currency translation adjustments	0	(345)
Additions during the year	0	0
Disposals during the year	0	(6,379)
Accumulated cost at 31 December	**108**	**108**
Accumulated write-ups and write-downs for impairment at January 1	63	(935)
Currency translation adjustments	0	(25)
Transferred to liabilities	5	5
Write-ups and write-downs for the year:		
Share of income/(loss)	(1)	222
Special items	0	0
Dividends	(7)	(394)
Disposals during the year	0	1,190
Accumulated write-ups and write-downs for impairment at 31 December	**60**	**63**
Carrying amount at 31 December	**168**	**171**
which can be specified as follows:		
Joint ventures	1	1
Associates	167	170
Total	**168**	**171**

At 1 January 2008, the carrying amount of joint ventures amounted to DKK 5,755m and of associates to DKK 142m.

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

	2009	2008	2007
		(DKKm)	
Share of income/loss	(1)	222	377
Special items	0	0	(76)
Gain/loss relating to divestment of joint ventures and associates classified as special items	77	(22)	0
Other gains/losses relating to disposals	0	0	(35)
Income from joint ventures and associates	**76**	**200**	**266**

Joint ventures

TDC has no significant investments in joint ventures.

The 19.6% ownership share in Polkomtel S.A. was divested at 18 December 2008.

The 15% ownership share in One GmbH was divested at 2 October 2007.

Note 15 Investments in joint ventures and associates (Continued)

Financial summary for joint ventures (TDC's share)

	2009	2008	2007
		(DKKm)	
Revenue	0	2,911	3,471
Total operating expenses before depreciation, etc.	4	(1,790)	(2,247)
Total non-current assets	0	0	7,104
Total current assets	9	9	530
Total non-current liabilities	0	0	(309)
Total current liabilities	(18)	(14)	(1,570)

Associates

TDC has no significant investments in associates.

Note 16 Receivables

	2009	2008	2007
		(DKKm)	
Trade receivables	6,763	7,667	7,171
Allowances for doubtful debts	(338)	(548)	(548)
Trade receivables, net	**6,425**	**7,119**	**6,623**
Receivables from group enterprises	2	2	13
Contract work in progress (see table below for details)	96	182	268
Other receivables	466	1,075	767
Total	**6,989**	**8,378**	**7,671**
Recognised as follows:			
Non-current assets	231	96	95
Current assets	6,758	8,282	7,576
Total	**6,989**	**8,378**	**7,671**
Allowances for doubtful debts at January 1	(548)	(548)	(890)
Transferred to discontinued operations	113	0	298
Additions	(169)	(346)	(226)
Deductions relating to divestment of subsidiaries	0	20	0
Deductions	266	326	270
Allowances for doubtful debts at 31 December	**(338)**	**(548)**	**(548)**
Receivables past due and impaired	926	1,067	704
Receivables past due but not impaired	625	1,239	1,401
Receivables past due but not impaired can be specified as follows:			
Receivables past due less than 6 months	500	888	1,063
Receivables past due between 6 and 12 months	59	57	53
Receivables past due more than 12 months	66	294	285
Total	**625**	**1,239**	**1,401**

Of the receivables classified as current assets at 31 December 2009, DKK 0m falls due after more than one year, compared with DKK 179m at 31 December 2008 and DKK 327m at 31 December 2007.

Trade receivables past due amounted to DKK 1,486m compared with DKK 1,901m at 31 December 2008 and DKK 1,834m at 31 December 2007. Other classes within receivables do not contain impaired assets.

Note 16 Receivables (Continued)

The carrying amount of charged receivables amounted to DKK 0m at 31 December 2009, compared with DKK 347m at 31 December 2008 and DKK 0m at 31 December 2007.

Contract work in progress

	2009	2008	2007
		(DKKm)	
Value of contract work in progress	347	323	439
Invoicing on account	(255)	(141)	(175)
Total	**92**	**182**	**264**
Recognised as follows:			
Contract work in progress (assets)	96	182	268
Contract work in progress (liabilities)	(4)	0	(4)
Total	**92**	**182**	**264**
Recognised as revenue from contract work in progress	**328**	**674**	**994**
Prepayments from customers	**4**	**18**	**36**

Write-downs of contract work in progress amounted to DKK 0m in 2009, compared with DKK 0m in 2008 and DKK 28m in 2007.

Note 17 Prepaid expenses

	2009	2008	2007
		(DKKm)	
Prepayment regarding pensions to former civil servants	0	0	51
Prepaid lease payments	163	176	143
Other prepaid expenses	753	820	618
Total	**916**	**996**	**812**
Recognised as follows:			
Non-current assets	243	211	147
Current assets	673	785	665
Total	**916**	**996**	**812**

Note 18 Inventories

	2009	2008	2007
		(DKKm)	
Raw materials and supplies	26	68	93
Work in progress	8	0	0
Finished goods and merchandise	289	421	548
Total	**323**	**489**	**641**

Inventories recognised as cost of goods sold amounted to DKK 2,132m in 2009, compared with DKK 2,810m in 2008 and DKK 3,275m in 2007.

Inventories expected to be sold after more than one year totalled DKK 8m at 31 December 2009, compared with DKK 11m at 31 December 2008 and DKK 17m at 31 December 2007.

Write-downs of inventories amounted to DKK 23m in 2009, compared with DKK 39m in 2008 and DKK 33m in 2007. Reversal of write-downs of inventories totalled DKK 5m in 2009, compared with DKK 11m in 2008 and DKK 18m in 2007.

Note 19 Cash

The carrying amount of charged cash amounted to DKK 719m at 31 December 2009, compared with DKK 6,279m at 31 December 2008 and DKK 8,058m at 31 December 2007.

Note 20 Equity

Share capital	Shares	Nominal value
	(number)	(DKK)
Holding at 1 January 2008	198,375,177	991,875,885
Additions	0	0
Reductions	0	0
Holding at 1 January 2009	**198,375,177**	**991,875,885**
Additions	0	0
Reductions	0	0
Holding at 31 December 2009	**198,375,177**	**991,875,885**

At the Annual General Meeting on 4 March 2010 it was resolved to declare a five-for-one share split from DKK 5 per share to DKK 1 per share with effect as of 10 May 2010. After the share split, the total authorised number of shares is 991,875,885 with a par value of DKK 1 per share. All issued shares have been fully paid up.

Treasury shares	Shares	Nominal value	% of share capital
	(number)	(DKK)	
Holding at 1 January 2008	283,821	1,419,105	0.14
Additions	0	0	—
Disposals	0	0	—
Holding at 1 January 2009	**283,821**	**1,419,105**	**0.14**
Additions	0	0	—
Disposals	0	0	—
Holding at 31 December 2009	**283,821**	**1,419,105**	**0.14**

The Group's remaining commitments under the previous share-option programme for the Board of Directors, the executive committee and other management employees were hedged primarily through the purchase of the Group's treasury shares.

Note 21 Loans

	2009	2008	2007
		(DKKm)	
Bank loans	28,375	29,924	35,727
Bonds and mortgages	5,325	10,917	13,144
Debt relating to finance leases	554	704	694
Other long-term debt	144	205	248
Total	**34,398**	**41,750**	**49,813**
Of which loans expected to be paid within 12 months (current liabilities)	(3,787)	(4,713)	(4,146)
Long-term loans	**30,611**	**37,037**	**45,667**
Long-term loans fall due as follows:			
1–3 years	5,813	4,375	6,368
3–5 years	10,359	9,196	10,716
After 5 years	14,439	23,466	28,583
Total	**30,611**	**37,037**	**45,667**
Fair value	35,027	38,964	50,450
Nominal value	34,911	42,286	50,555

Allocation of liabilities relating to finance leases according to maturity date

	Minimum payments			Present value		
	2009	2008	2007	2009	2008	2007
			(DKKm)			
Mature within 1 year	156	215	161	144	204	137
Mature between 1 and 3 years	161	201	276	136	191	218
Mature between 3 and 5 years	117	113	109	83	91	63
Mature after 5 years	321	378	423	191	218	276
Total	**755**	**907**	**969**	**554**	**704**	**694**

Liabilities relating to finance leases are related primarily to sale and leaseback agreements regarding sale of property to the related Danish pension funds and agreements regarding the renting of fibre networks.

Note 22 Deferred income

	2009	2008	2007
		(DKKm)	
Accrued revenue from non-refundable up-front connection fees	1,449	1,526	1,480
Deferred subscription revenue	2,242	2,177	1,456
Other deferred income	737	1,096	973
Total	**4,428**	**4,799**	**3,909**
Recognised as follows:			
Non-current liabilities	1,245	1,350	956
Current liabilities	3,183	3,449	2,953
Total	**4,428**	**4,799**	**3,909**

Note 23 Provisions

	2009				2008
	Asset retirement obligations	Restructuring obligations	Other provisions (DKKm)	Total	
Provisions at January 1	624	696	1,120	2,440	1,862
Transferred to discontinued operations	(4)	(3)	(94)	(101)	0
Currency translation adjustments	3	6	10	19	15
Additions relating to the acquisition of subsidiaries	0	0	0	0	85
Disposal related to the divestment of subsidiaries	0	0	0	0	(3)
Provisions made during the year	72	734	466	1,272	1,380
Change in present value	25	0	25	50	24
Provisions used during the year	(2)	(600)	(502)	(1,104)	(760)
Unused provisions reversed during the year	(13)	(5)	(75)	(93)	(163)
Provisions at 31 December	**705**	**828**	**950**	**2,483**	**2,440**
Recognised as follows:					
Non-current liabilities	673	407	439	1,519	1,355
Current liabilities	32	421	511	964	1,085
Total	**705**	**828**	**950**	**2,483**	**2,440**

Provisions for asset retirement obligations relate to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties relate primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflow until after 2014.

Provisions for restructuring obligations relate primarily to redundancy programmes. The majority of these obligations are expected to result in cash outflow in the period 2010–2014. The uncertainties relate primarily to the estimated amounts.

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

Note 24 Trade and other payables

	2009	2008 (DKKm)	2007
Trade payables	5,349	5,687	5,040
Prepayments from customers	278	332	330
Other payables	2,377	2,672	2,710
Total	**8,004**	**8,691**	**8,080**

DKK 70m of the current liabilities at 31 December 2009 falls due after more than one year compared with DKK 96m at 31 December 2008 and DKK 17m at 31 December 2007.

Note 25 Financial instruments, etc.

TDC is exposed to financial market and credit risks when buying and selling goods and services in foreign denominated currencies and when investing in and financing activities. Analyses of such risks are disclosed below. For further disclosures, see Financial management and market risk disclosures in Risk management.

A: Foreign-currency exposures

Financial assets and liabilities in foreign currencies at 31 December are specified below:

		2009					
		Financial assets and liabilities					
Currency	Maturities	Assets	Liabilities	Derivatives[1]	Net position	2008	2007
				(DKKm)			
EUR	< 1 year	542	(3,447)	(84)	(2,989)	1,768	(508)
	1-3 years	3	(5,583)	5,748	168	(4,169)	(2,607)
	3-5 years	0	(10,275)	22	(10,253)	(8,586)	(9,018)
	> 5 years	0	(14,249)	(9)	(14,258)	(23,205)	(28,292)
Total EUR		**545**	**(33,554)**	**5,677**	**(27,332)**	**(34,192)**	**(40,425)**
CHF	< 1 year	1,432	(1,074)	(7,999)	(7,641)	(25,122)	(26,195)
	1-3 years	0	(85)	(5,827)	(5,912)	(73)	(1,576)
	3-5 years	0	(63)	0	(63)	(30)	(38)
	> 5 years	0	(105)	0	(105)	(187)	(188)
Total CHF[2]		**1,432**	**(1,327)**	**(13,826)**	**(13,721)**	**(25,412)**	**(27,997)**
Others	< 1 year	768	(574)	86	280	559	(1,337)
	1-3 years	57	(18)	0	39	(38)	(2,695)
	3-5 years	0	(1)	0	(1)	(17)	(729)
	> 5 years	0	0	0	0	0	0
Total others		**825**	**(593)**	**86**	**318**	**504**	**(4,761)**
Foreign currencies total		**2,802**	**(35,474)**	**(8,063)**	**(40,735)**	**(59,100)**	**(73,183)**
DKK	< 1 year	3,355	(2,962)	7,653	8,046	25,741	34,338
	1-3 years	13	(110)	(746)	(843)	(183)	631
	3-5 years	21	(20)	0	1	(763)	(816)
	> 5 years	155	(85)	0	70	85	(24)
Total DKK		**3,544**	**(3,177)**	**6,907**	**7,274**	**24,880**	**34,129**
Total		**6,346**	**(38,651)**	**(1,156)**	**(33,461)**	**(34,220)**	**(39,054)**

(1) The financial instruments used are currency swaps and forward-exchange contracts.

(2) Includes hedges of investment in Sunrise amounting to DKK (11,403)m in 2009, DKK (23,114)m in 2008 and DKK (26,668)m in 2007.

Note 25 Financial instruments, etc. (Continued)

Hedging of net investments in foreign enterprises

Net investments in foreign subsidiaries, joint ventures and associates:

	2009	2008	2007
	Net investments, carrying amount	Net investments, carrying amount	Net investments, carrying amount
		(DKKm)	
CHF	15,100	15,111	14,652
SEK	1,344	7,615	8,332
EUR	786	717	764
NOK	574	461	1,685
PLN	0	0	5,756
HUF	0	265	505
Others	0	0	(149)
Total at 31 December	**17,804**	**24,169**	**31,545**

With the exception of Sunrise, TDC has not hedged investments in foreign subsidiaries, joint ventures and associates. Because of the significant exposure arising from the investment in Sunrise, a minimum 50% of this investment has been hedged since early 2009. Previously, the investment in Sunrise was fully hedged and the hedging of the investment was treated as hedge accounting. The carrying amount of net investments in foreign enterprises is adjusted due to the merger between TDC and NTC and therefore deviates from the hedged amounts in 2007 and 2008.

B: Liquidity risk

The maturity analysis of financial assets and liabilities is disclosed by category and class and is allocated according to maturity period. All interest payments and repayments of financial assets and liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using the zero-coupon rates.

Financial assets and liabilities measured at fair value relates to derivatives. The calculation of fair value of these derivatives is based on observable inputs such as forward interest rates, etc. (Level 2 in the fair value hierarchy).

Note 25 Financial instruments, etc. (Continued)

Maturity profiles(1)

	2009						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
				(DKKm)			
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	52	(32)	0	1	21	47	47
Currency swaps	4	0	0	0	4	2	2
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**56**	**(32)**	**0**	**1**	**25**	**49**	**49**
Derivatives, liabilities							
Interest-rate swaps	(454)	(277)	(1)	0	(732)	(750)	(750)
Currency swaps	(316)	(209)	0	0	(525)	(455)	(455)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**(770)**	**(486)**	**(1)**	**0**	**(1,257)**	**(1,205)**	**(1,205)**
Loans and receivables							
Cash	763	0	0	0	763	763	763
Trade receivables and other receivables	5,337	81	27	289	5,734	5,572	5,583
Total loans and receivables	**6,100**	**81**	**27**	**289**	**6,497**	**6,335**	**6,346**
Financial liabilities measured at amortised cost							
Bank loans(2)	(4,302)	(4,322)	(12,488)	(12,610)	(33,722)	(28,752)	(28,375)
Bond loans(2)	(259)	(4,084)	(239)	(2,154)	(6,736)	(5,576)	(5,325)
Debt relating to finance leases	(156)	(161)	(117)	(321)	(755)	(554)	(554)
Trade and other payables	(4,324)	(84)	0	0	(4,408)	(4,397)	(4,397)
Total financial liabilities measured at amortised cost	**(9,041)**	**(8,651)**	**(12,844)**	**(15,085)**	**(45,621)**	**(39,279)**	**(38,651)**
Total	**(3,655)**	**(9,088)**	**(12,818)**	**(14,795)**	**(40,356)**	**(34,100)**	**(33,461)**

(1) All cash flows are undiscounted.

(2) Bond and bank loans have final maturity dates in 2015.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Non-financial assets and liabilities, and equity	Total balance
			(DKKm)			
Assets	49	6,346	0	0	80,028	86,423
Equity and liabilities	(1,205)	0	0	(38,651)	(46,567)	(86,423)

Note 25 Financial instruments, etc. (Continued)

Maturity profiles(1)

	2008						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
				(DKKm)			
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	70	0	0	0	70	69	69
Currency swaps	220	0	1	0	221	263	263
Net investment hedges	76	0	0	0	76	51	51
Other derivatives	0	0	0	0	0	0	0
Total derivatives, assets	**366**	**0**	**1**	**0**	**367**	**383**	**383**
Derivatives, liabilities							
Interest-rate swaps	(162)	(306)	(43)	0	(511)	(530)	(530)
Currency swaps	(392)	(28)	0	0	(420)	(314)	(314)
Net investment hedges	(828)	0	0	0	(828)	(1,186)	(1,186)
Other derivatives	0	0	0	0	0	0	0
Total derivatives, liabilities	**(1,382)**	**(334)**	**(43)**	**0**	**(1,759)**	**(2,030)**	**(2,030)**
Loans and receivables							
Cash	6,718	0	0	0	6,718	6,718	6,718
Trade receivables and other receivables	6,809	118	27	291	7,245	7,092	7,096
Total loans and receivables	**13,527**	**118**	**27**	**291**	**13,963**	**13,810**	**13,814**
Financial liabilities measured at amortised cost							
Bank loans	(3,013)	(7,665)	(3,015)	(24,779)	(38,472)	(30,235)	(29,924)
Bond loans	(2,713)	(1,471)	(9,770)	0	(13,954)	(7,821)	(10,917)
Debt relating to finance leases	(215)	(201)	(113)	(378)	(907)	(704)	(704)
Trade and other payables	(4,700)	(155)	(8)	0	(4,863)	(4,841)	(4,842)
Total financial liabilities measured at amortised cost	**(10,641)**	**(9,492)**	**(12,906)**	**(25,157)**	**(58,196)**	**(43,601)**	**(46,387)**
Total	**1,870**	**(9,708)**	**(12,921)**	**(24,866)**	**(45,625)**	**(31,438)**	**(34,220)**

(1) All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Non-financial assets and liabilities, and equity	Total balance
			(DKKm)			
Assets	383	13,814	0	0	85,808	100,005
Equity and liabilities	(2,030)	0	0	(46,387)	(51,588)	(100,005)

Note 25 Financial instruments, etc. (Continued)

Maturity profiles[(1)]

	2007						
	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
				(DKKm)			
Financial assets and liabilities measured at fair value through profit or loss and net investment hedges							
Derivatives, assets							
Interest-rate swaps	179	129	42	0	350	312	312
Currency swaps	0	0	3	0	3	3	3
Net investment hedges	757	66	0	0	823	471	471
Other derivatives	34	0	0	0	34	34	34
Total derivatives, assets	**970**	**195**	**45**	**0**	**1,210**	**820**	**820**
Derivatives, liabilities							
Interest-rate swaps	(145)	(366)	(35)	0	(546)	(357)	(357)
Currency swaps	(94)	(5)	0	0	(99)	(92)	(92)
Net investment hedges	0	0	0	0	0	0	0
Other derivatives	(4)	0	0	0	(4)	(4)	(4)
Total derivatives, liabilities	**(243)**	**(371)**	**(35)**	**0**	**(649)**	**(453)**	**(453)**
Loans and receivables							
Cash	8,297	0	0	0	8,297	8,297	8,297
Trade receivables and other receivables	5,855	265	27	340	6,487	6,166	6,162
Total loans and receivables	**14,152**	**265**	**27**	**340**	**14,784**	**14,463**	**14,459**
Financial liabilities measured at amortised cost							
Bank loans	(4,555)	(7,609)	(7,870)	(29,412)	(49,446)	(36,372)	(35,727)
Bond loans	(2,476)	(4,035)	(7,762)	(2,588)	(16,861)	(13,084)	(13,143)
Debt relating to finance leases	(161)	(276)	(109)	(423)	(969)	(694)	(694)
Trade and other payables	(4,141)	(179)	(76)	(4)	(4,400)	(4,369)	(4,316)
Total financial liabilities measured at amortised cost	**(11,333)**	**(12,099)**	**(15,817)**	**(32,427)**	**(71,676)**	**(54,519)**	**(53,880)**
Total	**3,546**	**(12,010)**	**(15,780)**	**(32,087)**	**(56,331)**	**(39,689)**	**(39,054)**

(1) All cash flows are undiscounted.

Reconciliation of assets, equity and liabilities on categories

	Financial assets and liabilities measured at fair value through profit or loss and net investment hedges	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Non-financial assets and liabilities, and equity	Total balance
			(DKKm)			
Assets	820	14,459	0	0	90,866	106,145
Equity and Liabilities	(453)	0	0	(53,880)	(51,812)	(106,145)

Note 25 Financial instruments, etc. (Continued)

C: Undrawn credit lines

The undrawn credit lines at 31 December 2009 are specified as follows:

Maturities

	Committed credit lines	Committed syndicated credit lines	Total
		(DKKm)	
< 1 year	0	0	0
> 1 year	2,022	1,302	3,324
Total	**2,022**	**1,302**	**3,324**

D: Credit risks

Financial transactions are only entered into with counterparties holding the long-term credit rating of at least A from Standard & Poor's or A2 from Moody's Investor Service. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counterparties. The counterparty risk is therefore considered to be minimal.

TDC's maximum credit risk is the sum of the financial assets listed in note 25A amounting to DKK 6,346m at 31 December 2009.

Note 26 Pension assets and pension obligations

A: Domestic defined benefit plans

At 31 December 2009, 2,378 of TDC's employees (2008: 2,620) were entitled to a pension from the three pension funds related to TDC under conditions similar to those provided by the Danish Civil Servants' Pension Plan. Of these, 188 employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 8,228 members of the pension funds receive or are entitled to receive pension benefits. Since 1990, no new members have joined the pension fund plans, and the pension funds are prevented from admitting new members in the future due to the articles of association.

The pension funds operate defined benefit plans via three separate legal entities supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, TDC is required to make contributions to meet the capital adequacy requirements. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Distribution of funds from the pension funds to TDC is not possible until all pension obligations have been met.

Specification of pension (costs)/income

	2009	2008	2007
		(DKKm)	
Service cost(1)	(146)	(171)	(200)
Interest cost(2)	(861)	(879)	(862)
Expected return on plan assets	1,148	1,264	1,327
Net periodic pension (costs)/income recognised in wages, salaries and pension costs	**141**	**214**	**265**
Domestic redundancy programmes recognised in special items	(227)	(189)	(57)
Pension (costs)/income recognised in the Income Statements	**(86)**	**25**	**208**

(1) The actuarial present value of benefits attributed to services rendered by employees during the year.

(2) Reflects the interest component of the increase in the projected benefit obligations during the year.

Note 26 Pension assets and pension obligations (Continued)

Assets and obligations

	2009	2008	2007
		(DKKm)	
Specification of pension assets			
Fair value of plan assets	24,471	22,876	22,178
Projected benefit obligations	(16,865)	(15,846)	(16,908)
Pension assets recognised in the Balance Sheets	**7,606**	**7,030**	**5,270**
Change in present value of benefit obligations			
Projected benefit obligations at January 1	(15,846)	(16,908)	(18,214)
Service cost	(146)	(171)	(200)
Interest cost	(861)	(879)	(862)
Curtailment in connection with redundancies	0	0	0
Special termination benefit	(227)	(189)	(57)
Actuarial gain/(loss)	(770)	1,355	1,502
Benefit paid	985	946	923
Projected benefit obligations at 31 December	**(16,865)**	**(15,846)**	**(16,908)**
Change in fair value of plan assets			
Fair value of plan assets at January 1	22,876	22,178	22,445
Actual return on plan assets	2,386	1,202	435
TDC's contribution	194	442	221
Benefit paid	(985)	(946)	(923)
Fair value of plan assets at 31 December	**24,471**	**22,876**	**22,178**
Change in pension assets recognised in the Balance Sheets			
Pension assets recognised in the Balance Sheets at January 1	7,030	5,270	4,231
Pension (costs)/income recognised in the Income Statements	(86)	25	208
Actuarial gain/(loss) on projected benefit obligations and plan assets recognised in other comprehensive income	468	1,293	610
TDC's contribution	194	442	221
Pension assets recognised in the Balance Sheets 31 at December	**7,606**	**7,030**	**5,270**

Plan assets include property used by Group companies with a fair value of DKK 1,971m at 31 December 2009, compared with DKK 2,150m at 31 December 2008 and DKK 1,662m at 31 December 2007.

Weighted-average asset allocation by asset categories at 31 December

	2009	2008	2007
		(%)	
Equity securities	7	8	14
Debt securities	71	70	64
Real estate	16	16	17
Other	6	6	5
Total	**100**	**100**	**100**

Weighted-average assumptions used to determine benefit obligations

	2009	2008	2007
		(%)	
Discount rate	5.00	5.60	5.35
General wage inflation	2.25	2.25	2.25
General price inflation	2.25	2.25	2.25

Note 26 Pension assets and pension obligations (Continued)

Weighted-average assumptions used to determine net periodic pension cost

	2009	2008	2007
		(%)	
Discount rate	5.60	5.35	4.85
Expected return on plan assets	5.10	5.80	6.00
General wage inflation	2.25	2.25	2.25
General price inflation	2.25	2.25	2.25

The basis for determining the overall expected rate of return is the pension funds' long-term strategic asset allocation of approximately 8% as equity securities, 75% as debt securities, 12% as real estate and 5% as other assets. The overall expected rate of return is based on the average long-term yields on the plan assets invested or to be invested.

In 2009, the assumed discount rate was increased from 5.35% to 5.60% to reflect changes in market conditions. The assumptions for 2010 reflect a decrease of the discount rate to 5.00% and an increase in expected return on plan assets to 5.20% as well as unchanged assumptions with respect to general inflation. The changed assumptions have resulted in increased pension benefit obligations at year-end 2009 compared with 2008. With these changed assumptions, TDC's total pension costs excluding redundancy programmes are expected to decrease by approximately DKK 150m in 2010 compared with 2009, assuming all other factors remain unchanged.

The average remaining service periods of active plan participants expected to receive benefits were estimated to be 10.3 years at 31 December 2009, compared with 10.9 years at 31 December 2008.

Experience gains and losses

	2009	2008	2007	2006	2005
			(DKKm)		
Gain/(loss) on plan assets					
Gain/(loss) on plan assets, DKKm	1,246	(62)	(892)	(584)	—
% of fair value of plan assets at 31 December	5.09%	(0.27%)	(4.02%)	(2.60%)	—
Demographic experience gain/loss on projected benefit Obligations					
Gain/(loss) on projected benefit obligations, DKKm	337	321	499	247	—
% of projected benefit obligations at 31 December	2.00%	2.03%	2.95%	1.36%	—
Pension assets recognised in the balance sheets, DKKm					
Fair value of plan assets at 31 December	24,471	22,876	22,178	22,445	—
Projected benefit obligations at 31 December	(16,865)	(15,846)	(16,908)	(18,214)	—
Pension assets recognised in the balance sheets at 31 December	**7,606**	**7,030**	**5,270**	**4,231**	**—**

Cash flows

TDC's ordinary contributions were DKK 142m in 2009, against DKK 158m in 2008 and DKK 134m in 2007. Furthermore, extraordinary contributions were DKK 51m following a reduced workforce in 2009 compared with DKK 84m in 2008 and DKK 87m in 2007. Finally, a capital contribution of DKK 200m was made in 2008.

For 2010, the projected current contributions amount to DKK 132m. As in 2009, extraordinary contributions are expected to be paid in connection with retirements.

Note 26 Pension assets and pension obligations (Continued)

Other information

580 members of the defined benefit plans will ultimately have part of their pension payment reimbursed by the Danish government. The related benefit obligations of DKK 403m have been deducted, resulting in the projected benefit obligation.

B: Foreign defined benefit plans

Pension costs for members of foreign Group companies operating defined benefit plans are determined on the basis of the development in the actuarially determined pension obligations and on the yield on the pension funds' assets. The difference between the actuarially determined pension obligations and the fair value of the pension funds' assets is recognised in the Balance Sheets under pension liabilities, etc. Pension liabilities, etc. related to foreign defined benefit plans amounted to DKK 244m at 31 December 2009 compared with DKK 365m at 31 December 2008 and DKK 296m at 31 December 2007.

TDC's foreign defined benefit plans concern Sunrise and TDC Norway at 31 December 2009.

C: Pensions for former Danish civil servants

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

In 1994, TDC reached an agreement with the Danish government to make a non-recurring payment of DKK 1,210m, of which DKK 108m was considered interest compensation for the period July 1, 1994, to August 1, 1995. This agreement was in respect of TDC's pension obligation to employees who participated in the Danish civil servants' pension plan. Under the agreement, TDC's pension contributions to the Danish Government ceased at July 1, 1994. The agreed non-recurring payment was treated as a prepaid expense, which was amortised and expensed over the period 1994 to 2008.

In connection with the reduction in the number of employees in 2009 and previous years, some retired employees have retained their rights to civil servant pensions from the Danish government. It is deemed that the retirements will not cause further payments.

Note 27 Reversal of items without cash flow effect

	2009	2008	2007
		(DKKm)	
Pension income	(128)	(201)	(250)
(Gain)/loss on disposal of enterprises and property, plant and equipment, net	(62)	(210)	(67)
Other adjustments	47	183	96
Total	**(143)**	**(228)**	**(221)**

Note 28 Change in working capital

	2009	2008	2007
		(DKKm)	
Change in inventories	118	127	(100)
Change in receivables	420	(230)	511
Change in trade payables	(401)	132	307
Change in other items, net	10	818	173
Total	**147**	**847**	**891**

Note 29 Investment in enterprises

2009

In 2009, TDC made the following acquisitions:

At 13 March 2009, TDC A/S acquired Fullrate A/S. Fullrate A/S provides no-frill broadband solutions to Danish customers.

In June 2009, YouSee A/S acquired A+, a TV and broadband service provider.

At 1 December 2009, TDC A/S acquired Aktieselskabet af 1. december 2009, a newly established company to which DONG Energy Sales & Distribution A/S simultaneously transferred all its activities relating to the roll-out and operation of fibre network in Greater Copenhagen and Northern Zealand. The purchase price was DKK 425m on a cash and debt free basis, of which DKK 325m was paid cash on completion of the transaction, whereas the remaining sum to be paid will depend on the future performance of the acquired activities in the market for residential customers.

Assets and liabilities at the time of acquisition[(1)]

	Fair value at the time of acquisition	Carrying amount before acquisition
	(DKKm)	
Intangible assets	303	41
Property, plant and equipment	615	618
Other non-current assets	2	2
Receivables	91	91
Cash	28	28
Deferred tax assets/(liabilities), net	(61)	4
Long-term debt	(67)	(67)
Income tax receivable/(payable), net	(1)	(1)
Deferred income	(34)	(34)
Short-term debt	(140)	(141)
Acquired net assets	**736**	**541**
Goodwill (including adjustments to previous years)	313	
Acquisition cost	**1,049**	
Cash in acquired subsidiaries	(28)	
Unpaid share of acquisition cost	(100)	
Net cash flow on acquisitions	**921**	

(1) Including immaterial adjustments regarding previous years' acquisitions.

Since the acquisitions in 2009, the acquired enterprises have contributed DKK 322m to revenue and DKK 12m to Profit for the year.

Calculated as though the acquisitions took place at 1 January 2009, the acquired enterprises would have contributed DKK 553m to revenue and DKK (39)m to Profit for the year.

Goodwill related to acquisitions was calculated at DKK 313m 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 TDC.

Note 29 Investment in enterprises (Continued)

2008

In 2008, TDC made the following acquisitions:

At April 1, 2008, TDC Sverige AB acquired 100% of the share capital of Effero AB, a provider of corporate telephony services.

At August 1, 2008, YouSee A/S acquired 100% of Guldborgsund Fællesantenne, a TV service provider.

At November 1, 2008, YouSee A/S acquired 100% of Køge Fællesantenne, a TV service provider.

Assets and liabilities at the time of acquisition[1]

	Fair value at the time of acquisition	Carrying amount before acquisition
	(DKKm)	
Intangible assets	117	0
Property, plant and equipment	40	107
Receivables	44	44
Inventories	0	0
Cash	28	28
Deferred tax assets/(liabilities), net	(7)	0
Provisions	0	0
Long-term debt	0	0
Income tax receivable/(payable), net	0	0
Deferred income	0	0
Short-term debt	(29)	(29)
Acquired net assets	**193**	**150**
Negative goodwill recognised as other income	(11)	
Goodwill (adjustments to previous years)	10	
Acquisition cost	**192**	
Cash in acquired subsidiaries	(28)	
Unpaid share of acquisition cost	0	
Net cash flow on acquisition	**164**	

(1) Including immaterial adjustments regarding previous years' acquisitions.

The acquired enterprises contributed DKK 63m to revenue and DKK 3m to Profit for the year in 2008.

Calculated as though the acquisitions took place at 1 January 2008, the acquired enterprises would have contributed DKK 133m to revenue and DKK 10m to Profit for the year in 2008.

2007

In 2007, TDC made the following acquisitions:

At September 1, 2007, TDC Hosting A/S acquired 100% of the share capital of Uni2 A/S, a hosting service provider.

At November 1, 2007, YouSee A/S acquired 100% of Fredericia Bynet, a TV service provider.

Note 29 Investment in enterprises (Continued)

Assets and liabilities at the time of acquisition

	Fair value at the time of acquisition	Carrying amount before acquisition
	(DKKm)	
Intangible assets	112	2
Property, plant and equipment	12	11
Receivables	7	7
Cash	0	0
Deferred tax assets/(liabilities), net	(15)	0
Loans	(1)	(1)
Deferred income	(4)	(4)
Short-term debt	(8)	(8)
Net assets	**103**	**7**
Minority interests	(5)	
Acquired net assets	**98**	
Goodwill	12	
Acquisition cost	**110**	
Cash in acquired subsidiaries	0	
Unpaid share of acquisition cost	0	
Net cash flow on acquisition	**110**	

The acquired enterprises contributed DKK 22m to revenue and DKK 1m to Profit for the year in 2007.

Calculated as though the acquisitions took place at 1 January 2007, the acquired enterprises would have contributed DKK 74m to revenue and DKK 1m to Profit for the year for 2007.

Goodwill related to acquisitions was calculated at DKK 12m on recognition of identifiable assets, liabilities and contingent liabilities at fair value. Goodwill represents the value of current employees and know-how as well as expected synergies arising from the combination with the TDC.

Note 30 Divestment of enterprises

The divestments of Invitel in 2009 and Talkline in 2007 are presented as discontinued operations. See note 11 for further information.

In 2008, TDC divested TDC Produktion A/S, Uppsala Stadtsnät AB, Business Phone, Digital Signatur and Carrier Services activities as well as the network activities of Connect Partner A/S.

In 2007, TDC divested Bité Lietuva.

	2009	2008	2007
		(DKKm)	
The carrying amount of assets and liabilities consists of the following at the time of divestment:			
Intangible assets	0	20	1,858
Property, plant and equipment	8	32	730
Other non-current assets	0	0	5
Inventories	1	5	28
Prepaid expenses	0	2	28
Receivables	0	24	180
Cash	0	0	78
Deferred tax assets/(liabilities), net	0	(1)	(58)
Pension liabilities	0	0	0
Provisions	0	0	(12)
Long-term debt	0	(1)	0
Income tax receivable/(payable), net	0	(4)	(9)
Deferred income	0	(3)	(17)
Short-term debt	0	15	(137)
Net assets	**9**	**89**	**2,674**
Gain/(loss) on divestment of subsidiaries	37	130	589
Currency adjustments on divestment of subsidiaries	0	0	2
Received prepayments relating to divestment of subsidiaries	(11)	4	2
Cash in divested subsidiaries	0	0	(78)
Net cash flow on divestment	**35**	**223**	**3,189**

Note 31 Cash flow from investing activities in discontinued operations

	2009	2008	2007
		(DKKm)	
The carrying amount of assets and liabilities in discontinued operations consists of the following at the time of divestment:			
Intangible assets	2,013	0	3,307
Property, plant and equipment	4,139	0	100
Other non-current assets	42	0	0
Inventories	18	0	70
Receivables	413	0	549
Cash	84	0	1,584
Deferred tax assets/(liabilities), net	(153)	0	(687)
Provisions	(34)	0	(28)
Long-term debt	(5,054)	0	(25)
Income tax receivable/(payable), net	(32)	0	(12)
Deferred income	(259)	0	0
Short-term debt	(1,201)	0	(617)
Net assets	**(24)**	**0**	**4,241**
Profit/(loss) relating to divestment of discontinued operations	(100)	59	1,304
Hereof reversal of currency adjustments recognised in equity	171	0	11
Sales proceeds not received and sales costs not paid, net	(9)	(46)	60
Cash in discontinued operations	(84)	0	(1,584)
Net cash flow on divestment	**(46)**	**13**	**4,032**
Cash flow from investing activities in discontinued operations excluding divestments	(1,457)	(1,509)	(1,638)
Net cash flow from investing activities in discontinued operations	**(1,503)**	**(1,496)**	**2,394**

Note 32 Cash and cash equivalents at January 1

	2009	2008	2007
		(DKKm)	
Cash and cash equivalents at January 1	6,718	8,297	3,739
Unrealised currency translation adjustments	0	0	0
Adjusted cash and cash equivalents at January 1	**6,718**	**8,297**	**3,739**

Note 33 Overview of Group companies at 31 December 2009

Company name	Domicile	Currency	TDC ownership share (%)	Number of subsidiaries, joint ventures and associates not listed here(1)
Consumer				
Fullrate A/S	Copenhagen, Denmark	DKK	100.0	
TDC Contact Center Europe A/S	Sønderborg, Denmark	DKK	100.0	
Telmore A/S	Taastrup, Denmark	DKK	100.0	
TDC Business				1
NetDesign A/S	Farum, Denmark	DKK	100.0	
TDC Mobil Center A/S	Odense, Denmark	DKK	100.0	
TDC Nordic				
TDC AS	Oslo, Norway	NOK	100.0	2
TDC Con SQOV AB	Stockholm, Sweden	SEK	100.0	
TDC Nordic AB	Stockholm, Sweden		100.0	1
TDC Sverige AB	Stockholm, Sweden		100.0	4
TDC Hosting AB	Stockholm, Sweden		100.0	
TDC Oy Finland	Helsinki, Finland		100.0	3
TDC Hosting Oy	Helsinki, Finland		100.0	
TDC Hosting A/S	Aarhus, Denmark	DKK	100.0	
TDC Song Danmark A/S	Ballerup, Denmark		100.0	
Operations & Wholesale				4
Operators Clearing House A/S(2)	Glostrup, Denmark	DKK	33.3	
TDC Carrier Services USA, Inc.	New Jersey, USA	USD	100.0	
Unotel A/S(2)	Skanderborg, Denmark	DKK	20.0	
YouSee				
YouSee A/S	Copenhagen, Denmark	DKK	100.0	1
Dansk Kabel TV A/S	Taastrup, Denmark	DKK	100.0	
FASTTV NET A/S	Albertslund, Denmark	DKK	100.0	
Sunrise				
Sunrise Communications AG	Zurich, Switzerland	CHF	100.0	5
TeleCommunication Services AG	Zurich, Switzerland		100.0	1
Other				13
ADSB Telecommunications B.V.(2)	Amsterdam, the Netherlands	EUR	34.7	
TDC Reinsurance A/S	Copenhagen, Denmark	DKK	100.0	
Tele Danmark Reinsurance S.A.	Luxembourg	DKK	100.0	

(1) In order to give the reader a clear presentation, some minor enterprises are not listed separately in the overview.

(2) The enterprise is included under the equity method.

In pursuance of Section 6 of the Danish Financial Statements Act the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, Anpartsselskabet af 28. august 2000, Jydsk Tele A/S, TDCH I ApS, TDCH II ApS, TDCT IV ApS, TDCT V ApS, TDCT VI ApS and TDCKT XII ApS.

Note 34 Related parties

Name of related party	Nature of relationship	Domicile
Angel Lux Parent S.à r.l.	Indirect ownership	Luxembourg
Angel Lux Common S.à r.l.	Indirect ownership	Luxembourg
Nordic Telephone Management Holding ApS	Group company	Aarhus, Denmark
Nordic Telephone Company Investment ApS	Indirect ownership	Aarhus, Denmark
Nordic Telephone Company Administration ApS	Indirect ownership	Aarhus, Denmark
Nordic Telephone Company Finance ApS	Indirect ownership	Aarhus, Denmark
Nordic Telephone Company Holding Aps	Ownership	Aarhus, Denmark
KTAS Pensionskasse	Pension fund	Copenhagen, Denmark
Jydsk Telefons Pensionskasse	Pension fund	Aarhus, Denmark
Fyns Telefons Pensionskasse	Pension fund	Odense, Denmark

Danish Group companies have entered into certain lease contracts with the related Danish pension funds. The lease contracts are interminable until 2020 at the latest. The aggregate amount payable under such agreements amounted to DKK 457m at 31 December 2009, compared with DKK 580m at 31 December 2008 and DKK 578m at 31 December 2007. The rental expense was DKK 128m for 2009, compared with DKK 131m in 2008 and DKK 122m in 2007. In addition, annual contributions are paid to the pension funds, see note 26 Pension obligations. The Danish Group companies have also entered into four lease contracts with the pension funds that qualify as finance leases. The debt relating to these contracts amounted to DKK 46m at 31 December 2009, compared with DKK 52m at 31 December 2008 and DKK 70m at 31 December 2007. The related interest expense amounted to DKK 2m for 2009, compared with DKK 2m in 2008 and DKK 3m in 2007. In addition, annual contributions are paid to the pension funds, see note 26 Pension obligations.

Remuneration for the Board of Directors and the executive committee is described in note 6.

DKK 38m in 2009, DKK 58m in 2008 and DKK 46m in 2007, were charged for administration and management by the investment funds, each of which is advised by or managed, directly or indirectly, by Apax, Blackstone, KKR, Permira or Providence, or to the advisory entities of these funds. The Group has the following additional transactions and balances with related parties:

	2009			
	Joint ventures	Associates	Other related parties	Total
	(DKKm)			
Revenue	0	0	4	4
Costs	0	0	(2)	(2)
Receivables	0	0	151	151
Debt	0	0	0	0

	2008			
	Joint ventures	Associates	Other related parties	Total
	(DKKm)			
Revenue	2	0	4	6
Costs	0	0	(1)	(1)
Receivables	0	0	152	152
Debt	0	0	0	0

Note 34 Related parties (Continued)

	2007			
	Joint ventures	Associates	Other related parties	Total
		(DKKm)		
Revenue	9	0	3	12
Costs	0	0	(4)	(4)
Receivables	0	0	73	73
Debt	0	0	0	0

Note 35 Other financial commitments

	2009	2008	2007
		(DKKm)	
Lease commitments for all operating leases			
Rental expense relating to properties and mobile sites in the period of interminability	7,899	8,301	8,239
Rental expense relating to machinery, equipment, computers, etc. in the period of interminability	944	1,506	1,332
Total	**8,843**	**9,807**	**9,571**
which can be specified as follows:			
Due not later than 1 year	1,192	1,173	1,135
Due later than 1 year and not later than 5 years	2,874	3,218	3,041
Due later than 5 years	4,777	5,416	5,395
Total	**8,843**	**9,807**	**9,571**
Total rental expense for the year for all operating leases			
Lease payments	1,465	1,440	1,414
Sublease payments	(26)	(16)	(20)
Total	**1,439**	**1,424**	**1,394**
Capital and purchase commitments			
Investments in property, plant and equipment	400	602	24
Investments in intangible assets	123	379	20
Commitments related to outsourcing agreements	2,715	3,063	844
Other purchase commitments	289	361	386

Operating leases, for which TDC is the lessee, are related primarily to agreements on fibre networks and sea cables, and agreements on property leases and mobile sites, including agreements with the related Danish pension funds. The lease agreements terminate in 2037 at the latest.

Total future minimum sublease payments expected for interminable subleases on balance sheet dates amounted to DKK 127m at 31 December 2009, compared with DKK 46m at 31 December 2008 and DKK 41m at 31 December 2007.

Note 36 Contingencies

Contingent assets

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

Note 36 Contingencies (Continued)

Contingent liabilities

TDC 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 TDC'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 31 December 2009, the guarantees amounted to DKK 154m, compared with DKK 1,047m at 31 December 2008 DKK and 2,214m at 31 December 2007. The guarantees provided by TDC are economically defeased by means of payment instruments issued by creditworthy obligors unrelated to TDC that secure or otherwise provide for payment of the regular lease payments and purchase-option prices due from the intermediary leasing companies. These instruments are lodged as security for payment of the regular lease payments by the intermediary leasing companies.

In pursuance of Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before 1 April 1970 who are members of the related Danish pension funds. In the event of termination such employees have a right to special termination benefits in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds of the full monthly salary for four years and nine months (stand-off pay).

Guarantees

The Group has provided the usual guarantees in favour of suppliers and partners. These guarantees amounted to DKK 275m at 31 December 2009, compared with DKK 385m at 31 December 2008 and DKK 428m at 31 December 2007.

Change of control

The EU Takeover Directive, as partially implemented by the Danish Financial Statements Act, contains certain rules for the disclosure by listed companies of information on capital and ownership structure, etc., and change-of-control provisions in material agreements.

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 Group has other agreements to which the Group is a party, and that take effect, are altered or terminated upon a change of control of the Group following implementation of a takeover 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, 2009, the aggregate nominal debt of the Senior Facilities Agreement amounted to DKK 26,560m. Termination of the Senior Facilities Agreement may have a material adverse effect on TDC's earnings.

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 business cf. Risk regarding loss of key technologies. 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 business cf. Risks regarding third parties. A change of control could lead

Note 36 Contingencies (Continued)

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 37 Research and development costs

Research and development costs for the year recognised in the Income Statements amounted to DKK 16m in 2009, compared with DKK 11m in 2008 and DKK 29m in 2007.

Note 38 Auditors' remuneration

	2009	2008	2007
		(DKKm)	
The remuneration of auditors elected by the Annual General Meeting:			
Statutory audit	**19**	**25**	**24**
Non-statutory audit services:			
Other assurance engagements	2	—	—
Tax advisory services	4	—	—
Other services	15	—	—
Total non-statutory audit services	**21**	**15**	**21**
Total	**40**	**40**	**45**

Note 39 Net interest-bearing debt

	2009	2008	2007
		(DKKm)	
Interest-bearing receivables	174	159	69
Cash	763	6,718	8,297
Long-term loans	(30,611)	(37,037)	(45,667)
Short-term loans	(3,787)	(4,713)	(4,146)
Other interest-bearing debt	0	0	(3)
Total	**(33,461)**	**(34,873)**	**(41,450)**

Note 40 Events after the balance sheet date

Standard & Poor's upgrades TDC's credit rating

On June 14, 2010, Standard & Poor's upgraded TDC's rating to BB (positive outlook) from BB− (positive outlook). Further, the credit rating of TDC's Senior Facilities was upgraded to BBB− from BB+ and the credit rating of TDC's Euro Medium Term Notes (EMTNs) was upgraded to BB from BB−.

Arbitration proceedings against Telekomunikacja Polska S.A.

In June 2001, the Danish partnership DPTG I/S, which is owned by GN Store Nord A/S (with 75%) and TDC (with 25%), initiated arbitration proceedings against Telekomunikacja Polska S.A. (TPSA) claiming that DPTG is entitled to receive a revenue share of 24.8% of all traffic routed via the North South Link (NSL), an optical fiber cable delivered to TPSA in 1994. DPTG was claiming approximately DKK 5,000 million including interest for unaccounted traffic revenue from February 1994 through mid June 2004. On September 3, 2010, DPTG I/S was awarded DKK 2,900 million including interest by an arbitration court in Vienna, and TDC is entitled to 25% of that amount (approximately DKK 725 million) less taxes. TPSA has not yet paid the amount awarded and DPTG has therefore applied for declaration of acknowledgement of the arbitration award to the

Note 40 Events after the balance sheet date (Continued)

District Court in Warsaw on November 15, 2010. TDC has not yet recognized the potential income as of September 30, 2010 as the realization of the income is currently not considered virtually certain.

In addition to the claim for unaccounted traffic revenue from February 1994 through mid June 2004, DPTG is preparing a claim against TPSA for unaccounted traffic revenue in the period from June 2004 to January 2009. Due to the complexity of the calculation of the claim in accordance with the principles of the arbitration award, the claim cannot currently be measured with any certainty. TDC expects that it could take several years before the dispute over the unaccounted traffic revenue in the period from June 2004 to January 2009 is settled.

TDC divests its Swiss subsidiary Sunrise

On 17 September 2010, TDC A/S announced that it had entered into a share purchase agreement to divest its wholly owned Swiss subsidiary Sunrise Communications AG to funds advised by the private equity firm CVC Capital Partners at a total consideration of CHF 3,308 million on a cash and debt free basis.

On 28 October 2010, TDC A/S announced that the divestment had been completed.

Sunrise's activities have been classified as "Discontinued operations" in TDC's consolidated financial statements. The transaction resulted in a gain of DKK 786 million after tax, which will be recognized as special items related to discontinued operations in the fourth quarter of 2010.

Extraordinary General Meeting of TDC

On the Extraordinary General Meeting of 22 November 2010, the Board of Directors were authorized to decide that TDC A/S, in the period until the next Annual General Meeting, in accordance with the regulations of the Danish Companies Act, acquire up to nominally DKK 500,000,000 own shares at a maximum price of DKK 100 per share of nominally DKK 1 and not lower than DKK 1 per share. Further, the authorisation is limited to a total acquisition of own shares of DKK 9,000 million.

ANNEX A: GLOSSARY

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms as used in this offering memorandum.

2.5 GHz	the frequency band with frequencies in the range 2500–2690 MHz.
2G	second-generation mobile networks, including GSM networks that can deliver voice and limited data communications.
3G	third-generation mobile networks that can deliver voice, data and multimedia content at high speed.
Add-on service	any extra service that may be added to the basic offering.
ADM service or *Application Development and Maintenance service*	the development and maintenance of software applications.
ADSL	Asymmetric Digital Subscriber Line, based on DSL technology.
ARPU	Average Revenue Per User is calculated per month. TDC calculates ARPU for a given product group as its total revenue divided by the average RGUs in the period. ARPU in Wholesale for mobility services includes inbound roaming revenues; for Pay-TV ARPU includes revenue from sale/lease of equipment.
ATM or *Asynchronous Transfer Mode*	a dedicated connection switching technology for LANs and WANs that supports real-time voice and video as well as data.
Avoidable cost	a method where the pricing of a specific service is only based on the traffic related costs that would be avoided if the service is no longer produced. The avoidable cost method differs from the prevalent LRAIC/LRIC methods by not including costs which are shared between several services and which do not increase in proportion to an increase in the volume of the specific service.
Barcode	an optical machine-readable representation of data. Typically, barcodes represent data in the widths (lines) and the spacing of parallel lines, and may be referred to as linear or one-dimensional barcodes or symbolism.
Best Practice analysis	a pricing regulation method that implies that the interconnection price for Significant Market Power providers are equal to the prices charged by comparable operators, either domestic or international.
Blended ARPU	a weighted average ARPU from mobile voice subscriptions and pre-paid subscribers.
Broadband	data communication forms of a certain bandwidth that depending on the relevant context is perceived to be significantly high or "wide" in terms of information-carrying capacity. The most common broadband technologies are cable modem, DSL, mobile broadband and optical fiber. TDC applies NITA's definition according to which broadband implies bandwidths higher than 144 kbps.
BSA or *Bitstream access*	the situation where a provider installs a high-speed access link at the customer's premises and then makes this access link available to third parties, to enable them to provide high-speed services to customers. "Naked BSA" means BSA without a PSTN subscription delivered on the same subscription line.
CAGR	Compound annual growth rate.

Cash conversion	operating free cash flow divided by EBITDA excluding Special Items.
CaaS or *communication-as-a-service*	Communications-as-a-Service is an outsourcing model for business communications. Such communications can include VoIP, instant messaging, collaboration and videoconference applications using fixed and mobile devices. The CaaS vendor is responsible for all hardware and software management. CaaS allows businesses to selectively deploy communications devices and modes on a pay-as-you-go, as-needed basis.
Capital expenditures	capital expenditures excluding acquisitions of shares, business activities and mobile licenses.
Churn	yearly customer turnover expressed in percentage. TDC calculates churn by dividing the gross decrease in the number of customers for a given period by the average number of customers for that period. The average number of customers for a given period is calculated by adding together the number of customers at the beginning of the period, the number of customers at the end of each intermediate month, the number of customers at the end of the period and dividing by the number of intermediate months plus 2. Different telecommunication companies calculate churn by using different methods.
CMTS	cable modem termination system.
Coax	a technology based on coaxial cables being electrical cables with an inner conductor surrounded by a flexible, tubular insulating layer, surrounded by a tubular conducting shield. Coax is used to transmit, among other things, radio frequency signals and distributing cable television signals.
Copper line loss	the net loss of copper lines in a given period in the TDC Group, including Wholesale lines. The number of copper lines is calculated as the sum of RGUs provided with PSTN, ISDN, VoIP, naked-BSA/xDSL and full ULL products and services.
Content service	a service which typically includes information or entertainment, broadcasted or provided on-line.
CPE or *Customer Premises Equipment*	equipment that is implemented or installed at a customer's premises. CPE includes the hardware required to handle TV as well as telephony and data traffic. Products handling telephony traffic range from large PABXs for the largest business corporations, to single telephones sold to small business customers and retail customers. Products handling data traffic consist mainly of routers, switches, DSL modems and other equipment used to create LAN and WAN solutions.
CPS	content provider services.
CVR or *Det Centrale Virksomhedsregister*	a central registry of Danish businesses. The abbreviation, followed by an eight digit number, is used as a unique identifier of any company registered in Denmark.
DCS1 License	a specific license to establish and operate a public mobile communications network (DCS1800) with associated basic services in Denmark, issued June 12, 1996, pursuant to section 3 and section 11(1)-(2) of Act No. 468 of June 12, 1996 on Public Mobile Communications.

DCS6 License	a specific license to establish and operate a public 2G mobile communications network with associated basic services in Denmark, issued December 21, 2000, pursuant to section 3 and section 11(1)-(2) of Act No. 468 of June 12, 1996 on Public Mobile Communications.
DCS1800 or *Digital Cordless Standard 1800*	GSM operated in the 1800 MHz range.
Dial-up	an internet connection that uses a traditional landline connection.
DOCSIS or *Data over Cable Service Interface Specification*	communications and operation support interface requirements for a data-over-cable system. It permits the addition of high-speed data transfer to an existing cable TV (CATV) system. Three international DOCSIS standards have been adopted: DOCSIS 1.1, DOCSIS 2.0 and DOCSIS 3.0.
Dongle	a USB stick containing a modem used to obtain access to mobile broadband.
DSL or *Digital Subscriber Line*	a technology that enables a local-loop copper pair to transport high-speed data between an exchange building and the customers' premises.
DSLAM or *Digital Subscriber Line Access Multiplexer*	a network device, usually at a telecommunications company's exchange building or one of its nodes, that receives signals from multiple customer DSL connections and puts the signals on a high-speed backbone line using multiplexing techniques, ultimately allowing telephone lines to make faster connections to the Internet.
DTT or *Digital Terrestrial TV*	a digital signal broadcast to standard aerials that are utilized to replace the, in Denmark, discontinued analog signal.
DTH or *direct-to-home*	satellite TV received by a satellite dish of a household.
Dual-play	the bundling of telephony and internet through one access channel only. Dual-play bundles are included as two customers in the total customer figures. All Fullrate xDSL customers are included as dual-play customers. A dual-play subscription must entail both services.
EBITDA	earnings before interest, tax, depreciation and amortization before Special Items.
EBITDA margin	the ratio equal to EBITDA divided by revenue.
ECSI	the European Customer Satisfaction Index, a standardized methodology for measuring customer satisfaction. It is based on customer telephone interviews by an external party, Ramboll; defined as 3 months rolling average score.
EDGE or *Enhanced Data rates for GSM Evolution*	the GSM network coding that enables data to be sent and received seven times faster than over GSM, which allows interactive transmission of pictures, video postcards via email and other airborne multimedia. The coding technology has also been named 2.5G implying the inherence of some 3G-like qualities although it utilizes parts of the existing GSM infrastructure.
Equity free cash flow	EBITDA adjusted for non-cash items, pension contributions, provisions payments, changes in net working capital, net interest paid, corporate income tax paid and cash flows relating to capital expenditures (in all cases excluding Special Items).

Ethernet	a type of networking technology for LANs increasingly used in the IP-networks.
EUL, Enhanced Uplink or *High-Speed Uplink Packet Access (HSUPA)*	a 3G mobile telephony protocol in the HSPA family with up-link speeds up to 5.76 Mbps. The 3rd Generation Partnership Project (3GPP) does not support the name "HSUPA", but instead uses the name Enhanced Uplink.
Fault rate	weekly faults × 52 weeks divided by the total number of customers.
Fiber Optics Communication or *Fiber*	a technology used to transmit telephone signals, internet communications and signals. Due to much lower loss of intensity and interference, optical fiber has advantages over existing copper wire in long-distance and high-demand applications.
Flat rate	a price-structure that charges a single fixed fee for a service, regardless of usage.
Free-to-air-TV	unencrypted TV, available without subscription (a license fee to the state is normally payable).
Full-time Employee Equivalents (number of)	full-time employee equivalents, including permanent employees, trainees and temporary employees and excluding interim hires.
FTTH or *Fiber To The Home*	the fiber-optic technology linking residential customers directly to the fiber network.
Gbps	gigabits per second.
GSM or *Global System for Mobile Communications*	a comprehensive digital network for the operation of all aspects of a cellular telephone system.
GSM1 License	a specific license to establish and operate a GSM network with associated basic services in Denmark, issued February 28, 1997, pursuant to section 3 and section 11(1)-(2) of Act No. 468 of June 12, 1996 on Public Mobile Communications.
HDTV or *High-Definition TV*	a digital TV broadcasting system with a higher resolution than traditional TV systems.
HFC or *Hybrid Fiber Coax*	a type of broadband network that combines optical fiber with coaxial cable hallmarked by higher data carrying capacities than the traditional DSL technology.
Homes passed	households where a particular technology (e.g. Fiber or Coax) has been rolled out enabling the reception of services associated with that technology. The number of homes passed constitutes the sum of actual and potential customers of TDC for a given service.
HSDPA, High Speed Downlink Packet Access or *Turbo 3G*	an enhancement of UMTS 3G technology that is expected to increase the available download speeds by a multiple of five or more.
HSPA or *High Speed Packet Access*	a technology comprising both HSDPA and HSUPA.
HSUPA or *High Speed Uplink Packet Access*	a technology that is expected to improve the performance of uplink-dedicated transport channels, i.e. to increase capacity and throughput while reducing delays. HSUPA employs link adaptation methods similar to those used by HSDPA.
Hub	a device that splits one network cable into a set of separate cables, each connecting to a different computer; used in a LAN to create a small-scale network by connecting several computers together.

Incumbent	public telecommunication operator which–at the time when the provision of communications services was a government monopoly–was the only operator able and allowed to offer such services.
IN or *Intelligent Network*	a network architecture allowing switched fixed and mobile networks to provide enhanced services using service logic executed in a service layer of the network distinct from the switching layer.
Interconnection	the access to, or the making available of, facilities or services for another provider for the purpose of providing electronic communications services, and exchange of traffic between communications networks used by the same or a different provider in order to allow end-users of one provider to communicate with end-users of the same or another provider, or to access services provided by another provider.
International roaming	is a means of accessing a foreign operator's mobile network that enables customers to automatically make and receive voice calls, send and receive data, or access other services, when traveling abroad. Operators in various countries enter into agreements to facilitate such roaming.
Internet RGUs	are landline broadband RGUs and dial-up RGUs (unless otherwise indicated).
IP-Core	a network used to route and transport IP traffic between a number of major network nodes in Denmark and the other Nordic countries.
IP or *Internet Protocol*	a standard protocol whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries unifying procedures so that they are delivered in their original form.
IP PBX	a telephone switch based on the VoIP technologies which is used by enterprises at the premises of a company and offers advanced applications. With an IP-PBX, the LAN is the platform for connecting IP phones over a packet network. This unifies the data applications and the voice network, but places demands on the packet prioritization aspects of the LAN infrastructure to ensure user satisfaction with the quality of audio.
IP-VPN or *IP-based Virtual Private Network*	a VPN based on IP-protocol.
ISDN or *Integrated Services Digital Network*	a means of providing more channels of 64 kbps over the existing regular phone line, which can be used for either integrated voice and data or solely data transmission. An ISDN modem is necessary to connect to the network. The ISDN technology enables 2-30 channels at the same line.
ISP or *Internet Service Provider*	a company that provides access to the internet.
Kbps	kilobits per second.
LAN or *Local Area Network*	a short-distance data communications network (typically within a company) used to link computers, which allows data and printer sharing.
Landline telephony	refers to PSTN/ISDN telephony and VoIP, unless otherwise indicated.

LRAIC or *Long Run Average Incremental Cost*	refers to the most applied pricing regulation method used to set interconnection prices for Significant Market Power providers. The costs are the average of the costs of services provided within an increment of providing regulated services. With the LRAIC method the interconnection prices are set equal to the costs associated with producing the regulated services in a modern and fully effective telecommunications network of the same size as the Significant Market Power provider's network.
LRIC or *Long Run Incremental Cost*	refers to a price regulation method where the interconnection prices are based on the costs of services provided within an increment of providing the regulated services.
LTE or *Long Term Evolution*	a set of enhancements to UMTS designed to increase capacity and speed on mobile telephone networks.
LTE License	a specific license to use the frequencies 2500–2520 MHz and 2620–2640 MHz issued May 28, 2010 pursuant to section 6 (3) in Act No 680 of June 23, 2004 (with later amendments) cf. section 59 (1) in the Danish Radio Frequencies Act (Act No. 475 of June 12, 2009).
Market Share	landline telephony, landline broadband, mobile voice, mobile broadband and Pay-TV market shares are estimated by reference to lines. Lines for this purpose are different from the term "lines" used in other sections of this offering memorandum, for example when used in relation to copper line loss. For mobile broadband and mobile voice, one line is equal to one SIM card. For Pay-TV one line is equal to one subscription. Market shares as reported by TDC are based mainly on internal TDC estimates. Among other sources, TDC uses NITA's biannual telecom statistics to estimate sizes and market shares of the total market. The numerator in the calculation of TDC market shares is not equal to the RGUs shown in the RGU base. The main differences are that market shares include internal TDC subscriptions (that are not RGUs) and landline telephony market shares are measured in proportion to the total number of channels, e.g. ISDN30 count as 30 channels but only 1 RGU. These principles are aligned with NITA's definition.
Mbps	megabits per second.
MMS or *Multimedia Messaging Service*	a storage and-forwarding messaging service that allows mobile customers to exchange multimedia messages with other mobile customers. It can be seen as an evolution of SMS, with MMS supporting the transmission of additional media types: picture, audio, video and combinations of them.
MNO or *Mobile Network Operator*	a company that has frequency allocation(s), as opposed to a MVNO, and all the required infrastructure to run an independent mobile network.
Mobile broadband	broadband access over the mobile network obtained by use of dongles or equivalent equipment. Does not include access via mobile or smartphones.
Mobile termination	the delivery of traffic to a mobile operator for the purpose of terminating the relevant traffic to any end-user who is connected to the operator's network. The mobile termination service covers all type of calls to a mobile handset, including calls from landline network, calls from another mobile network or international calls.
Minutes of Usage	minutes used per subscriber per month.

MPLS or *Multiprotocol Label Switching*	a versatile solution for addressing the problems faced by present day networks such as speed, scalability, quality of service management and traffic engineering. The MPLS technology is used in the IP-Core.
MVNO or *Mobile Virtual Network Operators*	a mobile operator that does not have frequency allocation. MVNOs have business arrangements with MNOs to buy traffic and data for sale to their own customers.
New market 1	the market for access to the public telephone network at a fixed location for residential and non-residential customers.
New market 2	the market for call origination on the public telephone network provided at a fixed location.
New market 3	the market for call termination on individual public telephone networks provided at a fixed location.
New market 4	the market for wholesale (physical) network infrastructure access (including shared or fully unbundled access) at a fixed location.
New market 5	the market for wholesale broadband access.
New market 6	the market for wholesale terminating segments of leased lines, irrespective of the technology used to provide leased or dedicated capacity.
New market 7	the market for voice call termination on individual mobile networks.
NFC or *Near Field Communication*	a short-range high frequency wireless connectivity technology which enables the exchange of data between devices over a distance of about 10 cm.
NITA	the Danish National IT and Telecom Agency (in Danish, *IT- og Telestyrelsen*).
No-frills	a service or product where non-essential features, such as value-added services, have been removed to keep the price low.
Non-ionizing radiation	any type of electromagnetic radiation that does not carry enough energy to completely remove an electron from an atom or molecule.
NRA	a national regulatory authority.
Operating free cash flow	EBITDA from continuing operations adjusted for items with no cash flow effect, pension contributions, payments related to provisions, changes in net working capital and cash flow related to capital expenditure.
Original market 1	the market for access to the public telephone network at a fixed location for residential customers.
Original market 2	the market for access to the public telephone network at a fixed location for non-residential customers.
Original market 3	the market for publicly available local and/or national telephone services provided at a fixed location for residential customers.
Original market 4	the market for publicly available international telephone services provided at a fixed location for residential customers.
Original market 5	the market for publicly available local and/or national telephone services provided at a fixed location for non-residential customers.
Original market 6	the market for publicly available international telephone services provided at a fixed location for non-residential customers.

Original market 7	the market for the minimum set of leased lines.
Original market 8	the market for call origination on the public telephone network provided at a fixed location.
Original market 9	the market for call termination on individual public telephone networks provided at a fixed location.
Original market 10	the market for transit services in the fixed public telephone network.
Original market 11	the market for wholesale unbundled access (including shared access) to metallic loops and sub-loops for the purpose of providing broadband and voice services.
Original market 12	the market for wholesale broadband access.
Original market 13	the market for wholesale terminating segments of leased lines.
Original market 14	the market for wholesale trunk segments of leased lines.
Original market 15	the market for access and call origination on public mobile telephone networks.
Original market 16	the market for voice call termination on individual mobile networks.
Original market 17	the market for the wholesale national market for international roaming on public mobile networks.
Original market 18	the market for broadcasting transmission services, to deliver broadcast content to end users.
PABX or *Private Automatic Branch Exchange*	an automatic telephone switching system within a private enterprise. Originally, such systems—called private branch exchanges (PBX)—required the use of a live operator. Since almost all private branch exchanges are automatic today, the abbreviation PBX has been extended to PABX.
Penetration	the measurement, usually as a percentage, of the uptake of services. As of any date, the penetration is calculated by dividing the number of subscribers by either the population of households or the number of inhabitants to which the service is available.
PoP or *Point of Presence*	a local access point to a communications network, e.g. the internet.
Prepaid	when the customer pays for a specified amount of credit for services upfront. The credit then diminishes as the customer uses the service. Telmore and M1 customers are not considered prepaid customers.
PSTN or *Public Switched Telephone Network*	the telecommunications network based on copper lines carrying analog voice data—landline telephony.
PVR or *Personal Video Recorder*	a device that records video in a digital format to a disk drive or other memory media within a device. The term includes standalone set-top boxes, portable media players and software for personal computers which enables video capture and playback to and from disk.
Quadruple-play	the bundling of telephony, internet and TV services with mobile telephony.
Quality of Service	a collective measure of the level of service delivered to the customer, and reflects the network's transmission quality and service availability.

RGU or *Revenue Generating Unit*	the total number of customer relationships that generate revenue for TDC, including customers with subscription and customers without subscriptions calculated according to the following general principles: Landline customers who have generated revenue within the last 3 months; prepaid cards used at least once within the last 3 months; Dial-up internet customers who accessed the internet at least once within the last 3 months. TDC's RGU statement includes the number of main products sold by TDC's residential, business and wholesale segments. The number of customers is not equal to the number of subscribers. An enterprise with 100 mobile voice subscriptions from TDC will be included as 100 RGUs in the RGU statement. As regards wholesale customers, a broadband provider with 20,000 Bit Stream Access (BSA) connections from TDC will be included as 20,000 RGUs. For other networks and data connections, the RGU category that is part of TDC's RGU base includes ULL, leased lines, fiber and data connection. Mobile broadband RGUs include mobile data cards and mobile broadband subscriptions. Dual- and triple-play bundles are included as two and three RGUs, respectively, in the total RGU figures. A YouSee TV customer subscribing to the digital TV add-on product YouSee Plus will be included as two TV RGUs. The term 'RGU' does not reflect the number of actual end-users, e.g. an ISDN30 connection counts only as one RGU in TDC's customer base even though this product may involve 30 end-users.
SDH or *Synchronous Digital Hierarchy*	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 that 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*	DSL technology with symmetric data transmission.
SMB	small and medium sized businesses.
Significant Market Power	a designation assigned to operators having a significant market position in a specific market as determined by NITA due to a market decision regarding the relevant market.
SMS or *Short Message Service*	short text messages that can be sent or received on mobile phones.
SoHo or *Small Office/Home Office*	a category of businesses which is defined by, among others, being fewer than two employees and with revenue for TDC of less than DKK 30,000 during the last year.
Special Items	include significant amounts that cannot be attributed to normal operations such as provisions for restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment, as well as any reversals of such items. Special Items also include large gains and losses related to divestments of enterprises and properties and adjustments to such gains and losses. A portion of Special Items has no cash flow impact.
Subscription	subscriptions that are paid for at the beginning of the period, whereas the usage charge, which varies depending on the tariff plan selected by the subscriber, is paid at the end of the period.

Sunrise	Sunrise Communications AG, Swiss subsidiary of the Company disposed of in October, 2010.
TDC Group employee satisfaction index	is based on an internal TDC survey conducted annually, covering substantially all Group employees in 2008 and 2009 and a significant portion of Group employees with respect to the nine-month period ended September 30, 2010.
Telemetric	is a M2M (machine-to-machine) solution based mainly on mobile communication. M2M solutions are used for *Dankort*-terminals (debit cards), GPS monitoring, distant reading, alarms etc.
Terrestrial Network	a ground-based telecommunications network.
Traditional landline telephony	refers to telephony over PSTN/ISDN lines, unless otherwise stated.
Transfer-pricing	the determination of prices concerning the transfer of goods and services between intra-group entities.
Triple-play	the bundling of telephony, internet and TV services through one access channel only. Triple-play bundles are included as three customers in the total customer figures. A triple-play subscription must entail all three services.
Turbo 3G	see HSDPA.
TVoIP or *TV over Internet Protocol*	Internet Protocol TV is a system through which digital TV service is delivered using the internet and internet broadband access networks instead of being delivered through the traditional radio frequency broadcast, satellite signal or cable TV formats. TVoIP can be either IPTV or Web TV.
ULL or *Unbundled Local Loop*	copper lines to which competing carriers have been granted access by the incumbent operator, allowing such alternative carriers to offer data transmission capacity and/or telephony to end users. (ULL is often referred to as raw copper.) Full ULL is used for customers without PSTN/ISDN subscription (wholesale or retail at TDC), shared ULL is used for customers with PSTN/ISDN subscriptions.
UMTS License	a specific license to establish and operate a 3G network in Denmark issued October 31, 2001, pursuant to section 4(3) in Act No. 1266 of December 20, 2000 on auction over licenses to 3G networks.
UMTS or *Universal Mobile Telecommunications Systems*	a 3G network designed to provide a wide range of voice, high-speed data and multimedia services.
USO or *Universal Source Obligations*	obligations which can be imposed upon a dominant operator (usually the incumbent). This obligation includes a demand to meet any request for provisions of a number of basic telecommunications services to anybody within the country. The purpose of having such an obligation is to ensure national coverage of certain basic telecommunications services also in remote rural areas, where provions of telecom service may become less profitable.
Value-at-Risk (VaR)	is an estimate of the potential loss that could arise from changes in market conditions. The estimate is calculated using a probability-based approach for measuring the exposure to market risk. The calculation has a one year time horizon and a 95% confidence level.
VDSL or *VHDSL (Very High Bitrate DSL)*	is a DSL technology that provides faster data transmission than other DSL technologies over copper wires.

Video on Demand	transmission delivery of video (movies or other video content) to a single user on request.
VoIP or *Voice over Internet Protocol*	a telephone call over the internet.
VPN or *Virtual Private Network*	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.
WAN or *Wide Area Network*	a long-distance data communications network which is a geographically dispersed collection of LANs. The internet, for instance, is a WAN, but a network between a company's divisions can also be a WAN.
WAP or *Wireless Application Protocol*	an open international standard for application layer network communications in a wireless communication environment. Its main use is to enable access to the Internet from a mobile phone or PDA, but as modern handsets support full HTML, the use of WAP has largely disappeared.
xDSL	is a family of technologies that provides digital data transmission over copper wires. See also ADSL, VDSL and SHDSL.

ANNEX B: ARTICLES OF ASSOCIATION
OF
TDC A/S

Name, Registered office and Objects of the Company

1

(1) The name of the company is TDC A/S ("the Company").

(2) The Company also conducts business under the secondary names
Tele Danmark Communications A/S (TDC A/S)
TDC Totalløsninger A/S (TDC A/S)
TDC Solutions A/S (TDC A/S)
TDC Mobile International A/S (TDC A/S)
TDC Services A/S (TDC A/S)
TDC Mobil A/S (TDC A/S)

2

(1) This Article has been deleted.

3

(1) The objects of the Company are to conduct business within communications, services, directories, media, investment, financing, advisory services, trade and any other related business, whether in Denmark or abroad, if appropriate in the form of joint ventures with other Danish or foreign-based companies.

The Company's Capital and Shares

4

(1) The nominal and fully paid-up share capital of the Company amounts to DKK 991,875,885.

(2) The share capital is divided into shares in the denomination of DKK 1 each or multiples thereof.

4a

(1) Until 18 March 2014, the Company's Board shall be authorized to increase the share capital by up to DKK 108,229,770. The new shares shall be negotiable instruments and registered in the name of the holder. No limitations of negotiability shall apply. The increase may be effected by cash payment or by payment in values other than cash. Subscription of shares may disregard the pre-emptive right of shareholders.

5

(1) The shares shall be negotiable instruments.

(2) No limitations of the negotiability of the shares shall apply.

(3) The shares shall be registered in the name of the holder and shall be entered in the name of the holder in the Company's Register of Shareholders.

(4) The Company's shares are registered with VP Securities A/S and any rights attached to the shares shall be registered with VP Securities A/S according to the rules laid down to that effect. In case the Company's shares should cease being listed on NASDAQ OMX Copenhagen A/S, the board of directors can resolve that the Company's shares shall cease being registered with VP Securities A/S.

(5) The Company's Register of Shareholders shall be kept by VP Investor Services A/S CVR no. 30 20 11 83, which has been elected as keeper of the Company's Register of Shareholders on the Company's behalf.

5a

(1) The Board of Directors is authorized by the shareholders' meeting to resolve to distribute interim dividend, provided that the Company's and the group's financial position warrants such distribution.

5b

(1) The Board of Directors is authorized on one or more occasions to issue warrants entitling the holder to subscribe for shares in the Company at a nominal value of up to DKK 49,593,790. However, a regulation under general adjustments mechanisms established by the Board may result in a higher nominal amount. The authority shall be effective until and including 25 April 2011.

(2) The shareholders of the Company shall have no pre-emption right in connection with the issue of warrants according to this authority, as the warrants shall be issued in favour of (i) managers in the Company or its subsidiaries, and (ii) the Chairman and Vice Chairman of the Company as determined by the Board of Directors. The warrants shall entitle the holder to subscribe for shares at a price determined by the Board on the issue date. The subscription price can not be lower than the listed share price (average of all trades on the NASDAQ OMX Copenhagen) on the trading day immediately prior to the Boards decision to use this authorization. The Board of Directors shall determine the specific terms of the warrants issued according to the authorization.

The Board is furthermore authorized to offer those employees who are granted warrants pursuant to this authorization, an agreement regarding taxation under the Danish Assessment Act Article 7H, if the statutory prerequisites for this are otherwise met.

(3) In connection with the Board of Directors decision to issue warrants the Board of Directors is authorized, in the period until and including 25 April 2011, to increase the share capital of the Company on one or more occasions by up to a nominal amount of DKK 49,593,790 in total. The abovementioned general adjustments mechanisms may result in a higher nominal amount, which is covered by this authorization. The capital increases shall be implemented by cash payment when the warrants are exercised. The shareholders of the Company shall have no pre-emption right to shares issued through the exercise of warrants. Shares, which are subscribed for through the exercise of warrants, shall be registered shares and shall be negotiable instruments and shall carry the same rights and be subject to the same provisions as those applying to the existing shares. The Board of Directors shall determine the specific terms of the capital increases implemented according to the authority.

General Meetings

6

(1) General Meetings shall be convened by the Board of Directors and shall be held in Greater Copenhagen. The meetings shall be convened by notice to any shareholder entered in the Company's Register of Shareholders who has so requested, by a notice inserted in one or more Danish or foreign daily newspapers as directed by the Board of Directors and on the Company's website, www.tdc.dk.

(2) The Annual General Meeting shall be held every year not later than April 29 and General Meetings shall be called by not less than 3 weeks' nor more than 5 weeks' notice.

(3) Notice to convene Extraordinary General Meetings, which are held by resolution of the Board of Directors, one of the Auditors or by the Annual General Meeting, shall be given within 2 weeks after the request is made.

(4) Whenever, for the consideration of a specified subject, shareholders holding at least 5% of the share capital shall so request in writing, an Extraordinary General Meeting shall be convened within 2 weeks of receipt of the pertinent request and in other respects in accordance with Sub-articles (1) and (3) above.

7

(1) Any shareholder shall be entitled to propose resolutions for consideration and adoption at the Annual General Meetings. The Board shall, no later than 8 weeks before the Annual General

Meeting publish the proposed date of the General Meeting and the last date of submission of requests for inclusion of specific resolutions on the agenda.

8

(1) The Company shall for a continuous period of 3 weeks beginning no later than 3 weeks before the General Meeting make the following available to the shareholders on the Company's website, www.tdc.dk:

1. the notice of the General Meeting
2. overview of the total number of shares and voting rights at the date of the notice
3. the documents to be presented at the General Meeting, this including in regards to the Annual General Meeting, the annual report
4. the agenda and the complete proposals
5. proxy forms and forms for casting votes at the General Meeting

(2) Any shareholder can, until 1 week prior to the General Meeting ask questions regarding the documents listed in Article 8(1). Such questions must be asked through the use of question and answer feature found on the company website, www.tdc.com.

9

(1) The audited Annual Report shall be submitted at the Annual General Meeting.

(2) The agenda for the Annual General Meeting shall include the following business:

1. The Board of Directors' report on the activities of the Company during the preceding year.
2. The presentation of the Annual Report together with a resolution for its adoption.
3. A resolution to discharge the executive committee and the Board of Directors from their obligations in respect of the financial statements.
4. A resolution regarding appropriation of profit or the covering of any loss, as the case may be, according to the Annual Report as adopted.
5. Election of members of the Board of Directors and alternates, if any.
6. Election of Auditor.
7. Any proposals from shareholders or the Board of Directors.

10

(1) Any shareholder shall be entitled to attend the General Meeting if at least 3 days before the date of the General Meeting he has made a request for an admission card at the Company's website, www.tdc.dk, or in another way as stated in the notice. Such admission card, which specifies the number of votes held by the shareholder, shall be issued to the shareholders based on the share ownership registered in the Company's Register of Shareholders on the registration date, defined as being one week prior to the General Meeting, and based on notices regarding entry in the Register of Shareholders received by the Company no later than on the registration day, providing such entries have not yet been made in the Register of Shareholders.

(2) Shareholders who are registered in the Company's Register of Shareholders or who has given the Company notice of and documented an acquisition of shares have the right to vote on General Meetings. Only shareholders who are, or were, registered on the registration date are entitled to attend and exercise their voting rights at General Meetings. Each share amount of DKK 1 shall entitle the holder to one vote.

(3) Shareholders have the right to attend a General Meeting with an adviser or by proxy, and a proxy can attend a General Meeting with an adviser. Voting rights can be exercised by proxy when the proxy holder has obtained an admission card to attend the General Meeting at the shareholder's behalf. The proxy holder shall produce a written and dated instrument of proxy.

(4) If a proxy, in accordance with Article 10(3), is issued to the Board of Directors, the proxy can not be issued for a period exceeding 12 months and can only be issued to a defined General Meeting with a known agenda.

(5) Shareholders have the right to vote by mail. A vote given by mail must be uniquely identifiable and include a specification of the shareholder's name and VP reference number. A vote given by mail shall to preserve its validity be received by VP Services A/S, CVR no. 30 20 11 83 or the Company no later than 10 am, on the weekday before the General Meeting. Forms for voting by mail is made available to the shareholders in accordance with the Articles of Association, article 8(1).

11

(1) General Meetings shall be presided over by a chairman elected by the Board of Directors. The Chairman thus elected shall decide all matters relating to proceedings and the voting.

12

(1) All business transacted at a General Meeting shall be subject to adoption by a simple majority of votes; see, however, sections 106 and 107 of the Danish Companies Act.

13

(1) Brief minutes of the proceedings at the General Meeting shall be recorded in a minute book authorized for such purpose by the Board of Directors. The said minute book shall be signed by the Chairman of the Meeting.

The Board of Directors and the executive committee

14

(1) The Board of Directors of the Company shall consist of three to ten members. In addition, there shall be the number of members who may be elected in accordance with the rules of the Danish Companies Act concerning employee representation. The Board of Directors shall elect a Chairman and a Vice Chairman.

(2) The Board of Directors shall be elected by the shareholders at the Annual General Meeting for a term of 12 months. Thus, their term of office shall expire at the end of the Annual General Meeting held 12 months after their election. Retiring members shall be eligible for re-election.

(3) The general meeting can elect three to ten alternates; one alternate for each Board member elected by the general meeting. In addition there shall be the number of alternates who may be elected in accordance with the rules of the Danish Companies Act concerning employee representation. The alternates replace the board members in case of absence. Subarticle two applies by analogy for the alternates.

15

(1) The Board of Directors and the executive committee shall give general supervision and direction to the affairs of the Company.

(2) All members of the Board of Directors shall have equal voting rights, and all resolutions shall be passed by an absolute majority of the total number of Board members. The Board of Directors shall form a quorum when the majority of its members are present. The Chairman of the Board of Directors shall preside over the board meetings in accordance with the rules of procedure laid down by the Board of Directors governing the discharge of its duties. In the absence of the Chairman the Vice Chairman shall act as Chairman.

(3) The proceedings at board meetings shall be recorded in a negotiation protocol. Such protocol shall be signed by all Directors present.

16

(1) The Board of Directors shall appoint an executive committee of two to eight members to manage the day-to-day affairs of the Company. The executive committee shall ensure that the Company's

books are kept in compliance with the pertinent rules laid down by legislation and that asset management is subject to the appropriate control. The terms of service for the executive committee shall be determined by the Board of Directors.

(2) The executive committee shall be in charge of the day-to-day management of the Company and, in doing so shall comply with the guidelines and directions issued by the Board of Directors. All matters of material importance to the Company, including the determination of operating and capital budgets, dividend policy, material transactions regarding the acquisition or sale of assets, the principles regarding the acquisition or sale of the Company assets in the ordinary area of business and the Company's incurring of debt obligations, shall be submitted by the executive committee to the Board of Directors for approval, unless Board approval can not be obtained without considerable inconveniences to the Company's business.

16a

(1) At its General Meeting on March 13, 2008, the Company has adopted general guidelines for incentive pay of the Company's executive committee. The guidelines are published on the Company's website www.tdc.com.

17

(1) The Board of Directors shall ensure that the Company's activities are managed appropriately and that the functions of bookkeeping and asset management are subject to the appropriate control, with due consideration being paid to the Company's business situation.

18

(1) The Company shall be bound by the joint signatures of the Chairman of the board and a director or a manager, by the joint signatures of any two members of the executive committee or by the joint signatures of the entire Board of Directors.

(2) Without limiting the scope of the Company's signatory rule, cf. article 18(1), no director acting solely in its capacity as such, shall have the right, power or authority to act as an agent of the Company, to bind the Company or to execute any documents to be signed by the Company unless expressly authorized in writing by the Board of Directors or a committee thereof.

Financial Statements; Audit

19

(1) The Company's fiscal year shall run from 1 January to 31 December. The initial accounting reference period shall end on 31 December 1991.

20

(1) The Annual Report shall be prepared in accordance with the legislation in force from time to time concerning the presentation of accounts by companies.

21

(1) The Company's financial statements shall be audited by an Auditor elected each year at the Annual General Meeting.

(2) The Board of Directors may appoint one or more internal auditors.

Communication with the Company's Shareholders

22

(1) All communications from the Company to the individual shareholders are sent by e-mail, unless otherwise provided by the Danish Companies Act. The Company may at any time in a specific case choose to communicate with the shareholders by regular post instead. Notwithstanding that the Company generally communicates by e-mail, the Company may for a period of time arrange with specific shareholders to communicate by regular post with such shareholders. The Company may

make it a precondition for such arrangement that the shareholders in question declare to the Company that they do not have their own e-mail address.

(2) Notices convening Annual and Extraordinary General Meetings, the agenda, the full text of any proposal to be submitted to the General Meeting, the annual report, admission cards, proxy forms, subscription lists, stock exchange releases and other general information from the Company to the shareholders may thus be sent by the Company to the shareholders by e-mail. Except for admission cards to General Meetings, the information and documents will also be available at the Company's website, www.tdc.com.

(3) The Company shall request registered shareholders to provide an e-mail address to which information etc. may be sent. It shall be the responsibility of the shareholders to ensure that the Company has the correct e-mail address.

(4) The Company may decide that requests for admission cards to General Meetings shall be made electronically at the Company's website, www.tdc.com.

(5) Information on system requirements and the procedures for electronic communication will be available at the Company's website, www.tdc.com.

Adopted at the Extraordinary General Meeting held on 18 March 1994, at the Annual General Meeting held on 7 April 1994, by Board Resolutions dated 29 August 1995 and 18 March 1997, at the Extraordinary General Meeting held on 19 January 1998 and by Board Resolutions dated 24 April and 19 June 1998, at the Annual General Meeting held on 23 April 1999, at the Extraordinary General Meeting held on 21 May 1999, at the Annual General Meeting held on 13 April 2000, at the Annual General Meeting held on 26 April 2001, at the Annual General Meeting held on 9 April 2003, at the Annual General Meeting held on 29 March 2004, at the Extraordinary General Meeting held on 27 September 2004, at the Annual General Meeting on 17 March 2005, at the Company's Extraordinary General Meeting held on 28 February 2006, at the Annual General Meeting held on 26 April 2006, at the Annual General Meeting held on 15 March 2007, by the Board of Directors on 1 October 2007, at the Annual General Meeting on March 13, 2008, at the Annual General Meeting on 19 March 2009, at the Annual General Meeting on 4 March 2010 and at the Extraordinary General Meeting on 22 November 2010.

Chairman of the Meeting:

Anders Lavesen
Attorney-at-law

The Board of Directors:

Vagn Sørensen	Søren Thorup Sørensen
Pierre Danon	Lars Rasmussen
Kurt Björklund	Leif Hartmann
Lawrence Guffey	Steen Jacobsen
Henrik Kraft	Bo Magnussen
Gustavo Schwed	Jan Bardino
Andrew Sillitoe	

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